

Relationship between Strategic Practices and the Performance of Tea Factories in Kenya

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Abstract: The tea industry plays an important role in Kenya's economy providing both employment opportunities and earning the country foreign exchange. However, global competition in the industry demands that tea producers in the country improve efficiency. Over the years, achieving international competitiveness among tea factories in Kenya for better financial performance is a major challenge. This study investigated strategic practices and how they relate to the performance of tea factories in Kenya. The objective of this study was to determine how brand equity, management efficiency, costs of production and quality of raw materials related to the performance of tea factories in Kenya. The study adopted a descriptive research design approach because it explored and described the relationship between variables in their natural setting without manipulating them. The research was limited to 8 tea factories in Embu and Kirinyaga Counties. A population of 152 possible respondents comprising factory directors, factory managers, and factory supervisors were used to collect the necessary data required for this study. A sample of 47 respondents was selected using simple random sampling from different strata. Questionnaires were instruments of data collection. A pilot test was conducted to test the validity and reliability of the research instruments. Multiple regression analysis method was used to establish the statistical relationship between variables quantitatively while content analysis helped to analyze published content qualitatively. The study also established that there was a positive statistical relationship between strategic practices and performance of KTDA managed factories. The study recommended that KTDA factories should embrace on marketing, research and development, change management and technology integration for them to survive in the turbulent business environment.

Keywords: Brand Equity, Efficiency, Performance, Quality, Strategic Practices.

1. INTRODUCTION

Global competition for business opportunities in export trade has become intense. These coupled with the financial crisis has forced companies to come up with more effective and efficient ways of running their operations at minimal costs [1]. While some have been forced to close shop others have taken the route of massive lay-offs. Performance in business is therefore no longer an option but an obligation. Today's managers are therefore required to put in place measures that would ensure that their organizations perform [2]. Strategic practices are planned, deliberate and focused efforts to improve business or organization growth [3]. Strategic practices have been sought by competitive firms as an initiative of trying to realize the long term objectives of the organization. Strategic leadership, organic structures, training, integral communication and reinforcement are among the strategic interventions adopted by organizations to achieve their goals[4].

According to [4], strategic practices are initiatives used to facilitate new changes in the organization with minimal resistance from employees. Disruptive technology, global competition, changing consumer demand, employee diversity and lean management practices are driving competitive firms to adopt strategic practices to gain competitive edge.

Strategic practices are unique for each business and organization. A strategy that delivers results for one business or organization environment, need not necessarily deliver same or similar results for another, even within same industry [5].

Strategic practices are the only ways to turn a business around or move it from good to fantastic [2]. Leaders can make a significant difference in their organizations by developing effective intervention strategies. Strategic interventions are ways to work toward pre-defined goals or to deal with unforeseen circumstances that develop within the organization. Business goals often require change to take place at some level for the business to grow and develop. Organizational issues concerning; personnel, morale and high turnover rates can also warrant the use of business intervention strategy as a means for improving productivity and work relations [6].

[8] assert that performance management is commonly used today to describe a range of managerial activities designed to monitor, measure and adjust aspects of individual and organizational performance through management controls of various types. Performance management integrates the management of organizational performance with the management of individual performance. Organizational performance perspectives suggested by Norton and Kaplan include; financial perspective, that entails measuring whether the organization is generating profits from its core businesses; Customer perspective, that entail customer satisfaction from goods and services; Internal business processes, that involves continuous improvement of services using modern technology and finally innovation and learning, that entails ability of organizations to develop new products and services thus team learning and co-partnerships in the industry.

[10] argues that managers measure and control organization performance because it leads to better asset management, to an increased ability to provide customer value, to improve measures of organizational knowledge and measure of organizational performance do have an impact on an organization's reputation. When the performance of the organization is assessed, the past management decisions that shaped investments, operations and financing are measured to know whether all resources were used effectively, weather the profitability of the business met or even exceeded expectations, and weather financing choice were made prudently. The most frequently used organizational performance measures include organization efficiency (productivity), organizational effectiveness and industry ranking.

2. TEA INDUSTRY IN KENYA

Kenya is ranked number four among the largest producers of black tea in the world market after India, China and Sri Lanka [11]. With fifty four countries importing Kenya Tea in 2011, this crop has put Kenya squarely on the world map [12]. This East African nation provides 10% of the total global tea production and commands a remarkable 21% of the global tea exports outside producing countries [12]. Tea plays an important role as the Kenya economy's main anchor. It contributes up to 26% of the country's foreign exchange and supports about 5 million people directly and indirectly [12]. In comparison to other export crops, tea contributed 20% of the farming GDP, with 8% of farming GDP for coffee and 6% farming GDP from horticultural production [11].

Tea production has increased tremendously over the years; from an annual production of 18.0 million Kilograms in 1963 to a record production of 444.8 million Kilograms in 2014. The tea production sector in Kenya is categorized under smallholder and Estate subsectors. The sector has registered exponential growth since inception in terms of increase in land planted with tea, production volumes and export volumes. The smallholder sub-sector currently accounts for about 66 percent of the total area under tea and commands about 60 percent of the annual production [12]. Tea is one of Kenya's leading crops in foreign exchange earnings, only second to tourism and leading the pack of coffee farming as well as horticulture. Kenya's tea small scale holders are under the management of the Kenya Tea Development Agency (KTDA), an organization that serves approximately 560,000 small-scale tea farmers.

Problem Statement:

[4] suggest that strategic practices have remained the driver of competitive organizations in the domestic and international markets. Despite the efforts of organizations to implement strategic practices, both internal and external challenges are experienced. According to [12], KTDA factories in Embu and Kirinyaga County have been experiencing deteriorating performance associated with high costs of operation, stiff competition, change of market conditions, change of export regulations, leadership challenges among others. Strategic practices have become the alternative measures among KTDA factories to gain competitiveness in the changing business environment despite the internal and external challenges. As postulated by [13] organizational performance is directly correlated by strategic practices adopted by competitive firms.

[14] studied on impact of cost reduction strategies on performance of tea factories in Embu County, Kenya and indicated that tea industry was faced with myriad challenges that threaten its survival if immediate intervention measures are not put in place. The tea industry is challenged by high cost of labour, farm inputs, energy numerous taxes and levies. However, from the findings of empirical studies, it is evident that little has been done with regard to strategic practices on performance of KTDA factories in Kenya.

3. RESEARCH OBJECTIVE

The general objective of the study was to establish the relationship between strategic practices and performance of KTDA managed tea factories in Kenya with reference to KTDA factories in Embu and Kirinyaga Counties.

Strategic Practices versus Performance of Tea Factories:

Brand Equity and Performance of Tea Factories:

[15] Assert that branding has remained a strategic practice among competitive firms in the local and global markets. This is because when consumers look at the same products which bear different brands the information closely linked with the brand they recognize is retrieved automatically [16]. [17] posits that brands are bestowed with the responsibility of enabling consumers to identify and bond with a product or service or a group of products or services. This therefore means that a brand acts as a pointer to the consumer signaling to him/her the source of the product, and in the process protecting both the customer and the producer from competitors who would strive to provide products that appear to be identical [18]

According to [19], firms can use brand recognition as a surface indicator of product quality by voluntarily offering it to buyers and therefore instantly controlling their assessment of alternatives. Positive attractive qualities are the prerequisite for a product to be generally acknowledged and receive brand recognition [20]. [21] further contend that low quality products are not appreciated and for firms to therefore realize profitability through brand recognition it is required of them to improve the quality of their products.

[22] regard brand loyalty as a measure of the extent to which consumers consistently repurchase the same brand over a period of time. Brand loyalty results in an emotional attachment to the brand, which is driven primarily by commitment and affection[23]. For tea factories to establish that their customers are loyal to their brand, then they must establish if the consumers hold the brand in high regard just as friendship [24].Therefore, firms in the tea sector should realize that one of the ways that consumers express their contentment with the performance of the product or service received is brand loyalty [25].

[18] Assert that the factories can also establish their consumers' loyalty to their brand by looking at the attachment that customers have to the KTDA brand by investigating the willingness of customers switching to another brand, especially when the KTDA brand makes a change, either in price or in product features. [26] argue that brand loyalty is influenced by customers' view of value offered by the marketer. They further offered five main components of the customer value perception, namely; price, product quality, service quality, innovation, and image [26]. Nonetheless, for [27], price is most likely the most significant consideration for the average consumer. However, other scholars don't quite agree with this view. Studies by [28] show that consumers with high brand loyalty are prepared to pay a premium price for their favored brand, which means their intent to purchase, is not easily affected by price. Furthermore, customers have a strong belief in the price and value of their favorite brands so much so that they would compare and evaluate prices with alternative brands [18].Consumers of tea from KTDA factories have a strong belief in its quality that they are willing to pay more for it in comparison to its competitors.

Another important aspect that factories' manager should bear in mind is; brand trust a very fundamental aspect to the development of loyalty [30]. Brand trust is the willingness of the average consumer to rely on the ability of the brand to perform its stated function [31]. Product consumers should also not feel vulnerable when expecting the KTDA brand to meet their needs. The brand should not only be responsive but it should also be responsible by placing the consumer at the center of its world and relying more on understanding real consumer needs and fulfilling them than the particular service or product[32].Business performance has a positive relationship with consumers' evaluation of a firm's ability to deliver a product that meets his/her expectations [33].Organizations must strive to ascertain customers' belief in them if they are to

retain consumers through customer satisfaction, improve sales and profitability. According to [34] brand trust helps achieve all these by reducing perceived risk and thereby facilitating relationship enhancement in buyer-seller interactions.

Management Efficiency and Performance of Tea Factories:

To achieve organizational performance, a firm's management should deploy its resources efficiently, maximize its income and reduce its operating costs. One way of reducing operating costs is outsourcing. [35] point out that adopting outsourcing facilitates companies in cutting down their current operating costs in ways that enable them to gain and sustain competitive advantage by reinvesting the available resources. [36] supports this by stating that reducing operating costs by employing outsourcing is a competitive advantage factor that not only ensures profitability, but creates opportunities for companies to re-invest their previous operating costs to other profitable units of the business.

Due to the perishable nature of tea coupled with the demand for very high standards in treatment and storage, tea factories are faced with a big demand of logistics services before and after processing of tea. In Kenya logistics such as; transportation of employees, raw tea as well as processed tea, storage, warehousing and shipment to international markets are a big source of challenges to tea factories. [37] argue that in outsourcing logistics, business organizations are in a better position to access superior technology, adapt to changes in the market and effectively manage their inventories.

Product quality is crucial for a firm's image and performance. It is quality that influences customer buying behavior, satisfaction and loyalty. Quality should never be compromised [18]. Firms that offer high quality products are assured of gaining market share and positioning themselves for better profitability in their industry [38]. In the event that firms select the best external suppliers, outsourcing creates a platform for product innovation which facilitates the production of high quality products [39]. However, [29] states that in instances where suppliers are not carefully selected, outsourcing may also lead to both poor service and product quality. The failure by managers to control suppliers and unfeasible expectations of outsourcing suppliers leads to poor quality products.

According to [40] over and above selling what a firm makes or advertising what it has, marketing is to some extent is been decisive what to do and for whom. The marketing department is of crucial significance to a firm's success [41]. [42] contends that firms whose aim to excel in their industry should invest sufficient funds to their marketing department. Marketing related activities play a key role in uniquely positioning a firm's brand, which can easily be comprised by underfunding these activities. This is supported by [43] who states that a practical marketing budget is of crucial importance to necessitate the success of marketing efforts and achieve the overall goal of firm performance. In addition, [44] caution that in order to gain a competitive position for their firms, managers should not view the exercise of drafting a marketing budget as a strenuous, but they should endeavor to adopt employee participation in the process. To thrive marketing needs financial resources and enough of these [45].

[46] argues that the success of marketing related activities relies on the marketing budget and the availability of financial resources. Though product quality does play a key role in the realization of the marketing mix efforts, providing enough financial resources for marketing is a prerequisite for gaining market share and financial performance [41]. [47] points out that firms that spend less in their marketing activities are more likely to send vague messages to their consumers which also has a negative effect on consumers' product quality perception and sales volume. On the other hand, when a firm spends an additional amount in marketing it disseminates a coherent message to the market about its situation and the condition of its product [48] The goal of achieving competitive advantage obligates managers to effectively budget for marketing related activities [49].

Further, for better firm performance, it is crucial that managers develop an appropriate cost structure [50]. The existence of such a structure facilitates a firm's management to do planning both in the short-term and long-term on how to control costs thereby leading to profitability [51]. [52] contend that managerial skills in costs control play a pivotal role in ensuring firms realize profitability. [53] argues that the costs control function is key for firms during economic crisis and in competitive business environments. This is because it works well as a competitive tool as it enhances expense reduction during the production processes thereby contributing to profitability [50]. However, when implementing cost control strategies firms should not compromise product quality [18]. According to [89], factories should ensure that costs control don't interfere with the quality of the products they sell to their consumers; this can easily have a negative effect on their profitability.

[90] Recommend that costs control should not be a top management affair but it should be a team work endeavor. He further points out several advantages associated with costs control; it does away with inefficiency in handling operations, assists in avoidance of insignificant costs and enhances the checks and balances of a firm's funds. This is echoed by [54] who points out that, when management works with employees to reduce costs, firms realize profitability. [55], posits that the best way to involve employees in the costs control is through information sharing. With the right information, both factory employees and management know what to do and when and what not to do and when not to do it.

Costs of Production and Performance of Tea Factories:

[56] Defines production costs as expenses which firms incur in the process of producing their product to offer to consumers. Costs are expenses which are paid out with the aim of earning revenue [57]. These costs may include production and packaging materials and labor [58]. In most cases, the lower the production costs, the higher the profit. Nonetheless, even when incurring low costs of production firms may not experience a high profit. During the tea production process, Tea factories incur quite a number of costs; labor, packaging materials and fuel costs.

In the event these costs are high, the financial performance of the tea factories is adversely affected. In a study [59] point out that tea factories realize low profits due to high labor costs during plucking and processing of CTC black tea. Labor costs account for two thirds of production costs ex-factory [59].

[60] Points out that labor costs are a major contributors to the expenditure of tea factories in Kenya. Labor costs are a major hindrance to value addition of tea produced in tea factories in Kenya. Limited opportunities of value addition deny Kenyan tea some international markets thus affecting the performance of tea factories [61]. This is supported by the [62] that contends that the inadequate flow of information between leaf collection centers and factories significantly increases labor costs which also contributes to an increase in production costs that has adverse effects on the financial performance of the tea factories.

According to [60], deficient information sharing between green leaf collection centers and tea factories is a major cause of increasing costs of production. Increasing labor costs lead to an increase in production costs that have a negative effect on productivity of small scale tea factories in India [64]. To improve on productivity, [64] recommends that factories should endeavor to cut down labor costs through the introduction of machine harvesting. He however notes that this will be in compromise to the green leaf quality [64]. [65] argue that high labor costs contribute to the failure of commercial tea production in Hawaii. [66] recommend that to be commercially viable the tea industry in Hawaii should adopt mechanization as a costs reduction measure, but in a quick rejoinder he cautions that this presents high chances of affecting the quality of the green leaf.

[64] Posits that packaging materials also contribute significantly to the increase of production costs that affect the profitability of tea factories. In a study on global tea production. [67] argues that packaging though important in the consumer quality perception function, when not effectively controlled increases production costs that directly affects the financial performance of tea factories in most tea producing developing countries. A budget for tea packaging materials should not only be drawn but should be adhered to as a way of controlling costs of production [62]. [69] point out that failure to adopt an efficient inventory control system by most KTDA tea factories contributes with increasing costs of production which affects their financial performance. [68] points out that increasing cost of production especially packaging materials not only affects productivity of tea factories in India, but it also negatively affects the country's tea export revenue.

Over 90% of tea factory energy requirements are for heat used in withering and drying [60]. Tea factories often use fuel during the withering and drying of tea. High fuel costs also play a significant role in the increase of costs of production which has adverse effects on the profitability of small scale tea factories [59]. [64] echoes this by stating that the high cost of fuel in some parts in India is a great contributor to low productivity among tea factories in the country. Poor inventory practices among KTDA tea factories leads to the over consumption of wood fuel in tea factories leading to high expenditure on wood fuel [69]. [60] high fuel costs affect the profitability of KTDA managed tea factories in the country. High costs of fuel restrain tea factories in Kenya from producing value-added CTC black tea. This affects sales from high end clients whose quality perception is tied to value added products [61].

Quality of Raw Materials and Performance of Tea Factories:

The crucial role played by raw materials in the efficient operation of manufacturing firms cannot be underrated. The availability of raw materials in the right quality does determine to a reasonable extent; the availability and quality of the subsequent output. [91] contends that for firms to achieve optimum performance through uninterrupted production then they have to grant considerable significance to raw material management. The quality of each kind of tea product is highly dependent on the sort of tea cultivar. It is this that provides the raw material for its manufacture.

A study by [70] reports that the tea cultivar which is the raw material used by factories is the major determinant of the type of tea quality. This also does influence revenues of the tea factories [70]. According to [71] quality parameters of Black tea plain such as; TFs, TRs, color, brightness, and sensory characteristics, have great contrast from one geographical area of production to another. If one of the quality parameters is not up to standard then tea from that factory is likely to be rejected by consumers which translate to poor financial performance of the factory in that geographical region [71]. [72] in their study contend that the use of a shade effectively improves the quality of tea beverages by reducing the concentration of flavonoids which causes acidity in tea affecting the flavor. This is supported by a study by [73] who argues that the quality of tea can be improved by shade treatment which eliminates the generation of photosynthetic inhibition. The use of shade also filters UV rays of the sun and also provides biomass as nutrient for green leaf thus improving black tea quality [74].

[75] Emphasizes the importance of drying to achieve a balance in the flavor of tea. He further argues that it is drying that removes some of the undesirable compounds, thereby accentuating the presence of more useful compounds. Flavor is very important for consumers because it makes the consumers to make repeat purchase of a firm's products. Drying of tea is necessary during processing to give quality to the brew as well as remove moisture, arrest fermentation, reduce volume, and increase shelf life [75]. [76] points out that without the consumers' desired tea flavor, a firm's brand loses quality perception among its consumer's thereby decreasing sales volume and profitability. Drying plays a pivotal role in the enhancement of flavor thereby attracting consumers to a firm's brand either for first time purchases or repeat purchases and thus building brand loyalty.

[71] Argues that the aroma quality of black tea is positively correlated to plucking interval. Shoot distribution is in most cases affected by the choice of plucking intervals adopted by a particular tea factory which in turn affects the quality of harvested tea [77]. [78] point out that shorter harvesting interval give greater quality of green leaf and on the other hand longer harvesting intervals are known to decrease the quality of green leaf thus negatively affecting black tea quality.. According to [79] long plucking intervals and shear plucking leads to reduced tea yields and produces coarser leaf than short plucking intervals and hand plucking respectively. On the other hand shorter plucking intervals improve the aroma quality of black tea [80]. Among tea consumers, Aroma is one of the distinct features of tea quality that influences either its acceptance or rejection [70].

The quality of tea is also affected by the choice of plucking techniques. [79] postulate that teas that are hand plucked have higher theaflavins (TF), caffeine, brightness, and flavor index. In addition, the study postulates that black teas plucked from short plucking rounds are superior to those from long plucking rounds evaluated by theaflavins, caffeine, brightness, the chemical aroma quality parameters and sensory evaluation. This is echoed by [81] who suggests that shoots harvested by hand plucking are of better quality than those harvested mechanically. [82] support this by stating, while mechanization increases yields, it leads to a decrease in the quality of tea as compared to hand plucked tea.

The chemical components of green leaf which influences the quality of CTC black tea are also affected by the withering process [83]. [84], the withering process does affect the green leaf which affects black tea quality. Implementing uniform withering is thought to contribute to good quality black tea [85]. [84] to ensure good quality black tea, withering should be done under humid conditions. According to [86] temperature in the course of the withering process, affects the temperature of the green leaf which in turn influences black tea quality, and therefore suggests that factories should endeavor to achieve lower temperatures (below 30°C) which result in better quality teas.

The other agronomic practice that affects the quality of tea is pruning. According [87] pruning is an important agronomic practice in the production of leaves for the manufacture of black tea as it plays a significantly leads to increased branching which contributes to a greater number of tender leaves. [80] argues that pruning contributes to the table form and height, does away with undesirable and diseased branches to regenerates the tea plants and to acquire healthier and better quality

tea plants. However, pruning should be done with a lot of caution as it could affect the quality of harvested black tea. [71] argue that a longer gap between pruning period and growth increases the quality of tea. The longer the period after pruning the better the quality of tea [86].

Operational Framework:

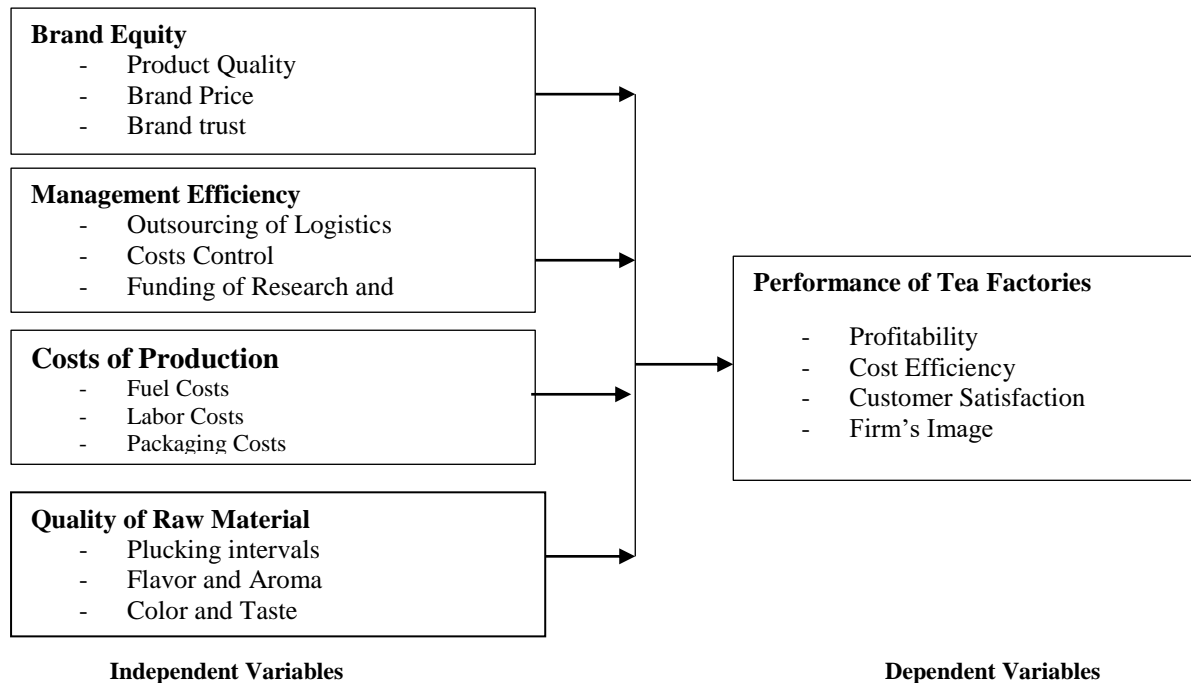


Figure 1: Operational Framework

4. RESEARCH METHODOLOGY

This study adopted a descriptive survey research design to investigate strategic practices on performance of KTDA managed factories in Embu and Kirinyaga County. A population of 152 possible respondents comprising of Units and particularly factory directors, factory managers, and factory supervisors were used to collect the necessary data required for this study. From this population, a sample of 30% (47 respondents) was taken using stratified random sampling.

To establish the importance of each of the study's four variables with respect to factory performance, the researcher also applied a multiple regression analysis method to establish the statistical relationship between the independent variables and dependent variable. Relationships were non-linear, independent variables were quantitative or qualitative and one could examine the effects of a single variable or multiple variables with or without the effects of other variables taken into account, (Cohen, West & Aiken, 2003). The multiple regression model was in the form of:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y = Performance of Tea Factories in Embu and Kirinyaga Counties

β_0 = Constant Term

$\beta_1, \beta_2, \beta_3$ and β_4 = Beta coefficients

X_1 = Brand Equity

X_2 = Management Efficiency

X_3 = Costs of Production

X_4 = Quality of Raw Materials

Therefore, the research function was in the form of:

Performance = f (brand equity, management efficiency, operational costs and quality of raw materials)

5. DATA ANALYSIS AND INTERPRETATION

Response Rate:

The study targeted a total of 47 respondents that comprised factory directors, managers and supervisors. However, after questionnaire administration, only 45 questionnaires were returned duly filled. This contributed to 95% response rate. This response rate was adequate for data analysis and reporting.

Regression Analysis:

Multiple regression analysis was conducted to test the relationship among independent variables (the effect of strategic practices on performance of KTDA managed factories in Embu and Kirinyaga Counties).

Table 1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.923	0.852	0.789	0.6273

The four independent factors that were studied, explain only 85.2% of strategic practices and performance of KTDA managed factories in Embu and Kirinyaga Counties as represented by the R^2 . This therefore means that other factors not studied in this research contribute 14.8% of strategic practices and performance of KTDA managed factories in Embu and Kirinyaga Counties. Therefore, further research should be conducted to investigate the other factors (14.8%) that influence performance of KTDA managed factories in Embu and Kirinyaga Counties.

Table 2 ANOVA Test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	0.003	7	.001	3.867	.015 ^b
Residual	0.068	77	.001		
Total	0.071	84			

From the ANOVA statistics in table above 2, the processed data, which is the population parameters, had a significance level of 0.015 which shows that the data is ideal for making a conclusion on the population's parameter as the value of significance (p-value) is less than 5%. The calculated was greater than the critical value ($2.262 < 3.869$) an indication that Brand Equity, Management Efficiency, Cost of Production and Quality of Raw Materials were significantly influencing on performance of KTDA managed factories in Embu and Kirinyaga Counties. The significance value was less than 0.05, an indication that the model was statistically significant.

Table 3: Correlation Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.139	1.2235		1.515	0.0133
	Brand Equity	0.887	0.1032	0.152	4.223	0.0122
	Management Efficiency	0.752	0.3425	0.154	3.424	0.0112
	Cost of Production	0.645	0.2178	0.116	3.236	0.0111
	Quality of Raw Materials	0.539	0.1937	0.163	3.147	0.0554

Coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (performance of KTDA managed factories in Embu and Kirinyaga Counties) that is explained by all the four independent variables (Brand Equity, Management Efficiency, Cost of Production and Quality of Raw Materials). Multiple regression analysis was conducted to determine the relationship between strategic practices and performance of KTDA managed factories in Embu and Kirinyaga Counties and the four variables. As per the SPSS generated table (3) above, the equation ($Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$) became: $Y = 1.139 + 0.887X_1 + 0.752X_2 + 0.465X_3 + 0.539X_4$

According to the regression equation established, taking all factors into account (Brand Equity, Management Efficiency, Cost of Production and Quality of Raw Materials) constant at zero, sustainable competitiveness will be 0.0133. The data

findings analyzed also shows that taking all other independent variables at zero, a unit increase in Brand Equity will lead to a 0.0122 performance of KTDA managed factories in Embu and Kirinyaga Counties; a unit increase in management efficiency will lead to a 0.0112 performance of KTDA managed factories in Embu and Kirinyaga Counties; a unit increase in cost of production will lead to a 0.0111 performance of KTDA managed factories in Embu and Kirinyaga Counties and a unit increase in quality of raw materials will lead to a 0.0554 performance of KTDA managed factories in Embu and Kirinyaga Counties.

At 5% level of significance and 95% level of confidence, brand equity had a 0.0122 level of significance, management efficiency showed a 0.0112 level of significance, cost of production showed a 0.0111 level of significance and quality of raw materials showed a 0.0554 level of significance. After regression analysis, it can be concluded that there is a significant positive relationship between independent variables (Brand Equity, Management Efficiency, Cost of Production and Quality of Raw Materials) and dependent variable (performance of KTDA managed factories in Embu and Kirinyaga Counties).

6. SUMMARY OF FINDINGS

It was established that majority (91%) of the KTDA managed factories did not focus on brand equity despite the positive perception of local and global consumers. Marketing tea products in the local and global markets was hindered by lack of financial resources and inability of the managers to formulate marketing policies. Majority of the KTDA factories did not advertise their products in the local and international markets despite the positive perception from local and global consumers on black tea.

Secondly, (87%) of the KTDA factories did not embrace efficient management practice to enhance efficiency and effectiveness. Inability of the managers to formulate, implement and evaluate strategies contributed to poor performance of KTDA managed factories. Bidding of suppliers outsources services, training employees and formulating decisions that reflected on the vision and mission were some of the aspects that contributes to inefficiency of the KTDA managed factories. Majority of the KTDA factories did not have clear policies of procuring services, train employees and control activities during strategy implementation process.

Thirdly, (78%) of the KTDA managed factories experienced high costs of production due to lack of appropriate technology. Most of the KTDA managed factories did not have adequate budgets to investment in modern equipment and systems.

Finally, it was established that majority (90%) of the KTDA managed factories continued to experienced declined productivity due to poor quality of raw materials. Declined performance of KTDA managed factories was associated with lack of employee training on ISO standards, non-compliance to internal quality control regulation, natural calamities and lack of farmers training on modern tea farming practices.

7. CONCLUSION

The study clearly revealed that strategic practices were key drivers of KTDA managed factories in Kenya. This indicated that unless KTDA factories realize the importance of marketing strategies, technology integration in the system, trainings of workers, forming strategic partnerships and embracing the practice of change implementation competitiveness will be an uphill task due to environmental complexity. Finally it can be concluded that there was a significant statistical relationship between strategic practices and performance of KTDA managed factories in Embu and Kirinyaga County, Kenya. Finally KTDA managed factories to performance effectively, the Governments should intervene and develop policies promote local products in foreign markets and embrace modern tea farming practices. Subsidization of fertilizer and other firm inputs like equipment will enhance the quality of the produce thus increased productivity of KTDA managed firms.

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