

The local development impact of Dutch flower companies in Tanzania

Master thesis International Development Studies



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Abstract

This research shows the local development impact of the Dutch flower companies in Tanzania, both for the employees and the people who are not working at the flower companies. Employees and inhabitants of the neighbouring village were interviewed about the impact of the flower companies for them. The flower companies are employing many people, which helps the employees to gain a better income. This enables them to support their family in many different ways. Also, the flower companies are supporting their employees in other facilities. This leads to an improvement in their living conditions. The flower companies are contributing to the neighbouring villages as well, both for their own benefits and for helping the villages without an extra interest in profit. For many local people this is beneficiary as well, although the impact is less than for the employees of the companies. To increase their impact, the flower companies have to focus more on specific topics for both their employees and the inhabitants of the neighbouring villages.

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List of abbreviations

CSR:	Corporate Social Responsibility
FDI:	Foreign Direct Investment
GDP:	Gross Domestic Product
HODECT:	Horticultural Development Council of Tanzania
RBP:	Responsible Business Practices
SMEs:	Small and Medium-sized Enterprises
TAHA:	Tanzanian Horticultural Association

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1. Introduction

In this chapter an introduction is given to the flower industry in Africa. It shows what is already known about the effects of the trade of flowers for the developing countries. After that, the knowledge gap of the impact for the local people in the flower industry in Africa is shown and it is explained why it is important to do research about this part. At last, the research questions are presented and the relevance of the research, both scientific and developmental, is explained.

1.1 The importance of the flower industry in Africa

The reduction of poverty is an important goal of both the international community and the developing countries (McCulloch & Ota, 2002). To alleviate poverty economic growth is essential. An important aspect for economic growth is Foreign Direct Investment (FDI). FDI promotes economic growth in developing countries, which leads to an increase in the people's income (Klein et al., 2001). An important export sector for developing countries is the horticulture. It is one of the fastest growing parts of the agriculture in Africa (Minot & Ngigi, 2004). It is proposed that the export of horticultural products from African countries is beneficiary for the development of the poor people (Maertens et al., 2012; McCulloch & Ota, 2002).

An example of a success story of the horticulture is Kenya. The main reason for the development in Kenya is that the horticulture is an important part of the foreign exchange. Many small farmers are involved in this sector, although it is only a small percentage of the total number. On the other hand, the trend is that larger producers become more involved than the smaller producers in Kenya, despite the involvement of the small farmers.

However, the increasing importance of the horticulture sector does not lead to positive effects in all African countries where it has been introduced. For example, Cote d'Ivoire is an African country that does not benefit from the exports of the horticulture. For Cote d'Ivoire, the horticultural sector did not grow in a stable way. Another reason is that the role of small farmers is limited in this country (Minot & Ngigi, 2004).

The differences between the horticulture in Kenya and Cote d'Ivoire show the importance of the conditions for developing the horticultural sector. There are some characteristics for success in the African horticulture. Firstly, it is important that the political situation is stable. A stable political climate is needed for stable policies, which is essential for both the local farmers to grow their products and the investors to have a good investing climate. Therefore, investment is the second important factor for the sector. Thirdly, competitive international transport connections are essential for transporting the goods to their markets (Minot & Ngigi, 2004; Mwase, 2015). Good links with the markets in Europe are also essential. Other than that, it is shown that a good exchange rate is needed. At last, experimenting is important to improve the link between farmers and exporters (Minot & Ngigi, 2004).

By focusing on the horticultural sector in detail, the flower industry is an important part of this sector. The establishment of flower companies has specific consequences for the local people. Many employees in the flower industry were farmers before, without other opportunities for employment. The employment at the flower industries leads to the alleviation of poverty (Mano et al., 2011). In the flower companies mainly women have paid labour. This has an impact on their households. It is shown that women's employment has an effect on the work done in the households. When women have paid labour in the flower industry, men are doing more work in the household. The reason is that the women have an increased bargaining power, because of their work in the flower industry (Newman, 2002).

1.2 Knowledge gap

The flower industry in Africa has an impact on the inhabitants of the countries where the flowers are grown. Flower businesses bring their production to the African countries; in this way they replace the original types of agriculture. At the same time they bring a new type of industry in the countries (Mano et al., 2011; Newman, 2002). By doing this, the flower companies must look at their responsibility for their business activities. In the literature there is a focus on the impact for the local development in more general terms. It is stated that the flower industry can have a contribution to the development of developing countries (Minot & Ngigi, 2004). In most cases, a view from the market perspective is shown. Also, the general picture of the impact on the supply chain is shown (Maertens et al., 2012). However, the focus needs to be clearer on the local impact of people in developing countries. It is important to look at the consequences that occur when businesses in the flower industry are replacing the original types of activities and bring in a new business.

Some research has been done to the local impact of the horticulture and the flower industry, specifically in developing countries. It is shown that it brings employment for the local people, that is positive for alleviating poverty (Mano et al., 2011) and that leads to an increased bargaining power of the employed women (Newman, 2002). However, it is not known what this exactly means for those people. There is no knowledge about what this employment exactly brings for the people's lives. Also, it is not known what their perception is of the flower companies. Therefore, research must be done to the exact impact of the employment and to the perception of the local people. It is important that the development is not only seen from the perspective of the employees of those companies, but from the perspective of the local people who are not working at the companies as well. They can be affected too by the activities of the flower companies. In the existing literature there is no focus on these people. By including all the local people, a complete picture of the development impact of the flower companies can be made.

1.3 Research questions

This research focuses on the local development impact of the flower companies in developing countries. Although it is known that the flower companies are important for the inhabitants in developing countries in terms of employment (Mano et al., 2011), it is not known what this exactly means for the employees. This research therefore focuses on this topic. Furthermore, this research focuses on the local impact for the people who are not working at the flower companies as well, because there is not a focus on those people in earlier research.

For this research the focus is on the local development impact of Dutch flower companies specifically. Some research has already been done about the Dutch businesses in the flower industry in Africa. The focus of the first research is on the different ways flower businesses operate in developing countries. The role of Corporate Social Responsibility is emphasized and the addition to local development is explored from the perspective of the businesses (Van Westen et al., 2013). The second research is about the relationship between the investments of the Dutch flower sector and the local food security. It is stated that the main impact is on the employment of local people, especially for women. However, the payment of the labour is still a discussion point and leads to less food security (Kirigia et al., 2016).

This research builds on those previous researches. In this research the focus is on the consequences for the development of local people working at the Dutch flower companies and the inhabitants of the neighbouring villages. The focus is on the situation in Tanzania. This leads to the following research question: *What is the local development impact of the Dutch flower companies in Tanzania?*

To answer the main research question, four sub-questions are used:

- What are the characteristics of the Dutch flower companies in Tanzania?
- What is the direct contribution of the flower companies to employment generation?
- How is the contribution of the flower companies perceived by the employees and the inhabitants of the neighbouring villages?
- How can the contributions that are made to local development be optimized?

1.4 Scientific and development relevance

This research contributes to the scientific knowledge by investigating what the effects are of employment at Dutch flower companies in Tanzania. It also gives an insight in the perception of the local people about those companies. There is a knowledge gap about the effects people perceive in developing countries. This research can contribute to a better understanding of the local development impact of the flower companies. It has a scientific contribution by gaining more knowledge about the effects that flower companies have on the people's living conditions in developing countries. Furthermore, it gives more insights in the way local people think about foreign agricultural companies.

The developmental relevance of this research is that a broader view of development is given. In earlier research the implications for development on a higher level were explored. With this research there is known more about what local people themselves see as the contribution of the flower companies for their own living conditions and what the people see as important contributions. By knowing this, the focus can be more on those aspects to improve the living conditions for the people in developing countries.

2. Methodology

In this chapter the methods are explained, that are used for the research. Firstly, it shows where the data is collected. After that, it is explained which stakeholders are interviewed. At last, the limitations and risks of this research are discussed. In that part there is also reflected on the role as researcher.

2.1 The research area

For this research data is collected to get an understanding of the local development impact of the Dutch flower companies in Tanzania. The main technique that has been used for the data collection is interviewing. By conducting interviews, knowledge has been gained about this perception of the local people in Tanzania. This has been done by interviewing different stakeholders. These interviews were conducted in northern Tanzania: in Arusha and the surroundings, shown with the red area in figure 1. This region is the only region in Tanzania where the flower industry has developed. The reason for development in this region is the year-round favourable climate and the soil in this area (Netherlands Enterprise Agency, 2015). The area is located near two international airports: Kilimanjaro International Airport and Jomo Kenyatta International Airport in Kenya. From those airports the flowers can be freighted to Europe (van den Houdt, 2014).



Figure 1: The research area in

Tanzania

2.2 The stakeholders

For the research, interviews with different stakeholders were conducted. The first stakeholders are the Dutch flower companies. By interviewing the owner or a manager of those companies, information was gained about the initiatives they take for their employees and for the inhabitants of the neighbouring villages. In Tanzania only a few flower companies are left that are still Dutch owned. Therefore, flower companies with a Dutch origin were interviewed as well, to have a sufficient amount of interviews with flower companies. In total, interviews with six companies were conducted. Those flower companies are all situated in Arusha and the surroundings. Four of the six companies are situated in Arusha or very close to the city. The other two companies are situated further away from Arusha, as shown in figure 2.



Figure 2: The locations of the flower companies

For getting the information about the initiatives about the CSR of the companies, five persons were interviewed. For Dutch Farms and Korfovouni Seedpro only one interview was conducted, because the companies have the same owner. In the other four companies one person was interviewed. In total, one owner was interviewed, one general manager, one certification manager, one CSR manager and one head of the human resource department. In table 1 the overview of the respondents of the flower companies is shown.

Flower company	Respondent
Dekker Bruins	General manager
Dutch Farms	Owner
Fides Tanzania	CSR manager
Korfovouni Seedpro	Owner
Mount Meru Flowers	Certification manager
Multiflower	Head of the human resource department

Table 1: The respondents of the flower companies

The second stakeholders are the employees of the flower companies. Interviews were conducted with those employees. To get a representative picture of the opinion of all employees at the flower companies, it was tried to speak to people at different places in the companies. By conducting interviews in different greenhouses, it was tried to speak to a representative part of the employees. If it was possible, there was spoken to employees of different ages. This gained information about what the impact of working at the flower company is for them. 41 employees of four different companies were interviewed: ten employees of Dekker Bruins, ten employees of Korfovouni Seedpro, twelve employees of Mount Meru Flowers and nine employees of Multiflower. Unfortunately, it was not possible to conduct interviews with employees of Dutch Farms and Fides Tanzania.

The third and last stakeholders are the local people, who are not working at the flower companies. By interviewing inhabitants of the neighbouring villages, information was gained about the impact of the flower companies for the local people. The interviews were conducted in four villages near different flower companies. The respondents were randomly chosen in those villages, in order to have a representative part of the villagers. The locations of these villages are shown in figure 3.



Figure 3: The locations of the villages of the interviewed local people

In total 20 local people were interviewed. Unfortunately, it was not possible too to speak to local people near Dutch Farms and Fides Tanzania. For the local people near Mount Meru Flowers it was only possible to speak to one village officer in the village Nduruma. Eight interviews were conducted with people in Enkedego, near Korfovouni Seedpro. Two interviews were conducted with people in Kambarage, near Multiflower. Also, interviews were conducted with nine people in Shangarai, near Dekker Bruins.

2.3 Limitations and risks

Although the research has been done as precise as possible, there are some limitations for the research. Firstly, a limitation is that the research has been done in Tanzania only, which is a relatively small part of the African flower sector. The results show the local development impact in Tanzania, but this is not necessarily the same in other African countries. Therefore, it can be difficult to make overall conclusions for the whole flower industry in Africa.

Another limitation of the research is that it was not possible to conduct interviews with employees and local people from all flower companies. Although many data is still collected, it is possible that the employees from other companies or the local people near those companies could have given other insights.

Other than that, the focus for the people who are not working at the company is only at the villages near the company. Maybe there would have been side-effects, if people in villages further away were interviewed as well. Therefore, it is important to mention that this research is about the local impact for the people near the flower companies.

Also, some risks must be acknowledged. An important risk is that the results can be influenced. The data collection could have an impact by interviewing a certain group of people. It can occur that the interviews are conducted with people who think or experience the same about the impact of the flower companies. By asking respondents, it is possible that there are contacts with people who know each other; as a result, another group can be biased. To deal with this risk, it was tried to make the interviewed group as diverse as possible by asking people in different parts of the companies and the villages.

A second risk is that the employees of the flower companies might not be able to speak freely about the flower companies. This can result in outcomes that are not their real perception and do not show what the real impact for the people is. By conducting the interviews with a private translator, it was tried to make the respondents feel as comfortable as possible.

The role as a researcher can influence the outcomes as well. To deal with this difficulty, every respondent was told that all their answers are only used anonymously, so they can be honest about what they really think about the flower companies. In this way, it was tried to get their trust. Also, it can be difficult as a male researcher to conduct interviews with women. It is possible that women do not want to tell everything to a man. By getting their trust, it was tried to deal with this.

2.4 Practical challenges

Doing research in Tanzania means that the research is done in other circumstances than in a developed country. The culture and the facilities are very different from what is normal in the western world. This has consequences for doing the research; there has to be dealt with these challenges.

Firstly, the circumstances in Arusha were in general good for doing the research. Although the infrastructure was not very good, especially in the countryside, the companies and the villages were reachable by road. It was not raining much during the time of data collection in Tanzania, so all companies and villages could be reached. In this way, it only cost somewhat more time to collect the data.

A difficulty that caused more problems were the facilities, which are developed less in Tanzania. Most of the time power is in the houses, but sometimes it goes off, which makes it difficult to work on the research. Also, the internet connection is bad, which made it hard to search for information on the web. This has as a result that less work for the research in Tanzania could be done.

The culture is very different as well. The people in Tanzania are very friendly and want to help you with every question you have. This helped a lot by getting in contact with both the companies and the local people. When some managers of the flower companies were contacted, they wanted to cooperate. After conducting the interviews, they were also helpful with trying to get more respondents and any other things help was needed with. This helped a lot with collecting data and to get in contact with people to conduct interviews.

On the other hand, the culture also made it difficult to collect the data. Although the people are very helpful, making appointments costs much time. The people take their time for everything, which makes it difficult to make appointments soon. They are often responding very slow. That is difficult for collecting the data in the three months for the research in Tanzania. The result of this is that less interviews were conducted than there would ideally be done. Also, some people cancelled the appointments or did not even show up.

Another challenge was the language of the local people. Because most of them only speak Swahili, a translator was needed for translating from English to Swahili and from Swahili to English. It also took a long time to find a translator, resulted in delaying interviews with local people. Even when a translator was arranged, it was sometimes difficult to make appointments that both the translator and the respondents could make.

3. Theoretical framework

The theoretical framework shows the most important theories for this research. Firstly, it is shown what is already known about having employment in the flower industry. After that, the topics responsible business, Corporate Social Responsibility and local impact are explained and the most important parts are shown. After showing the theories about this, a conceptual model is shown, where those concepts are combined and that is used for this research.

3.1 Job satisfaction in the flower industry

There are differences between the employees in the flower industry to what extent they are satisfied with their job. The age and the educational level are important factors for their satisfaction. In general, the youngest and the oldest employees are most satisfied with their jobs. For many of the youngest employees it is their first job, so they can not compare this job with other jobs. For the oldest employees there are only a few alternatives for a job, so they are more confident with the possibility to have this job. The other employees may have discovered that their expectations about the job were not realistic, which can result in less job satisfaction. Other than that, the employees without education are more satisfied with their jobs than educated employees are. The educated people are less satisfied, because the jobs are below their expectation. They would prefer a job that is paid better and without an exposure to chemicals (Staelens et al., 2014).

For job satisfaction in the flower industry the most important factor is the wage, both for security and recognition of the work the employees do. The wage has a big impact in their lives, so a good salary is very important for them. Therefore, job security is another important aspect. For most employees there are almost no alternatives if they lose their job. It is important that they are sure of having employment in the flower industry, so that they

have enough income for their family. At last, a healthy environment is important. Employees that perceive a healthy environment, are more satisfied with their job (Staelens et al., 2014).

3.2 Problems in the flower industry

It is important that the focus in the flower industry is not only on the product, but on all people in the chain. The power of the people must be recognized. In this way, the human rights are not denied. In the horticultural chain steps have been taken in that direction. There is acknowledgement of those problems and the workers feel that there is listened to them. However, for sustainable changes there must be looked at the chain in depth on the buyer's side. There must also be looked on how pricing and purchasing undermine the efforts of the employees for their human rights (Hale & Opondo, 2005).

On the other hand, there are still problems for the employees in the flower industry. Although foreign investors promoted the flower industry as alleviating poverty and reducing prospects of social unrest, there are still problems in the industry (Korovkin & Sanmiguel-Valderrama, 2007). The employees at the flower companies are facing many problems, regardless of the characteristics of the flower companies and the codes that were applied (Dolan et al., 2003):

- Wages: In the flower industry wages are in general better than the government minimum wage. Also, the wages are often better than the wages of employment alternatives.

However, the wages in the flower industry are still low (Dolan et al., 2003; Korovkin & Sanmiguel-Valderrama, 2007).

- Job insecurity: Employees are facing insecurity in their jobs. This is especially an issue for the employees who are not employed permanently (Dolan et al., 2003; Korovkin & Sanmiguel-Valderrama, 2007).

- Long working hours: Working overtime often exceeds the maximum working hours by law or codes. Also, in the perception of the employees they are not sufficiently paid for their overtime (Dolan et al., 2003; Korovkin & Sanmiguel-Valderrama, 2007).

- Transport: About the transportation to the flower companies employees are facing unreliable, late and overcrowded transport. Another problem that is mainly mentioned by women is that travelling home is unsafe at night (Dolan et al., 2003).
- Health and safety: Although health and safety in the companies has substantially improved, there are still concerns among the employees about the use of chemicals. A lack of protective equipment, the re-entry periods not being observed and pregnant women being exposed to chemicals are the most important issues (Dolan et al., 2003; Korovkin & Sanmiguel-Valderrama, 2007).
- Representation: Although the membership of unions has increased in the past years, this number is still low. Employees without a permanent contract are excluded from those unions. Therefore, not all employees can voice their concerns (Dolan et al., 2003).
- Lack of awareness of rights and codes: The rights and codes may contribute to the improvement of the labour conditions, but most employees do not know about those codes. Poor communication between the management and the employees is the main reason for the lack of awareness among the employees (Dolan et al., 2003).
- Communication: Many welfare issues are caused by poor communication within the companies. The supervisors often abuse their authority, so the employees feel that they are not able to express their opinions (Dolan et al., 2003).
- Complaints procedures: In most companies the employees can mention their complaints in an informal way. However, many employees fear approaching their supervisors, which is specifically difficult for female employees (Dolan et al., 2003).
- Opportunities for promotion: For the employees promotion is difficult to obtain. This can diminish the employees' motivation. Also, for women there are fewer opportunities, because of the gendered allocation of management positions (Dolan et al., 2003).
- Maternity leave and pregnancy: Maternity leave is a problem for the women, which leads to a fear for a loss of income if they are pregnant. Also, childcare facilities are lacking at almost all companies (Dolan et al., 2003).
- Sexual harassment: Mainly women are subject to sexual harassment from male supervisors. This is related to the hierarchical structure of the companies and a lack of female staff. This causes that many women do not report incidences (Dolan et al., 2003).

More participation of the employees and other stakeholders is essential for improvement in the flower industry, especially for the female employees. The employees need to be included in the process of developing the codes, even the employees without permanent contracts. Also, it is important that the women's interest is reflected. At last, for effective codes the process needs to be a continual process of improvement and raising awareness (Dolan et al., 2003).

3.3 Responsible business

For responsible business it is important that businesses use responsible practices in their operations. This is favourable for both the human development and the environment. Responsible Business Practices (RBP) contribute to the national and regional competitiveness. The responsible competitiveness is also called 'the human face of globalization'. This can be very important for aligning to sustainable development. Without RBP it is likely that the impact of corporate responsibility is limited (Zadek, 2006).

For RBP four criteria can be distinguished (Moore et al., 2009):

- Governance of RBP: this relates to the motive for profit and the code of conduct. Also, it focuses on the ethics by how the members of the board focus on this topic and if an ethics committee is used (Moore et al., 2009).
- Employees in the organization: this relates to the working conditions of the employees. This focuses on the position of the employees, on their training and on the responsibility towards the employees. At last, there needs to be a confidential person within the organization (Moore et al., 2009).
- Stakeholder relationships: this focuses on the responsibility towards the environment, the community, suppliers, customers and competitors (Moore et al., 2009).
- External reporting and monitoring: this relates to certification and the communication with different stakeholders. This also focuses on the publication of reports about the social and environmental impact (Moore et al., 2009).

3.4 Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an important factor for focusing on the responsibility of businesses. CSR consists of four different aspects, that are built upon each other in the following order (Carroll, 1991):

- Economic responsibilities are the primary incentive for operating as a business. It is important for a company to make maximum profit. Also, the business needs a strong competitive position and the operations need to be efficient (Carroll, 1991).
- Legal responsibilities are the laws that businesses need to obey. The companies have to comply with the government's regulations, both federal, state and local. The goods that are being produced by the companies have to meet the legal standards as well (Carroll, 1991).
- Ethical responsibilities are the activities that are expected or prohibited by society, but that are not required by law. These standards reflect what consumers, stakeholders, employees and the community consider as fair. Those norms can evolve over time (Carroll, 1991).
- Philanthropic responsibilities encompass the activities that meet the charitable expectations of society. By meeting those expectations, businesses show that they are good citizens. This includes activities to support the community by engaging in projects to improve the quality of life (Carroll, 1991).

For companies, it is important to take into account the responsibility of the company's operations, both socially and environmentally. The businesses can play a huge role in the development of developing countries. Although it cannot be expected that the main focus of businesses is poverty alleviation, CSR can contribute by reinforcing state-led development policy. It is also important for businesses to investigate which people are the poor and to look what are their different needs (Newell & Frynas, 2007).

However, CSR cannot be the solution for all the problems that a business wants to solve. For implementing CSR, the companies need to focus on specific topics in order to have an impact. Companies are only able to help some people in some places. CSR has to be based on strategies that benefit communities. It is therefore important to identify the conditions for this help (Newell, 2005).

Businesses need to have linkages with local companies in order to have a local impact. Those local companies include Small and Medium-sized Enterprises (SMEs). It is not effective if the foreign investments are only focusing on the foreign companies. For local development it is essential that the local people are encouraged as well (Van Westen et al., 2013).

Also, social standards can contribute to have a local impact in developing countries. Those standards are often a demand of the value chain. They are used for both controlling quality and showing their efforts for CSR (Tallontire, 2007). The social standards can help to mediate the power relations between labour and capital. However, most social standards are difficult to implement and labour organizations have a limited ability to change the current structure of the value chain (Riisgaard, 2009).

3.5 Local impact

For assessing the local impact, it is important to look at the different resources of the local people. Livelihood resources are the basic assets people use for constructing their livelihoods. This includes both material and social, tangible and intangible assets. These resources can be seen as different types of capital that people have (Krantz, 2001). The access to those assets leads to well-being, meaning and capability for the people (Bebbington, 1999). This also leads to more income, empowerment, health and less vulnerability (Ashley & Hussein, 2000).

There are five different assets, which are mentioned in the livelihood approach. Those five assets can be used for generating livelihoods (Carney, 1998):

- Human capital is related to the ability to labour and skills and knowledge. Also, good health and physical capability are important aspects (Carney, 1998; Krantz, 2001).
- Natural capital consists of natural resources, such as water, land and biodiversity (Carney, 1998). This asset also consists of environmental services, such as the hydrological circle (Krantz, 2001).

- Financial capital means the money and stocks, but also other savings that are liquid. This means that also disposable assets are financial capital, for example livestock. Financial capital includes income levels, access to credit, debt levels and the distribution of savings (Carney, 1998).
- Social capital is a social resource, such as networks, social relations and associations (Krantz, 2001). Social capital includes the ability to get support and to make claims for assistance (Carney, 1998).
- Physical capital is an asset that is created by the economic production. Examples of physical capital are infrastructure, electricity and housing (Carney, 1998).

3.6 The conceptual model

In the conceptual model the theories that are addressed are shown in a figure. Firstly, Corporate Social Responsibility. For Corporate Social Responsibility it is important that there is a focus on specific topics, that there are linkages with local people and that social standards are used. The implementation of CSR leads to local impact. The local impact is diversified by the five assets of the livelihood approach: the human capital, the natural capital, the financial capital, the social capital and the physical capital. The model is shown in figure 4.

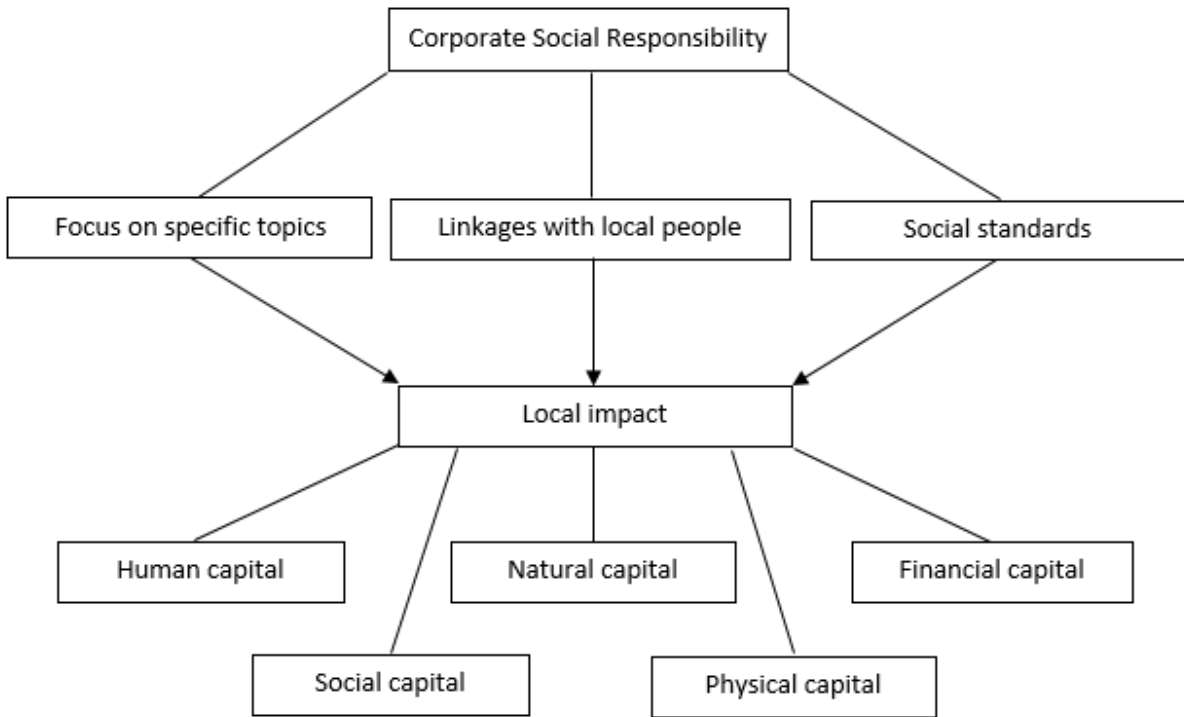


Figure 4: The conceptual model

4. Regional thematic framework

The regional thematic framework shows details of the country Tanzania and the economic importance of the flower companies. Firstly, a country profile with information about the geography and the economic situation is given. After that, the export of horticultural products, the history of the flower industry and the investments in the flower industry are stated.

4.1 Tanzania's country profile

Tanzania is the largest country in East-Africa with approximately 54 million inhabitants. In the east, Tanzania is bordering the Indian Ocean. In the north, the country is bordering Kenya and Uganda. In the west, Tanzania is bordering Rwanda, Burundi and the Democratic Republic of Congo. In the south, the country is bordering Zambia, Malawi and Mozambique. Most people in Tanzania live in the countryside. Only about a third of the people lives in an urban area (The World Factbook, 2017).



Figure 5: Map of Tanzania (The World Factbook, 2017)

Tanzania is one of the poorest countries in the world, based on the per capita income.

However, the country shows high growth rates. Since 2009 the Gross Domestic Product (GDP) growth is on average 6-7% per year. The agriculture is the most important part of the economy. 85% of the export consists of agricultural products and about 65% of the people works in agriculture (The World Factbook, 2017).

After Tanzania's independence from Great Britain in the early 1960s, the government had the control over the economy and the institutions and key organizations. The economic activities had been centralized (Tripp, 1997). Since the 1980s the Tanzanian government has liberalised the market. However, the horticultural sector was already operating in a relatively free market before the 1980s. Regional trading corporations were the only restriction for the industry. Because of this policy, there was no control and almost no support for the horticultural sector (Lynch, 1999). Because of the macro-economic reforms, Tanzania has become more attractive for foreign investors. The formal conditions for investments were improved, which led to a stabilisation of the economy in the 1990s. However, the liberalisation had mixed results for the export in the agricultural sector. Because of the re-empowerment of the cooperatives and the crop boards, this partially reversed in the beginning of the 21st century. To date the horticultural sector still lacks sufficient support of the Tanzanian government (Cooksey, 2011).

4.2 Export of horticultural products from Tanzania

Nowadays the food supply chains are changing worldwide, which leads to effects on a global scale. For the people in developing countries the changes in the food supply chain cause welfare effects. Those impacts are especially seen in the supply chain for agricultural products. This gives advantages for developing countries, because of the positive effects on the rural development and the reduction of poverty. This is caused by effects in both the products and the labour-related activities (Maertens et al., 2012).

For the long-term perspective of the agricultural development in African countries, producers and exporters are important stakeholders. Those producers and exporters are brought together with foreign importers and retailers to sell their products. Large retailers in Europe play an important role in this trade of vegetables from Africa. They can have a control over this trade, which has consequences for the producers and exporters in Africa (Dolan & Humphrey, 2000).

The export of agricultural products also influences the employment in African countries. The effect on the employment changed over time, but this impact is mostly positive. The increasing export of the products is the main reason for this positive effect. On the other hand, there can be negative effects as well. A shift from the production by small farmers to a larger scale of production is yet to be seen. This has consequences for the labour of the small farmers in Africa (Humphrey et al., 2004).

It is shown that the horticultural sector is a very important export sector, when it is compared to other sectors. As shown in table 2, the horticultural sector in Tanzania is the second largest export sector of Tanzania in 2013. The export of horticultural goods contributes to more than 20% of all export goods from Tanzania. This means that horticultural products are very important for Tanzania's economy. The export rates in the table also show that the export rate of horticultural products has rapidly increased in Tanzania. At the same time, the other products do not have such a huge increase in export. Some products even have a decrease in quantity. This shows that the horticulture is becoming more and more important for Tanzania.

Foreign Trade Statistics 2013							Tanzania	
Table 4: Quantity and Value of Traditional and Non-Traditional Domestic Exports, Tanzania, 2007 - 2013								
Commodity	2007	2008	2009	2010	2011	2012	2013	
Traditional Commodities								Quantity (Tonne)
Coffee	54,010	47,297	57,565	40,044	40,577	54,212	62,653	
Cotton	33,999	54,116	78,029	96,545	27,238	92,817	68,274	
Sisal	19,865	22,530	14,782	2,194	2,132	2,457	2,015	
Tea	31,247	28,103	30,437	27,233	57,573	27,776	26,371	
Tobacco	48,524	45,910	43,561	70,507	76,223	107,592	69,449	
Cashew nuts	79,770	74,013	73,998	133,774	117,042	134,237	154,703	
Cloves	3,110	3,805	4,823	2,566	2,306	5,957	4,089	
Cocoa	6,086	9,721	761	7,551	8,970	8,962	9,945	
						Value (TZS. Million)		
Coffee	143,343	124,027	148,971	164,207	227,418	292,781	259,127	
Cotton	49,807	95,644	115,151	161,561	133,472	197,155	137,663	
Sisal	22,731	31,652	56,910	2,680	3,302	4,794	3,957	
Tea	49,000	50,303	88,125	71,279	73,944	87,354	86,810	
Tobacco	137,641	210,165	116,867	195,370	189,834	293,970	154,079	
Cashew nuts	50,894	82,025	116,687	174,746	193,002	251,675	299,032	
Cloves	10,628	15,991	18,511	11,265	48,362	58,281	68,429	
Cocoa	15,347	30,215	26,067	26,932	35,028	32,422	26,320	
Total	479,391	640,022	687,289	808,040	904,362	1,218,432	1,035,417	
Non-Traditional Commodities								Value (TZS. Million)
Minerals	1,327,767	1,397,818	1,929,624	2,193,028	3,584,758	3,638,683	3,055,359	
Fish & fish Products	217,966	290,568	135,452	208,320	234,673	258,952	205,196	
Horticulture Products	213,470	164,520	61,926	181,174	167,975	1,583,760	1,562,994	
Manufactured goods	370,836	302,164	88,368	507,512	594,264	610,362	613,970	
Other exports	330,501	681,869	969,630	1,266,939	1,689,345	1,053,307	539,164	
Total	2,460,540	2,836,939	3,185,000	4,356,973	6,271,015	7,145,064	5,976,683	
Total Domestic Exports	2,939,931	3,476,961	3,872,289	5,165,013	7,175,377	8,363,496	7,012,100	

Table 2: Domestic export rates in Tanzania in 2007-2013 (National Bureau of Statistics, 2014)

4.3 History of the flower industry in Tanzania

The flower industry is a relatively new part of the horticultural sector in Tanzania. The first flower company in Tanzania was established in 1989. This roses company was followed by other flower companies. In those companies not only roses were grown, but other cut flowers and cuttings as well, mainly chrysanthemums (Sutton & Olomi, 2012). By 2000, seven flower companies had been established. This number remained the same in the following years (Mwase, 2015). In those years the flower production of the companies diversified more and more to different cut flowers (Sutton & Olomi, 2012). After the financial crisis in 2008 especially some roses companies had to close, because of the increasing international competition in roses production. This resulted in a decline of the total acreage for production in Tanzania, although some companies were taken over by bigger flower companies (Cooksey, 2011).

Most of the flowers, both the cut flowers and the cuttings, are exported to The Netherlands, which already happened with the first establishment in 1989. The cuttings are grown in Tanzania to be transported to The Netherlands and to be transplanted there for further growing (Cooksey, 2011). However, it is a risk to export the flowers to one principal country only. (Msogoya & Maerere, 2006). In total 75-85% of the flowers is exported to The Netherlands. The main other export markets are Great Britain, Germany and Norway (Sutton & Olomi, 2012).

In the years after the first establishments of the flower companies, the sector only grew slowly (Mwase, 2015). This remained the same till the end of the 20th century. However, it changed in the beginning of the 21st century, when the sector started to grow faster. Especially the differentiation in producing flowers led to this grow (Cooksey, 2011). The horticultural sector started to grow with 8-10% per annum (Sutton & Olomi, 2012). The export of horticultural exports started to grow from the mid-90s. In 1997 this value was \$5.2 million and this increased to \$26.7 million in 1999 (Cooksey, 2011). It grew further in the beginning of the 21st century, from \$63.4 million in 2002 to \$159.8 million in 2010 (Sutton & Olomi, 2012).

4.4 Investments in the Tanzanian flower industry

The first flower companies in Tanzania were all Dutch businesses. The first investments in the flower industry were from The Netherlands as well. However, the investments were only on a small scale and there was only a little FDI in Tanzania (Cooksey, 2011). Those first investors in the flower industry were already investing in the flower sector in Kenya and decided to invest in Tanzania as well (Sutton & Olomi, 2012). At the end of the 20th century, most flower companies were still Dutch owned companies (Cooksey, 2011). Since 2000 the investments increased, when the export was increasing. In those years, most of the investors were still Dutch people. Since 2008 the development of the flower sector stagnated. There were almost no new investors and there were still no investments of investors from Tanzania (Netherlands Enterprise Agency, 2015).

In the flower industry there have only been small investments in Tanzania. The main reason for the investments are the natural advantages. The government has facilitated the investment in the flower industry as well. Tanzania is a political stable country, has a climate of peace and has low crime rates compared with other countries. Also, the government has permitted property rights to the private sector, it has provided finance and it has provided infrastructure, particularly roads from the horticultural area to the international airports. On the other hand, the government has also neglected or has even harmed the investment climate. Sometimes it has failed to protect the property rights of the private sector, it has made some arbitrary decisions about taxation and there are problems with providing good facilities for electricity and airports (Cooksey & Kelsall, 2011).

However, the flower industry has the potential to be a very important source of foreign exchange and an important driver of economic growth. Therefore, the investments in the flower sector are very important, both from foreign and local investors (HODECT, 2010). For the investments in all sectors in Tanzania, The Netherlands is an important investor as well. In table 3 the FDI in Tanzania is shown for investments from different countries. The table shows that The Netherlands is an important actor for FDI in Tanzania.

Appendix Table 1: Stock and Flows of FDI by Source Country

Countries	Inflows			Stocks			
	2010	2011	2012	2009	2010	2011	2012
African Development Bank	0.3	0.0	0.0	0.0	0.3	0.3	0.3
Australia	-0.1	3.1	76.3	12.1	12.0	15.1	91.4
Bahamas	0.5	-6.2	20.8	28.3	28.8	22.6	43.4
Barbados	530.7	-242.4	-40.5	1,626.7	2,157.4	1,915.0	1,874.4
Belgium	2.9	0.8	-0.9	11.0	13.9	14.7	13.8
Botswana	7.0	16.4	28.7	98.5	105.5	121.9	150.6
Canada	342.6	392.2	308.8	289.8	632.4	1,024.6	1,333.3
Cayman Islands	23.6	31.6	2.0	5.7	29.3	60.9	62.9
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.0
China	1.4	5.6	3.3	46.7	48.1	53.7	57.0
Cote d'Ivoire (Ivory Coast)	0.1	0.1	0.1	0.7	0.8	0.9	1.0
Cyprus	4.8	4.4	4.4	7.6	12.4	16.8	21.3
Denmark	49.3	7.6	10.9	54.6	103.9	111.5	122.4
Finland	-0.4	-0.4	0.0	14.3	13.9	13.5	13.5
France	2.4	13.7	-15.1	81.2	83.6	97.3	82.2
Germany	5.7	-3.3	5.4	36.5	42.2	38.9	44.3
Gibraltar	0.0	0.0	9.9	12.2	12.2	12.2	22.1
Greece	0.2	0.0	0.4	6.2	6.4	6.4	6.8
India	2.3	4.9	5.1	48.2	50.5	55.4	60.5
International Financial Cooperation (IFC)	2.8	2.0	0.5	32.4	35.2	37.2	37.7
Iran	-1.7	-1.7	1.3	4.7	3.0	1.3	2.6
Ireland, Republic of	0.0	-0.1	-0.1	10.3	10.3	10.2	10.1
Isle of Man	-40.7	-433.8	0.3	428.8	388.1	-45.7	-45.4
Italy and Vatican City	-0.3	-0.3	0.0	7.0	6.7	6.4	6.4
Japan	32.7	31.3	-28.9	155.9	188.6	219.9	190.9
Jersey Channel Islands	2.8	2.3	4.6	54.2	57.0	59.3	64.0
Kenya	91.3	97.8	108.7	324.0	415.3	513.1	621.8
Kuwait	-2.7	-5.5	-1.9	20.7	18.0	12.5	10.5
Lebanon	-0.6	2.1	3.4	3.1	2.5	4.6	8.0
Libya	-15.6	-0.8	2.1	18.2	2.6	1.8	3.9
Liechtenstein	0.6	0.4	-0.9	1.8	2.4	2.8	1.8
Luxembourg	3.0	3.5	72.1	7.4	10.4	13.9	86.0
Malawi	-0.2	0.4	-1.4	1.6	1.4	1.8	0.4
Malaysia	2.0	0.3	0.4	3.2	5.2	5.5	5.9
Mauritius	89.3	291.1	-144.4	371.5	460.8	751.9	607.6
Netherlands	110.0	14.5	17.6	172.0	282.0	296.5	314.1
New Zealand	-0.2	0.2	0.1	0.3	0.1	0.3	0.4
Nigeria	-2.9	-3.8	-3.5	23.7	20.8	17.0	13.5
Norway	21.2	66.3	-0.6	123.4	144.6	210.9	210.2
Oman	0.0	-0.2	0.1	5.0	5.0	4.8	4.9
Others	2.6	-4.9	24.0	4.5	7.1	2.2	26.2
Pakistan	-0.6	2.3	0.0	4.1	3.5	5.8	5.9
Panama	8.5	6.0	5.0	30.8	39.3	45.3	50.4
Saudi Arabia	-0.4	0.6	0.1	3.7	3.3	3.9	4.0
Serbia	0.0	0.0	0.0	0.2	0.2	0.2	0.2
Seychelles	-0.5	-2.5	-2.7	-0.5	-1.0	-3.5	-6.2
South Africa	347.3	443.5	148.3	2,281.9	2,629.2	3,072.7	3,221.0
Swaziland	-0.4	0.8	-2.6	1.6	1.2	2.0	-0.6
Sweden	16.4	0.8	0.7	43.9	60.3	61.1	61.8
Switzerland	10.5	153.4	219.4	180.7	191.2	344.6	564.0
Uganda	-0.5	27.9	-0.3	36.3	35.8	63.7	63.5
United Arab Emirates	-117.5	-146.6	-30.8	276.5	159.0	12.4	-18.4
United Kingdom	282.1	451.8	786.9	807.3	1,089.4	1,541.2	2,328.1
US	-2.1	1.2	198.9	70.2	68.1	69.3	268.2
USA Virgin Island	1.2	0.0	0.0	0.0	1.2	1.2	1.2
Yemen	-0.1	-0.6	2.4	3.8	3.7	3.1	5.5
Zambia	2.5	1.6	1.3	4.4	6.9	8.5	9.8
Grand Total	1,813.3	1,229.4	1,799.6	7,899.0	9,712.3	10,941.7	12,741.3

Table 3: FDI in Tanzania per country in 2009-2012 (National Bureau of Statistics Tanzania, 2013)

5. Characteristics of the flower companies

In this chapter the characteristics of the flower companies are shown. Firstly, specific details about the flower companies are given. After that, the main focus of the flower companies for their business operations is explained. At last, it is shown how and to what extent the companies are focusing on their employees and on the neighbouring villages.

5.1 Details about the flower companies

The interviewed flower companies all have different characteristics. Firstly, the companies are growing different types of flowers. Both Dutch Farms, Korfovouni Seedpro and Multiflower produce various types of flowers. Dekker Bruins and Fides Tanzania produce chrysanthemums. Besides chrysanthemums, Fides Tanzania grows kalanchoes as well. At last, Mount Meru Flowers is a roses company.

For every company, it varies in how long they have been operative in Tanzania. All companies considered, Mount Meru Flowers has been in Tanzania the longest. The company was established in Tanzania in 1996. Dekker Bruins followed with its establishment in 1999. The other four companies were established more recently. Multiflower was started in 2005, Fides Tanzania was established in 2006, Dutch Farms was established in 2008 and Korfovouni Seedpro is in operation since 2009.

Also, the companies differ in the number of employees, which varies from 150 to 1000 employees. The smallest companies are Dutch Farms and Korfovouni Seedpro with 150 employees each. Dekker Bruins has the highest number of employees with 1000 workers. Mount Meru Flowers has many employees as well, with 925 people working at the company. Fides Tanzania and Multiflower respectively have 375 and 500 employees at the farms. At last, the companies have owners with different nationalities, although all companies have a Dutch background. Dekker Bruins, Fides Tanzania and Multiflower are still Dutch owned.

The three remaining companies have a Dutch origin, but are owned by other Europeans now. Dutch Farms and Korfovouni Seedpro are owned by the same British owner, but those farms have a Dutch parent company. Mount Meru Flowers is owned by an Austrian now, but was established by Dutch people.

All statistics of the interviewed flower companies are summarized in table 4. Although the types of flowers, the year of establishment, the number of employees and the current owner's nationality are different for most companies, the work that is done by the employees in the companies is similar.

Flower company	Types of flowers growing	Year of establishment	Number of employees	Current owner's nationality
Dekker Bruins	Chrysanthemums	1999	1000	Dutch
Dutch Farms	Various flowers	2008	150	British
Fides Tanzania	Chrysanthemums and kalanchoes	2006	375	Dutch
Korfovouni Seedpro	Various flowers	2009	150	British
Mount Meru Flowers	Roses	1996	920	Austrian
Multiflower	Various flowers	2005	500	Dutch

Table 4: Data about the flower companies

In terms of salary, there are differences in how much the companies pay to their employees. Every company is giving at least the required minimum wage to their employees, but it depends per company what the additions are. Both Dutch Farms, Korfovouni Seedpro and Multiflower pay more than the minimum wage in Tanzania. For those companies, more details of the salary are not known. Fides Tanzania specified that they nearly pay double the minimum wage. Mount Meru Flowers is paying the employees the salary that is required for getting the Fairtrade certification. At last, Dekker Bruins is paying the minimum wage for their employees, but they add on the salary by giving a bonus to their employees if they work more. Also, they pay up to 30% extra salary based on their performance. The salary specifications of the flower companies are summarized in table 5.

Flower company	Salary specifications
Dekker Bruins	Minimum wage + bonus system and up to 30% extra salary based on performance
Dutch Farms	Significantly higher than the minimum wage
Fides Tanzania	Almost double the minimum wage
Korfovouni Seedpro	Significantly higher than the minimum wage
Mount Meru Flowers	Fairtrade standards
Multiflower	Significantly higher than the minimum wage

Table 5: Salary specifications of the flower companies

5.2 The main focus of the flower companies

For the production of flowers in the greenhouses, the companies need many employees. All flower companies are trying to do good for their employees in some way. Firstly, all companies meet the legal requirements in Tanzania. Besides obeying the law, the most important aspect for all companies is that they want to operate as a business. That is the first incentive for the flower companies and that relates to the ways they are focusing on their employees: “We are not a NGO, we are supposed to be a business, so our interest basically relates to our workers being happy and wanting to come to work, so we can do what we want to do.”

Every company is using CSR as a part of their business activities, although it depends per company how much they focus on it. CSR is used in different ways. Firstly, it is used to increase the profit of the company. The working conditions of the employees are improved if it benefits the company. In this way, the flower companies are trying to build a good relationship with the workers. It is important for a business that the employees are satisfied, so they will be productive workers for the company. Secondly, the companies also want to help the people without a focus on profit. They mean that it is important to do something good for the area where they are situated.

The focus for CSR is mainly on the employees. The flower companies want to improve the lives of their employees, because that is the most important group for them. The companies think that it is their responsibility to help the employees: “We think that you have to give a good salary to your own people, and a good working environment and fair working circumstances: that is priority.” The main activities that the companies are using for CSR are therefore based on advantages for the employees.

CSR is also used to help the neighbouring villages. This can be positive for the companies as well: “CSR is important, because it is healthy to create goodwill, reputation and ambition, which get you known reputable in the community.” On the other hand, helping the villages is often done because of supporting the local people in the area where the companies are

situated. The companies want to share the profit without getting something in return for it: “This is done, just because of sharing the company’s profit with others, to motivate and support them.”

If the companies are supporting the community, they explain that they can only have an impact on the villages nearby. Although some workers are coming from villages further away, they say that it is impossible to have an impact in their villages as well: “We cannot help people far away, while there are living people around you that are suffering from water scarcity or the road where you are passing by in worse condition. We start from where we are and from there we advance.”

However, there are differences to what extent the flower companies focus on supporting the neighbouring villages. Mount Meru Flowers is specifically focusing on the communities near the company and tries to improve the living conditions from both the villagers and the employees. Dutch Farms, Korfovouni Seedpro and Multiflower are supporting the villages as well, but their focus is more on the employees. Fides Tanzania and Dekker Bruins are mainly focusing on their own employees. One respondent clearly summarized the focus the flower companies have in general: “First the employee, then the employee’s family and after that the community.”

5.3 Contributions to the employees

All flower companies are supporting their employees to some extent. They are using different measures for doing this. An important tool that the companies are using is the social standards. By committing to those standards, the companies are required to provide good working conditions and a good salary for their employees. This also requires the companies to commit themselves to environmental standards. There are different reasons why companies are using this. Firstly, the standards are used, because the customers ask for it. The market wants the flower companies to treat the employees well. Secondly, it is important to improve the working conditions and payment of the employees, because this is good for the company. Most times, it is a combination of both factors why companies

commit to social standards: “It is for the market and also for the welfare of the employees, because the welfare of the employees and the environment is good for us, because they are watching what we are doing on the ground.”

Concerning the working conditions, the flower companies are mostly operating similarly. The companies provide several services for their employees. Some of those services are obligatory, such as equipment for the employees who are spraying chemicals for the flowers. Also, the employees get health insurance by the companies, so they can be treated when they are sick. Another service is that the companies offer free lunch for the employees. This is not an obligation, but the companies still offer this, because they think that it is important for their employees and for their productivity.



Figure 6: Greenhouses for growing flowers

It varies whether the companies are only supporting the employees for their working conditions or in other parts as well. Dekker Bruins, Dutch Farms and Korfovouni Seedpro specifically focus on the employees and their work. Fides Tanzania, Mount Meru Flowers and Multiflower are also focusing on other aspects. One of those aspects is providing other services for the employees. Fides Tanzania has a workers committee and is organizing activities for their employees, like a sports day every year. Multiflower is offering sports, dancing and theatre. They also have a HIV awareness group, which is controlling and informing the employees about HIV. Mount Meru Flowers has a foundation for their employees. With money from this foundation, employees can get education or have the possibility to get interest free loans.

There are also differences in only supporting the employees themselves or focusing on their families too. Some companies focus on the families of the employees as well. To support the families, Mount Meru Flowers and Multiflower are partly paying the school fees for the children of the employees. However, the other flower companies specifically focus on the employees and do not focus on their families.

5.4 Contributions to the neighbouring villages

It varies between the companies in what they are doing for the neighbouring villages. All companies have contact with the village leaders of the neighbouring villages. However, there is not a general contribution of the companies to all villages. It is different how much and in which things the companies are supporting the villages.

Mount Meru Flowers is supporting the villages in different projects. They helped with a water project, to bring water from within the company to a neighbouring village. In another village they supplied water as well. Also, they built a school, supported to build a police station and have upgraded the road to the company. They also support a project for environmental friendly trees, which is beneficiary for water management in the area.

Dutch Farms, Korfovouni Seedpro and Multiflower are contributing to villages as well, but to a more limited extent. Dutch Farms helped with building a water pipeline in a village. They also gave money for a school and built a school in another village. Besides that, they upgraded the roads. Korfovouni Seedpro gave land to a village, where they wanted to build a school. Korfovouni Seedpro facilitated this. They helped with upgrading the road as well. Multiflower supports a school with money and equipment. They pay school fees for orphans, whose parents passed away by HIV, as well. Multiflower pays their school fees up to secondary school.



Figure 7: School that is supported by a flower company

Dekker Bruins and Fides Tanzania only give the neighbouring villages little support. Dekker Bruins supports one village with money each year. Dekker Bruins and the village committee discuss in which way the money will be spend. Fides Tanzania helps the neighbouring village when there are problems. Fides Tanzania also helped with building a police station.

6. The perception of the employees

In this chapter the perception of the employees of the flower companies is explained. Firstly, details about the interviewed employees are shown. After that, the contributions to the working conditions, the families and the villages of the employees are shown.

6.1 Details about the employees

Many employees of the flower companies are working in the production of the flowers. They are working in the greenhouses as a grower or a picker, where they are helping with growing or harvesting of the flowers. The interviewed employees are mainly growers or pickers, because that is the biggest group of employees in the flower industry. Several employees at other departments were interviewed as well. Some of them are grading flowers, so the flowers can be transported to the airport. Other interviewed employees are spraying the flowers or are working as a technician. In table 6 the jobs of the interviewed employees are shown.

Flower company	Job					Total number
	Grader	Grower	Picker	Sprayer	Technician	
Dekker Bruins	2	0	7	1	0	10
Dutch Farms	-	-	-	-	-	-
Fides Tanzania	-	-	-	-	-	-
Korfovouni Seedpro	0	8	0	0	2	10
Mount Meru Flowers	3	3	5	1	0	12
Multiflower	0	0	9	0	0	9
Total number	5	11	21	2	2	41

Table 6: The jobs of the interviewed employees

Only a few employees had a job before they started to work at the flower companies, whether it was many years ago that they started to work or only some months ago. They worked at another flower company or were a labourer in another company. The other employees did not have a job before. Most of them, mainly women, were staying at home. Some others were a farmer. In table 7 the overview of the jobs that the employees had before they started to work at the flower companies is shown.

Flower company	Job before					Total number
	Farmer	No job	Other flower company	Other work	Unknown	
Dekker Bruins	2	6	0	2	0	10
Dutch Farms	-	-	-	-	-	-
Fides Tanzania	-	-	-	-	-	-
Korfovouni Seedpro	2	3	2	2	1	10
Mount Meru Flowers	3	6	1	2	0	12
Multiflower	0	5	0	4	0	9
Total number	7	20	3	10	1	41

Table 7: The jobs of the employees before their current job

In most companies mainly women are working, but in other companies men are employed in the production phase as well. This is shown in the gender of the interviewed employees as well. At Multiflower all interviewed employees are women and at Dekker Bruins mainly women were interviewed and only one man. On the other land, at Mount Meru Flowers the majority of the interviewed employees are men. At last, at Korfovouni Seedpro the male and female respondents are equal. The exact details about the gender of the interviewed employees are shown in table 8.

Flower company	Gender		Total number
	Female	Male	
Dekker Bruins	9	1	10
Dutch Farms	-	-	-
Fides Tanzania	-	-	-
Korfovouni Seedpro	5	5	10
Mount Meru Flowers	3	9	12
Multiflower	9	0	9
Total number	26	15	41

Table 8: Details about the gender of the interviewed employees

Many interviewed employees at the flower companies are quite young people: most of them are between 21 and 30 years old. The groups 21-25 years old and 26-30 years old are almost the same in size. Another big group of the interviewed employees is more than 30 years old. Some of them are more than 40 years old. A few employees are 20 years old or younger. In table 9 the overview of the ages of the interviewed employees is shown.

Flower company	Age in years						Total number
	≤ 20	21-25	26-30	31-35	36-40	≥ 41	
Dekker Bruins	0	4	2	2	0	2	10
Dutch Farms	-	-	-	-	-	-	-
Fides Tanzania	-	-	-	-	-	-	-
Korfovouni Seedpro	3	1	3	0	1	2	10
Mount Meru Flowers	0	1	5	4	1	1	12
Multiflower	0	7	2	0	0	0	9
Total number	3	13	12	6	2	5	41

Table 9: Details about the age of the interviewed employees

Although many employees are young, most of them are already working at the flower companies for a long time. More than half of the interviewed employees has been working at the companies for four years or longer. There is variation in how long people are working at the companies, from less than one year till even more than 10 years. The details show that there is not a big turn-over rate. The overview of the years of employment of the interviewed employees is shown in table 10.

Flower company	Years of employment												Total number
	<1	1	2	3	4	5	6	7	8	9	10	> 10	
Dekker Bruins	0	1	0	1	1	1	3	0	1	0	0	2	10
Dutch Farms	-	-	-	-	-	-	-	-	-	-	-	-	-
Fides Tanzania	-	-	-	-	-	-	-	-	-	-	-	-	-
Korfovouni Seedpro	3	2	1	1	1	0	0	1	1	0	0	0	10
Mount Meru Flowers	0	0	1	1	3	2	0	0	2	1	1	1	12
Multiflower	2	1	2	2	0	1	0	0	1	0	0	0	9
Total number	5	4	4	5	5	4	3	1	5	1	1	3	41

Table 10: Details about the years of employment of the interviewed employees

6.2 Contributions to the working conditions

It is clear that the employees of the flower companies get employment by working at those companies. The employees are very thankful that they have been employed, so they can earn salary. An advantage of the income at all flower companies is that the employees get a fixed income each month. Only a few employees had a fixed income before they started to work at the flower companies. About half of the employees did not earn anything. Other employees were farmers thus being depended on the yield of the land for their income. One respondent explained this: "Working as a farmer has a lot of challenges, like growing maize or any plant, then it takes time to grow. Sometimes you have it good, you have high yield, sometimes you have low yield. Compared to this job, at the end of the month you receive the money from here, so that is an advantage." Another small group had another job before, but had the same or a lower salary: "The changes I have seen is about salary. The place where I was working before, I was paid low and here the salary has increased." For them, some had a fixed salary, but other employees did not have that. Being employed at the flower companies provides them with a fixed income every month, which helps them to accomplish their needs at home.

The salary is very important in the perception of the employees. Although all employees are grateful for the salary they earn, it varies whether they think their salary is sufficient. The majority of the employees thinks that their salary is too low for several reasons. Firstly, a few employees think that the salary is too low to accomplish their needs: "The problem is low salary, that is forcing me not to get the things that I need in life. My advice is that they have to add more salary, so I can do my own things." Secondly, some employees feel that they are underpaid for the amount of work they do: "The workers here try their best to work very hard, so the company has to add more salary." However, other employees are more satisfied with the amount they get: "The company is giving the workers good salary and the life of the workers is changing."



Figure 8: Working place in a greenhouse

The employees would even like to get more salary. At all companies the employees ask for an addition of the salary as the most important thing that the flower companies can improve for them: “The only good thing that the company can do is to add more salary.” Other employees think that their salary is good, but still say that an increase of the salary will help them more than other improvements.

In another way, the importance of salary is seen at Labours Day. Employees of one company are getting bonuses on the 1st of May: “There is an annual bonus; normally provided each year at the first of May. They have normally been given this bonus during that day.” The employees also ask for an extension of this bonus, by giving it to more employees and to increase the amount.

At another company there is the possibility to get loans from the company. The employees are very positive about that possibility. Employees use the loans for example for buying land or building a house. It helps them very much to get those things they could not get without a

loan: “We get some loans, which enables us even to get land, where we have to build, so we are benefiting a lot from it.” They also recommend to do more about the loans and to improve that department.

Besides the financial contributions, another benefit for the employees is that they get access to health care. The flower companies are responsible for treatment: “We also have health insurance here: the company has provided that for us. When someone gets sick, the company will just make sure that you get treatment, in order to recover.” Many employees did not have this health insurance before, because they were not working at a company. By being employed at the flower companies, the people can go the hospital and get treatment. In this way, it is ensured that the employees get the health care that they need.

Other than that, the employees highly appreciate that the companies provide free lunch for them. Also, in most companies tea is provided in the morning: “People come from different parts of this area, so they normally come here in the morning without taken tea. When we come here, the first thing the company is doing for us, is that we have a breakfast break at 9 a.m.. We take tea and we also have lunch before we go home, so that is a good thing the company is doing for us.”

6.3 Contributions to the family

The main reason that the employees are grateful for employment, is that they can foresee in their families’ needs with their salary. They could not do that before they started to work at the flower companies: “There are great changes, because when I stay at home without work, there are some other activities or some other requirements I cannot fulfil. Working makes me to fulfil my needs at home.” By being employed, the employees can help their family in many different ways. Firstly, they can buy food and clothes for their family. Secondly, they can pay the rent of their house. Also, one of the most important things for them is that they can pay the school fees for their children. In this way, their children can get an education; it was not possible to take them to school before they where working at the flower companies. In one company specific support for education is even given for the employees themselves:

“This company is very helpful for my family, because our kids have been taken to school through this company. And also if you want for the further education, they introduce that to the workers. If they want to go and learn somewhere, the company will send them.”

With their job at the flower companies, another benefit is that some employees can buy land. Buying land is important, so they can build a house on that land: “Through this work I have just benefited a lot, because it is only through this work that I have bought land; I am owning land right now.” On the other hand, most employees still do not have enough money to do so. It depends on the salary when they will have enough money to buy land. A few employees were even able to build a house: “When I compare the work I was doing before and this work of picking here, this work has enabled me to build a house.” Other employees hope that they can build a house in the future, when they have more money to spend: “Right now I am staying in a rental house, so if the company will enable me to get the amount to build a house, it will be much better.”

Another change for the employees is that they can ask the flower company for help. The companies try to help the employees, if there is a problem. With the support of the companies those problems can be solved: “When one of the employees here is having a problem at home, the company will cooperate with her or him to make sure that the problem is fixed.” In one company the employees are also supported when a family member passes away: “When I lost a beloved one, the company provided some amount to conduct a funeral.” However, for most employees the only contribution is that they can ask the flower company for help if they have a problem.

6.4 Contributions to the village

For about half of the employees the company is contributing in their villages too. There the companies help in different aspects. In some villages the company has upgraded the road: “The service this company is giving to people is not for one person. It is for a group of it, because if you construct a road, you are serving many people living in that area.” In other villages, where the employees are living, the company also built a school. However, this only

happens in some specific villages. Half of the employees does not see that the company has an impact in their physical capital, because they are living far away or they do not see that the company is contributing to their villages.

One company also helped getting water in a village where employees come from: "Before this company came, the people were using spring water to drink, but actually that is not tap water to drink. So this company has taken water to them with a project. The villagers have benefited from this very much." However, this only happens in a village near that company. For employees who live further away, it is not helping them in any way. For the employees of the other flower companies, the companies are not contributing in this way.

At last, the employees think that it would be good if there is even more employment for people in the area, so they can be employed by flower companies as well, as someone told: "I am very grateful for the Dutch people for bringing this company here; because of this company people are employed. They can fulfil their families' needs. If people are employed, then they can do other things over there."

7. The perception of the inhabitants of the neighbouring villages

In this chapter the perception of the inhabitants of the neighbouring villages of the flower companies is explained. Firstly, details about the interviewed local people are shown. After that, the contributions to the families and the villages of the local people are shown.

7.1 Details about the inhabitants of the neighbouring villages

The interviewed inhabitants of the neighbouring villages are mainly farmers. Some people have a small shop where they sell some products. Other people do have another job. A few interviewed people are retired. The overview of the jobs of the interviewed local people is shown in table 11.

Village	Job					Total number
	Farmer	Retired	Shop-keeper	Other work	Unknown	
Enkedego	5	2	0	1	0	8
Kambarage	0	0	1	1	0	2
Nduruma	0	0	0	1	0	1
Shangarai	2	1	3	2	1	9
Total number	7	3	4	5	1	20

Table 11: The jobs of the interviewed local people

The majority of the interviewed villagers are men. In Enkedego and Shangarai, the villages with most of the respondents, interviews were conducted with more men than women. In Nduruma the only respondent is a man. In Kambarage only two women were interviewed. The exact details about the gender of the interviewed inhabitants of the neighbouring villages is shown in table 12.

Village	Gender		Total number
	Female	Male	
Enkedego	3	5	8
Kambarage	2	0	2
Nduruma	0	1	1
Shangarai	3	6	9
Total number	8	12	20

Table 12: Details about the gender of the interviewed local people

Most of the interviewed local people are young villagers with an age of 26-30 years old or a relatively old group of respondents with an age of 41 years old or older. Two villagers were interviewed with an age between 31 and 40 years old, two villagers are between 21 and 25 years old and one person is younger than 20 years old. For three respondents the age is unknown. In table 13 the overview of the ages of the interviewed inhabitants of the neighbouring villages is shown.

Village	Age in years							Total number
	≤ 20	21-25	26-30	31-35	36-40	≥ 41	Unknown	
Enkedego	1	1	3	0	0	3	0	8
Kambarage	0	0	0	0	0	0	2	2
Nduruma	0	0	0	0	0	0	1	1
Shangarai	0	1	4	2	0	2	0	9
Total number	1	2	7	2	0	5	3	20

Table 13: Details about the age of the interviewed local people

7.2 Contributions to the family

Because of the establishment of the flower companies, some villagers see a little bit improvement for their own income. They hear that the employees of the flower companies have more salary than they had before they started to work there. By having this increase of salary, the villagers see that those employees can spend more money. This is benefiting too for villagers with a small shop, where they sell vegetables or other products. The employees of the flower companies can spend somewhat more money with the salary they earn. One villager explained: “I am a farmer. The customers who come to buy the vegetables are those people working at the company. They have to wait till the end of the month: then they come to buy vegetables and what I am growing at the farm.”



Figure 9: Village near a flower company

Most of the villagers do not see specific changes for themselves, but they see the contribution of the employment for the employees at the flower companies: “I have not seen the changes specifically, but I see people working there, so I can see it is employing people. I see many people going down there to those flower companies.” They suggest that getting more employment in the flower companies would be helpful for the village: “I think that they have to expand the working area, so they can employ many people from here, so most of the people here do not have to stay without a job. They have to go and work at the companies, so they can gain something from the companies, so they can run the family.”

Besides of the benefits, a few villagers perceive some negative effects of the flower companies as well. Those villagers used to work at flower companies and they see negative effects for their health. They are complaining about the chemicals that are used. They think that this leads to infections, which the companies are not acknowledging: “The chemicals that they spray have side-effects, not immediately, but you will see them afterwards. Because they have the special hospital they have chosen, and when you go to the hospital, if

you have been infected by that sulphur, they do not tell you exactly that you have been infected by sulphur. So they are not open about that. And if the situation is very bad, they fire you. In this way, the company tries to avoid its responsibilities towards the costs of the healthcare. That avoids that they have to stop you from working, because if you are infected, they know very well that the company is responsible for your infection. You see many people getting those infections from sulphur and they even collapse at the work place. When this person gets to the hospital, they just say he was crazy in his mind.”

Not only the former employees are talking about this. A few villagers hear those stories as well: “Personally, I do not see the bad things. People working there are complaining that the chemicals they work with, are not safe. So many people have been complaining about those companies, because they are spraying those chemicals there and they inhale the air and this air is not safe. For that reason many people have quit the job, complaining about the working environment not being safe.” Those villagers think the flower companies are not taking care of their employees in terms of the working conditions.

7.3 Contributions to the village

For most of the inhabitants of the neighbouring villages there is a contribution, because the village can ask a flower company for help for improving something in the village. The companies want to cooperate, if there are problems in a village. However, there are still villagers who do not know about this and do not see the contribution. They do not know that the flower company is willing to help the inhabitants of the surrounding villages.

In one village the flower company was asking in the community what they needed. This was highly appreciated by the villagers: “This program of going around and see what the people around the company need, like in special cases for me, is a very important issue for us and it is contributing to the village. So that the company is there is important for the community.”

The most important contribution for the inhabitants of the neighbouring villages is a school. In one village a school was built by the flower company. All villagers are very thankful that the company helped them to build it and they see that is a huge contribution: “Before, there was no school, but now the school is here. Before, children were going to school when they were too old, but at the moment children go to school when they are young.”

In villages where a school has not been built, the local people were mentioning the benefits of a school as well. The inhabitants of these villages think that it would be beneficiary if they would have access to a school: “We do not have schools nearby here. People have to walk from here to the secondary school, which is quite a long distance.” Therefore, they would like the help of the flower companies for building a school in their village.



Figure 10: School that was built by a flower company

In another village one company has supplied water. By bringing water closer to the village, the inhabitants do not have to walk kilometres for water. Without the help of a flower company they would not have this facility in the village: “In that way, the company is a big support, because we got the tools to connect the water to here.” In this way, the local people benefit from the flower companies. For them it is an important contribution for their living conditions.

Another benefit is the improvement of the roads. The villagers mentioned that the flower companies have helped with improving the road. Most times, those roads are the most important roads of the villages and these upgrades were therefore very useful for the villages: “It is the only road the people from this village use. They use the road to go to work at the company. And the company is using this road as well to bring some company materials there.”

At last, the villagers are asking the flower companies for help to get health care facilities in the villages. For the villagers it is important that there are health care facilities nearby. In the villages those facilities are not near and people have to travel far to go to a hospital. Therefore, help is needed to get health care facilities closer to the villages: “They have to improve more on health facilities, because nearby we do not have a hospital.”

8. Discussion

With this research, the local development impact of the Dutch flower companies in Tanzania is shown. The results show the impact that the companies have for both the employees and the inhabitants of the neighbouring villages.

For the employees the impact for their human capital is mainly on employment. Many employees did not have a job before they started to work at the company. However, most employees do not have opportunities to get another position at the company, even when they already have that job for many years. Only a few people were started as a grower or a picker and are working at another department of the company now. Other than that, the employees get health care and a free lunch at the companies. Particularly the health care is an important contribution that almost all employees did not have before they started to work at a flower company.

For the natural capital the impact for the employees is only on the natural capital that directly has an impact on their living conditions. For the environment the employees do not see any improvement for them. For their natural capital the main impact is that some of the employees are able to buy land. Another impact is that companies brought water to villages, so that the people do not have to walk far anymore to get drinking water.

For the financial capital the main impact for the employees is on the salary. They get a fixed income each month, which they did not have before they started to work at the flower companies. This is one of the most important contributions for the employees. With this income, they can foresee in their family's needs by buying food and clothes, paying the rent of their house and taking their children to school. Another impact for the employees of one company is that they have the possibility to get loans.

For the social capital there is hardly seen a contribution. No single employee mentioned that they get extra relations with other people by working at the company. They still have the same relations with their family and in their village. The only impact for them is that they can ask the flower company for help, if they have a problem.

At last, for the physical capital the impact for some employees is that they can buy things that they need at home. A few employees were able to build a house. For about half of the employees, the companies have contributed in their villages by upgrading roads or building a school.

For the inhabitants of the neighbouring villages there is no positive impact for their human capital. They do not see any impact for their own employment. The existence of the flower company does not lead to extra jobs for those people. However, a negative effect of the flower companies is perceived. Former employees complain about the negative effects for their health, because of the chemicals that are used. Other than that, the flower companies are not contributing to the villages in terms of health care. For the health situation of many villagers, there is no effect for them personally.

For the natural capital the impact for the villagers depend on the contributions of the company. In some villages companies brought water, which has a positive impact for the villagers. Besides the water supply in the village, the inhabitants of the neighbouring villages do not see any other changes for themselves for their natural capital.

For the financial capital there is an impact for some villagers. Because the employees of the flower companies have more income, those employees can spend the money in their shops. Besides the extra income for a few of them, the local people do not see another contribution. They are not supported financially and do not have other financial benefits.

For the social capital the impact is that the villagers can ask the company for help, if there are problems in the village. However, many villagers do not know that. Besides the possibility to get help of the company, there is no other impact for the villagers.

For the physical capital of the local people the companies are contributing by building a school or upgrading the road in a village. Particularly building a school has an important impact for the villagers, because their children do not have to walk far anymore to go to school if there is a school in the village.

For the results it is important to keep in mind that they can depend on the people, whom the interviews had been conducted with. For the interviews with the employees, other insights could have been given, if interviews with the employees of all flower companies were conducted. On the other hand, for the impact for the employees, more interviews were conducted than with the people in the neighbouring villages. Also, for the employees, the differences between the companies are not that big, so it is most likely that it would not have influenced the results of the research significantly.

For the people in neighbouring villages it is different per villager what they know about the flower companies. Also, it varies per village what has been done for the villagers. For every village, the contribution of the company varies. For each company it is different what the impact is for the villagers, because the contribution of the flower companies differs per village. Conducting interviews in more villages could have given a more comprehensive image of the impact for the local people who are not working at the flower companies.

Because of the different perceptions of the impact for the employees and the inhabitants of the neighbouring villages, it is difficult to draw general conclusions about the impact of the flower companies for all people. The impact for each employee and for each villager varies, but there are many similarities as well. With this information, a comprehensive overview of the impact of the Dutch flower companies can still be given.

9. Conclusion

The Dutch flower companies bring employment to many people in Arusha and the surroundings. Most employees are working in the greenhouses, where various types of flowers are produced. The flower companies themselves have different characteristics. Over the years, the companies changed of ownership, so some originally Dutch companies have a foreign owner now. Now they employ different amounts of people, varied from 150 to 1000 employees. Most employees did not have a job before they started to work at the flower company. Before they started to work there, most of them were a farmer or were staying at home without having a job. Therefore, the flower companies are contributing a lot by giving employment to the local people.

The flower companies mainly focus on the employees to have an impact. By giving them a better salary than is required and by using social standards, they want to have a contribution to the livings of the employees. Also, they provide health insurance and give all employees free lunch. For the neighbouring villages, the companies are willing to help with problems the villagers are facing, when this is also benefiting for the companies themselves. Also, companies are helping the villagers without an extra interest in profit, by supplying water in a village or building or supporting a school.

For the employees, the main impact is on their financial capital. By having employment at the flower companies, they earn salary. Although the salary is still quite low in their opinion, with this salary they can provide for their family, which helps them to improve their living conditions. They can buy food and clothes for their family, they can pay the rent of their house, they can take their children to school and a few are able to buy land or to build a house. Without their employment at the flower companies, this would not have been possible. This results in other impacts on their capitals, mainly relating to the natural and physical capital. The human capital is improving too, because of the employment and the health insurance they get from the companies. With the access to health care, the employees can get treatment when they are sick. This improves their health, compared with

the situation before they worked at the flower companies. For the social capital, there is hardly any impact for the employees.

The flower companies are contributing to some neighbouring villages as well. In some villages the companies have supplied water or built a school. The companies are also helping with improving the road near the company, which benefits both the companies themselves and the inhabitants of the villages. This helps in the natural and physical capital of the villagers. Also, a few villagers with a small shop can earn more money, if the employees spend the salary in their shops. This has an impact for them on their financial capital. Besides the positive impact, a negative impact is also seen by former workers of the flower companies. They are complaining about the infections that chemicals for spraying flowers cause for the health. They argue that the impact of the chemicals is only seen after years and not right away, when working with the chemicals. This has a negative impact on their human capital. For the social capital, there is a small contribution by the support most companies give when the villages are facing a problem.

To increase their impact of CSR, the flower companies have to focus on some specific topics, both for the employees and for the inhabitants of the neighbouring villages. The companies do not have many linkages with the local people, besides having contact with the chairman of a village. It is important to know what the inhabitants of the neighbouring villages and the employees think is important for them. For increasing their impact, the companies should focus more on having contact with the villages and their own employees about their needs.

For increasing the impact in the lives of the employees, the companies can focus on some specific topics. Firstly, they have to keep focusing on the salary of the employees. Although the companies are already focusing on the salary for their employees a lot, it is essential that they improve this further and provide higher salaries. This focus also needs to be on the possibilities to get loans for the employees, so they are able to buy families' needs or get education. Secondly, health care is an important contribution to the employees, that needs to be maintained. Also, free lunch is appreciated and is important for the employees. The focus of the flower companies needs to be on the basic needs that improve the living

conditions of the employees and their families. This mainly relates to their financial and human capital.

To improve the living conditions of the inhabitants of neighbouring villages, the flower companies need to focus on some specific topics in the villages. Firstly, education. For the people in the villages, education is very important for a better future. When the companies support building schools, the people are able to take their children to school nearby. Secondly, the focus needs to be on the health care. For the villagers, it is important that medical facilities are nearby, so they can go to the hospital easily. Thirdly, upgrading the roads is beneficiary for the villagers and needs to be continued. At last, employing more local people will result in more people with better incomes and has a huge impact to the local people. For the inhabitants of the neighbouring villages, this mainly relates to the human and physical capital.

This research only focused on the impact that employment has in the lives of the people. Further research is needed to understand the working conditions of the people in the flower companies better. Specific research about the use of chemicals in the flower industry is needed. The research needs to show in what way people are working with the chemicals and what the health consequences are of using these chemicals. In this way, more insights can be given about this and the local people's concerns are taken seriously. This can also result in a better relationship between the companies and the inhabitants of the villages.

This research gives insights in what people think the meaning of development is for them. This is not only meaningful for the people working in the flower industry or living near those companies, but it can be assumed that people who are working in other industries are thinking the same about the most important aspects for their development. Therefore, the results of this research can be used by other industries with their production in Tanzania or in developing countries in Africa as well.

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