INFLUENCE OF STRATEGIC MANAGEMENT PRACTICES ON COMPETITIVENESS OF KENYAN TEA

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Influence of Strategic Management Practices on

Competitiveness of Kenyan Tea

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DECLARATION

This thesis is my original work and has not been presented for examination in any other university.

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This Thesis has been submitted for examination with our approval as the University Supervisors.

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DEDICATION

This Thesis is dedicated to my son Ian Warutere, My Parents; Naftaly Waweru and Mary Wacheke who have all the time been standing with me in Prayer, financially, psychologically, emotionally and physically during the entire PHD journey. You have been my icon of hope and you made my dream a reality.

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LIST OF ABBREVIATIONS AND ACRONYMS

ACP	-	African- Caribbean-Pacific Group
AFFA	-	Agriculture, Fisheries and food Authority
BMF	-	Broken Mixed Fanning
BP1	-	Broken Pekoe1
CBA	-	Collective Bargaining Agreement
CIS	-	Commonwealth of Independent States
COMESA	-	Common Market for Eastern and Southern Africa
CTC	-	Cut Tear and Curl
EAC	-	East African Community
EATTA	-	East African Tea Trade Association
EU	-	European Union
F1	-	Fanning 1
FAO	-	Food and Agriculture Organization
FAOSTAT	-	Food and Agriculture Organization Corporate statistics
FTA	-	Free Trade Area
IT	-	Information Technology
ITC	-	International Tea Committee
KEBS	-	Kenya Bureau of Standards
KEPHIS	-	Kenya Plant Health Inspectorate Service

KS	-	Kenya Standards
KTDA	-	Kenya Tea Development Agency
MAFAP	-	Monitoring African Food and Agricultural Policies project
MNC	-	Multi-National Companies
MOALF	-	Ministry of Agriculture, Livestock and Fisheries
MOFAIT	-	Ministry of Foreign Affairs and International Trade
NGO	-	Non Governmental Organization
NTZDC	-	Nyayo Tea Zone Development Corporation
PD	-	Pekoe Dust
PF1	-	Pekoe Fanning 1
R and D	-	Research and Development
TBK	-	Tea Board of Kenya
TRFK	-	Tea Research Foundation of Kenya
TRI	-	Tea Research Institute
UAE	-	United Arab Emirates

DEFINITION OF TERMS

Competitiveness: pertains to the ability and performance of a firm, subsector or country to sell and supply goods and services in a given market, in relation to the ability and performance of other firms, sub-sectors or countries in the same market (Porter, 2002; Atkinson, 2013).

Strategic Management Practices is the overall direction of business entities and industries to ensure their competitiveness in any given market through exploitation and creation of new and different opportunities for tomorrow through long-range planning (Porter, 2009).

Made Tea: is Tea which is available in the market; that is green leaves plucked from tea bushes then manufactured in the Tea Factories through a series of manufacturing process (Tea Act, 2013).

Global Market: is the main driving force behind international finance and trade. It is concerned with global economy impacting the success of investments in different markets (Porter, 2000; Lorenzen, 2006).

Tea: an evergreen shrub or plant (Camellia Sinensis) as well as all varieties of the product know commercially as tea made from the leaves of the plant Camellia Sinensis including green tea(Tea Act, 2013; Omari, 2015).

Tea Industry: is a branch of the food processing industry for the production of loose and pressed teas from leaves of the tea plant. It deals with the processing, packaging and marketing of the end product to the consumers. (Tea Act, 2013)

Globalisation: is the process by which regional economies, societies and cultures have become integrated through communication, transportation and trade, which make partnership sourcing inevitable and results in synchronisation across the chain in different nations and within firms (Ashkenas, Dave, Ulrich & Kerr, 1995; Chemengich, 2014).

Strategic Decisions: are decisions concerned with whole environment in which the firm operates. The decisions have major resources propositions of an organization and are more concerned with acquiring new resources and reallocating the existing ones. They deal with harmonizing organizational resource capabilities with the threats and opportunities (Porter, 2000).

Market Development: is a growth strategy that identifies and develops new market segments for the current product. It entails expanding the potential market through new users or new uses (Asnoff, 1993, Porter, 1990).

Product Development: involves introduction of a new product in an existing market. and modification of an already existing market which can create a product that has more appeal in the market (Asnoff, 1993).

Strategic planning: is a recognizable set of activities designed to achieve organizational objectives and goals. It involves establishing and periodically confirming the organization's mission and corporate strategy, and developing broad plan of action needed to attain these goals and objectives as well as allocating resources on a basis consistent with strategic directions (Lorenzen, 2006).

Strategic Alliances: is a non-equity cooperation agreement between two or more firms which is intended to promote their joint competitive advantage in areas of production, research and development and marketing (Asopa, 2007; Porter, 2000; Mckeown, 2012).

ABSTRACT

Kenya is the third largest tea producer and the leading exporter of black tea in the world. The black CTC is exported in bulk form. Kenyan tea is acclaimed globally as a high quality product, available all year round and it is primarily used for blending teas from other origins. This makes Kenyan tea lack visibility in the world market eroding its competitiveness. The aim of this study was to investigate the influence of strategic management practices on competitiveness of Kenyan tea. The specific objectives of the study included influence of market development, product development, strategic planning and strategic alliances on competitiveness of Kenyan tea. The research was based on both primary and secondary data. The study was guided by theories related to competitiveness which included theory of international competitiveness, theory of competitive advantage, Resource-Based theory, new trade theory, Strategic Management theory and Product Life Cycle theory. The study adopted a cross-sectional survey research design. The study targeted organizational population consisting of all one hundred and forty two (142) member organizations of the East African Tea Trade Association who participate in the tea auction at Mombasa. The accessible population comprised of four (4) top managers from the 142 organizations translating to five hundred sixty eight (568).The sample size consisted of one hundred and five (105) organizations where the four top managers were drawn from translating to four hundred and twenty (420) managers which was obtained using Slovin's formula (1960). The main instrument used to collect primary data from the sampled respondents was a questionnaire. A pilot study was conducted to test the validity and reliability of the research instrument. Internal consistency of the questionnaire was determined by use of Cronbach's Coefficient Alpha (α). Collected data was further prepared for analysis using Statistical Package for social sciences (SPSS) to generate descriptive and inferential statistics. The response rate was at 80%. Regression results indicated that the strategic management practices were statistically significant in explaining competitiveness of Kenyan tea. The data analysed revealed an Adjusted R^2 of 0.639 signifying that 63.9% of variations in competitiveness of Kenyan tea is influenced by market development, product development, strategic planning and strategic alliances .The P- Value of F statistics indicated that all the independent variables jointly are significant in influencing the competitiveness of Kenyan Tea. The study concludes that strategic management practices influenced competitiveness of Kenyan tea. The study recommends managerial and policy adjustments in line with strategic management practices to enhance competitiveness of Kenyan tea.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

This section interrogated competitiveness in reference to strategic management practices. The practices include market and product development, strategic planning and strategic alliances in the context of Kenyan tea.

1.1.1 Competitiveness

The strategic management school of thought defines competitiveness as the ability to profitably create and deliver value through cost leadership and or product differentiation. This approach implies that competitiveness is directly related to the factors that influence a firm's cost and demand structure (Porter, 1980). Bellendorf (1993) defines competitiveness as the capacity of firms and industries to survive in competitive situations and their ability to fight and improve their respective market positions against rivals. Barney (1991) explained competitiveness as the capability of companies to adapt and transform in response to changing conditions around them.

1.1.2 Strategic Management

Strategic Management according to Bakar *et al.* (2011) entails decision making and undertaking corrective actions for the achievement of both long-term and short term goals of an organization. Strategic management defines the purpose of the organisation and the plans and actions to achieve that purpose (Porter, 2004). Sharabati and Fuqaha, (2014) advised that globally, strategic management has been regarded as the most crucial practice which differentiates organizations from each other.

1.1.3 Strategic Management Practices

Strategic management practices in general gives the overall direction to business entities and industries to ensure their competitiveness in any given market (Porter, 2009). The purpose of strategic management is to exploit and create new and different opportunities for tomorrow through long-range planning. A study conducted by Muogbo (2013) in Nigeria showed that in Africa strategic management practices has significant effect on competitiveness and productivity of business firms. Juma and Okibo (2016) carried out a study on the effects of strategic management practices on the performance of public health institutions in Kisii County, Kenya and found out that technology creates innovation leading to product quality and high value of the company's offerings hence competitiveness. Strategic drivers of competitiveness both locally and globally therefore are closely linked to specific strategies that maximize organizational performance. In connection to the aforementioned observations, this study focused on the influence of strategic management practices on competitiveness of Kenyan tea which includes market and product development, strategic planning and strategic alliances.

Market development strategy is a declaration of intent that provides the strategic direction of a firm's competitiveness (Ansoff, 2011). This strategy according to Ansoff can be achieved through market segmentation and penetration into new geographical markets. Turner (2010) indicated that market development involves market penetration, market segmentation, and market diversification practices involves focusing on selling existing products into existing markets to gain a higher market share. The strategy also involves selling more to current consumers and to new customers who can be thought of as being in the same market place. Market development would be achieved through price adjustment strategy that aims at increasing sales; augmented promotion which is a tool for increasing brand awareness; distribution channels strategy which involves opening of new distribution channels like telemarketing, e-mail marketing and online marketing. Such opening of new distribution channels lead to increased market space and overall profitability and enhances competitiveness of the firms' offerings.

Product development is the process of bringing a new innovation to consumers from concept to testing through distribution. Product development strategies look at improving existing products to invigorate an existing market or create new products that the market seeks (De Silva & Takeda, 2005). Product development according to Turner, (2010) is a strategy that a company adopts to create new products targeted at its existing markets to achieve growth. This involves extending the product range available to the firm's existing markets. Competitiveness of Kenyan tea can thus be enhanced through Product development which can be achieved though value addition, product differentiation, standardization and product diversification to the existing tea products.

Strategic planning is the development of long-range plans for the effective management of environmental opportunities and threats, putting into consideration organizational strengths and weaknesses (Wheelen & Hunger, 2008). It involves defining the corporate mission, specifying objectives, developing strategies and developing guiding policies. Aldehayyat (2011) states that for a formal planning process to assist in strategy development, it must include mechanisms to embrace proper customer services, efficiency of operating processes, alternating and retaining high quality employees, and analysis of financial strengths and weaknesses. Through strategic planning Kenyan tea industry can be in a position to redefine its mission ,vision and strategic objectives and by doing this, the key players in the tea value chain would assess their underpinning weaknesses, strengths ,opportunities and threats that would be causing the decline in competitiveness of the Kenyan tea. This enables creation of new products, process innovation and product modification.

Strategic Alliances according to Todeva (2014) involves at least two firms that remain legally independent. This creates room for benefits sharing and managerial control over performance of assigned tasks. This implies that strategic alliances create interdependence between autonomous economic units, bringing new benefits to the partners, mandating and obligating them to continuously support the partnerships. The Kenyan tea may gain more competitiveness if this strategy is pursued.

1.1.4 Tea Industry

Omari (2015) citing KTDA, (2012) stated that tea, like most agricultural crops, is seasonal and therefore varies in production at different times of the year and it is a global product which faces global competition. Groosman (2011) stated that tea is a very popular beverage-second only to water and is consumed all around the world. Millions of people are engaged in the production and processing of tea and many more rely on it for their livelihoods. West-European countries such as the UK and the Netherlands have long, historical ties with the tea trade. Dutch merchants already became familiar with tea in the 17th century during their journeys to the Far East, and the UK began building fast ships especially to get tea from the Orient around 1840. Later, the British built tea plantations in India and Sri Lanka (Ceylon, at the time), and the Dutch established plantations on Java and Sumatra. Nowadays, the international tea trade is largely in hands of multinational companies (MNC) with British and Dutch roots, for example, Unilever, Twinning's and Tata Global Beverages (Tea Directorate, 2010; KTDA, 2012; TRI 2013).The global tea industry is largely dominated by India which is the largest producer and consumer of tea. Other producers include; China, Sri Lanka, Kenya and Indonesia. The global tea industry is influenced by geopolitical, climatic, technological and economic factors. Globalization affects competitiveness of tea and has deep implications on tea trade globally (Tea Board of Kenya, 2012).The world tea market supply pattern is erratic causing tea price volatility. The supply fluctuations are attributed to climatic change, political and economic status in producing countries (International Tea Committee, 2010).

According to Peiris (2012), Kenyan tea is slowly losing its competitive advantage to new emerging producers in Africa. Countries producing tea in Africa include; Kenya, Uganda, Rwanda, Malawi, Mozambique, Tanzania and Zambia. The African tea is mainly used for blending other teas globally an indication that competitiveness of African teas in the global market where Kenyan tea is the market leader is eroded (KTDA, 2013).

The tea (*Camelia sinensis*) history in Kenya can be traced back to 1903 when G.W.L, Caine, a European settler introduced the first seedlings from India and planted them in Limuru near Nairobi (Tea Board of Kenya, 2012).The commercial cultivation of tea began in 1924 and remained exclusive activities of the colonialists until 1956 when African farmers were allowed to start growing tea. The producers of the Kenyan tea are the small-scale farmers and large-scale producers mainly the Multinationals. The small scale producers are all managed Kenya Tea Development Agency (KTDA) which is the management agency of the small scale farmers. Small scale farmers' account for about 60% of Kenya's total tea production and about 6% of global tea production (Omari, 2015). Kenyan tea is manufactured as black CTC (Cut, Tear and Curl).The processed tea is both in primary and secondary grades. The primary grades include; Broken Pekoe 1 (BP1), Pekoe Fanning 1 (PF1), Pekoe Dust (PD) and Dust 1 (D1) while the secondary grades are Fanning 1 (F1), Dust (D) and Broken Mixed Fanning (BMF) (KTDA, 2014). KTDA oversees the collection, processing and selling of processed tea both locally and internationally as well as facilitation of small–scale farmers payments. Large-scale producers of Kenyan tea include Brooke Bond, George Williamson, Eastern Produce and African Highlands. Unlike small-scale farmers, large-scale growers are responsible for processing and marketing of their own crop. The Kenyan tea industry over-relies on external markets, which faces global competition from other countries that produce black CTC tea. The external markets experience depressed world tea prices, over supply of tea due to declining demand, restrictions imposed by regional and global trading agreements and changing consumer tastes and preferences (Lenore & Geffen, 2012).

Kenyan tea is mainly traded through auction by the East African Tea Trade Association (EATTA) which was established in 1957 to facilitate tea auctions for the country (National Tea Policy, March 2014). EATTA is the apex body representing the Tea Industry in Africa. The membership comprises of tea producers, buyers, brokers, warehousemen and packers and it is the largest black CTC auction centre in the world (Mudibo, 2014). The tea industry contributes 4% of Kenya's Gross Domestic Product (GDP) and 10% of Agricultural Gross Domestic Product (Tea Board of Kenya, 2013). In

2009, as demonstrated by the Tea Board of Kenya; Kenya was the highest tea exporter at 25.4% hence earning highest foreign exchange. The government of Kenya lists tea industry as one of the pillars of realizing the government's Vision 2030. Kenya's tea annual production is approximately three hundred and fifty thousand tons, which is 10% of the total world tea production (Tea Board of Kenya, 2013).The main market destinations for Kenyan tea are Pakistan, Egypt, United Kingdom, Sudan and Afghanistan among others accounting for about 71% of the total export volume. The rest of the tea is exported to over 60 market destinations world-wide. The domestic market is limited and accounts for only about 5% of total production (Tea Directorate, 2014).

Kenyan tea lacks visibility in the global market as it is sold as a blend and not as an original tea. This makes the traceability of the Kenyan Tea in the International Markets unnoticeable making it loose the competitiveness in the global market (KTDA, 2014). Lenore, (2013) observed that as more and more producers are attracted by the premium prices paid for Kenyan teas, competition has increased thus limiting Kenya's margins and international competitiveness in the market. Other emerging export producers, for example China, are producing lower quality teas in large volumes and as a result locking out a large market segment. On a country-specific scale, Kenyan producers have also been driven away from value added production due to the high tariff in importing countries. Omari (2015) indicated that although Kenya is the 3rd largest producer of black CTC tea it leads in exportation too an indication that local consumption is low compared to China, India and Sri Lanka. This over-reliance on foreign markets affects Kenya's export performance.

1.2 Statement of the Problem

Strategic management practices have not been practiced wholly in the Kenyan tea industry making Kenyan tea lose its competitiveness as confirmed by the KTDA (2014) who observed that in 2013, a decline of 15% in market share was experienced as compared to the year 2012. This indicates that there is need for market development as a strategy to increase competitiveness of Kenyan tea which may be achieved through

market segmentation, market focus, market penetration and market diversification. Kenyan tea is applauded globally as a high quality product which is made available all year round and it is principally used for blending teas from other origins. Subsequently resulting to lack of visibility of Kenyan tea in the global market (Tea Board, 2013). This is an indication that there is need for product development to curb the loss of competitiveness of Kenyan tea hence the importance of this study. Product development can be realized through value addition, Product differentiation, Product standardization and Product diversification of Kenyan tea.

Kenyan tea is traded on the traditional markets such as Pakistan, Egypt, United Kingdom, Sudan and Afghanistan which accounts for about 71% of the total export volume. The 71% symbolizes that the power of the buyers is high impacting negatively on the competitiveness of the Kenyan tea due to tea trade controls (Economic Survey (2015). This justifies the need for strategic planning where Kenyan tea firms require to re-define their mission and strategic objectives to allow participation of more players in Kenyan tea trade. This can make Kenyan tea reclaim its competitive and market leadership position. For instance, tea sector in Kenya, contributed on average 60% of the foreign exchange earnings up to the year 2002 when its contribution dropped to 25%.This indicates loss of competitiveness of the Kenyan tea globally due to overreliance on a few markets. This shows that there is lack of product and market development strategies which enables enhancement of competitiveness of Kenyan tea thus increasing the value of exported tea and eventually foreign exchange earned by the country.

Economic Survey (2015) indicated that demand of Kenyan tea in the global market declined and the quantity exported increased by 2.3% in 2014 creating oversupply of tea in the global market and as a result the prices remained suppressed eroding its competitiveness. This necessities the need for strategic alliances which can result to creation of new markets to accommodate the oversupply. Strategic alliances would be attained through governments' trade agreements, collaborations, networks and

international trade certifications. Through strategic alliances, competitiveness of Kenyan tea would be boosted.

Despite the capacity to produce quality black CTC tea all year round and exportation of the same in bulk, lack of market development, product development, strategic planning and strategic alliances has led to an erosion in competitiveness of the Kenyan tea (KTDA, 2013) and it is in this view that this study sought to establish the influence of strategic management practices on competitiveness of Kenyan tea.

1.3 Objectives of the Study

This study was guided by one general objective and four specific objectives.

1.3.1 General Objective

The general objective of this study was to investigate the influence of strategic management practices on competitiveness of Kenyan tea.

1.3.2 Specific Objectives

1. To establish the influence of market development on competiveness of Kenyan tea.
2. To examine the influence of product development on competitiveness of Kenyan tea.
3. To determine the influence of strategic planning on competitiveness of Kenyan tea.
4. To evaluate the influence of strategic alliances on competitiveness of Kenyan tea.

1.4 Hypothesis

H_{01}: Market development has no significant influence on competitiveness of Kenyan tea.

H_{02}: Product development has no significant influence on competitiveness of Kenyan tea.

H_{03}: Strategic planning has no significant influence on competitiveness of Kenyan tea.

H_{04}: Strategic alliances have no significant influence on competitiveness of Kenyan tea.

1.5 Significance of the Study

The study is of significance to policy makers in the Kenyan tea subsector especially Ministry of Agriculture, Tea Directorate of Kenya, KTDA, Multinational tea firms and other EATTA members who may use the findings of the study to explore critical issues surrounding global competitiveness of Kenyan Tea. Secondly, the policy makers may also use the findings of the study to examine critical issues related to value addition on tea and in general. The findings may as well serve as a policy and legal framework on global tea trade.

The findings of the study may inform a broad audience of tea stakeholders which include tea value chain actors, civil society organisations, and governments in tea producing countries with the aim of improving labour, social, environmental, political and economic conditions in the global tea industry. The study is important, because it sought to assess the influence of strategic management practices on competitiveness of Kenyan tea and the findings formed the basis for recommendations which may further be used as a point of reference.

The government, through the findings of the study may create partnerships, collaborations and networks in the tea sector to promote competitiveness of Kenyan tea in the global market and subsequently expand the market share and product portfolio of Kenyan tea. The management of the Kenyan tea subsector may also benefit from the findings of the study in identifying gaps and opportunities that may require to be addressed in the entire value chain. EATTA members too would greatly benefit from the study findings as it would assist them understand strategic management practices that may be adopted to increase competitiveness of Kenyan tea.

1.6 Scope of the Study

The study primarily examined strategic management practices influencing competitiveness of Kenyan tea. A primary survey was conducted on East African Tea Trade Association (EATTA) members who participate in the tea auction at Mombasa. The study specifically concentrated on the Kenyan participants. The study was carried out in Kenya and concentrated on sampled respondents who are EATTA members who participate in the Mombasa Auction. The study paid attention on strategic management practices that influence competitiveness of Kenyan tea which include market development, product development, strategic planning and strategic alliances. The study was conducted in a period four years; 2015-2018.

1.7 Limitations of the Study

Numerous challenges were faced in the entire study process. Firstly, the target respondents were the senior most cadres of employees whose work schedules were tight making it almost impossible to have free time to fill the questionnaires. This caused delay in data collection within the planned time. This problem was mitigated by use of emails and telephone calls for follow-up.

Failure by some respondents to accord importance to the questionnaire and others not returning   it entirely was also a limitation to this study. Besides this, some other respondents perceived the questionnaire politically even though orientations had been made. This problem was mitigated by guaranteeing the respondents that the research was solely for academic purposes and their identity was not to be publicized.

Lastly, since the respondents were scattered in different locations, some problems were encountered in giving orientations, following up and collecting responses from the respondents. This situation was as well mitigated by use of emails and telephone calls for follow-ups and collection of filled questionnaires.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter discusses theoretical review and conceptual frameworks that explain the influence of strategic management practices on competitiveness as well as the empirical studies that have been conducted on the area. A conceptual framework was also presented to provide an illustration of the relationship of the variables under study and the review of the variables carried out. The review intended to establish whether there existed a relationship between the independent variable parameters and the dependent variable. The chapter shows the inter-relationship between the variables under study. The chapter also discusses the theories related to competitiveness.

2.2 Theoretical Framework

This section contains review of theories relevant and which inform the theoretical background of the research subject matter. The theories reviewed include; Theory of International Competitiveness, Theory of Competitive Advantage, Resource-Based theory, New Trade Theory, Strategic Management Theory and Product Life Cycle theory. This study was guided by the international competitiveness theory.

2.2.1 Theory of International Competitiveness

The theory of International Competitiveness was developed by Porter in 1980. The purpose of the theory was to help business firms understand their competitive position in global markets. The theory assumes that competitiveness of businesses is related to the performance of other businesses. According to the theory, clusters of identical product groups are used where businesses within clusters usually stimulate each other to increase productivity, foster innovation and improve business results. Companies operating in

such clusters in addition have the advantage of operating and competing effectively in the international markets.

The theory stipulates that through exporting the country accumulates wealth thus a country should maximize product exportation and minimize importation of the product from other countries. Porter states that international success in a particular industry is determined by four broad mutually reinforcing factors which create an environment that enables the firms to compete. The factors skilled human resources, physical resources, knowledge resources, capital resources, infrastructure and natural resources. Also the firm strategy, structure and rivalry which guide companies on organization and management, company objectives and the nature of rivalry in the home market in order to succeed in international markets as well as the government which has strong influence on legal conditions that may affect the international competitiveness of a firm either by promoting or hindering exports. The factors are strongly interrelated and enable companies to gain competitiveness and global supremacy.

Recklies (2015) supported this theory where he pointed out that corporate strategies must be assessed in a global context. Recklies further advised that whether a firm plans to import or export directly or not, management must undertake international business environmental scanning to assess the actions of competitors, buyers, sellers, new entrants and substitute products which influence business operations in the domestic market.The theory was also supported by Atikiya (2015) who observed that a firm's competitiveness depends on its strategic fit based on the relevant global value chains of geographic clusters and networks. Porter (1990) stated that countries, like companies, compete in international markets for their fair share in the world markets. The same scenario is demonstrated by tea firms as they compete both locally and internationally to maintain their market share. At the firm level, international competition changes extremely due to the changing patterns of world trade, globalization of the word economy and rapid advancement of technology and information.

The relevance of this theory to the study was that Kenya exports 95% of the tea produced and local consumption accounts for only 5% as confirmed by Tiampati (2013).According to Porters' studies (1980, 1990, 2000), companys' awareness on the need to enhance their international competitiveness was on the increase because of international and local competition they were facing. Kenyan tea firms compete amongst themselves to sustain their market share locally and globally as well as regain their competitiveness in the international market. The competitive position of Kenyan tea firms would be reclaimed through cost leadership strategies, strategic planning and government support by creating a favourable economic, legal and regulatory environment. This was further confirmed by Chemengich (2014) who indicated that with increasing competitive pressures and progressing globalisation, the success of both a country's economy and a firm's performance depend largely on the degree of participation in global networks. This helps the firm in cost reduction and seizing of new opportunities. The theory was also relevant in that it gave insights on how Kenyan tea firms may survive in the global competition through strategic management practices. The theory supports market development and product development variable of the study.

2.2.2 New Trade Theory

This theory was developed by Krugman in 1980.It is a collection of economic models in international trade. The theory recognized that countries producing similar goods and services continue to engage in trade with one another. This theory explains globalization, costs of economies of scale and specialization for developing nations. According to the theory, early entrants in a given industry have inherent advantage in that industry because time of the ample time at their disposal to attain economies of scale making it difficult for new firms to compete. Thus, emerging industries in developing nations find it difficult to position themselves in the existing global market because developed firms and nations' well established and they dominate the market.

This theory supports the objective of product and market development. It is relevant in that, Kenya specializes on production of black CTC tea which makes the country the leading world exporter. On the other hand, the country trades the teas with China, Sri-lanka and India who constitute some of the consumers of the Kenyan tea and yet the said countries as well produce similar tea. Similarly, the traditional markets of Kenyan tea are well established in the global market, making it very difficult for Kenyan tea to enter new markets. The Kenyan tea trading system is through auction which is controlled by brokers who are well established. This makes it almost impossible for new sellers to participate in tea trade due to the set trading conditions which ultimately act as barriers to entry in tea trade. As a result, the competitiveness of the Kenyan tea continues to dwindle given that no new demands are created in the traditional markets, and the product has been the same all through and no new participants are around in tea trade thus giving room to consumers to switch to competitors' products.

2.2.3 The Theory of Competitive Advantage

Porter proposed this theory in 1990. The theory suggests that states and businesses should pursue policies that create high-quality goods to sell at high prices in the local and international markets. This signifies that competitive advantage has the ability to stay ahead of present or potential competition ensuring superior performance and competitive advantage leading to market leadership. The theory also provides the understanding that resources held by a firm and the business strategy have a profound impact in generating its competitive advantage and competitiveness. The theory specifies the five forces model of industry competitiveness. The five forces model identifies that the structure of any industry consists of five competitive forces that shapes a firm's strategy and competitiveness. The competitive forces include the firm's buyers or markets, suppliers, competitors, substitute products and the threat of new entrants. Each of the five forces determine the prices that firms charge for their products, the costs incurred and the investments made in pursuit of creation and sustainability of entry barriers in the industry. The power of buyers determines the prices charged in the market place by a firm. The greater the buyer's power, the lower the firm's ability to price high.

The power of suppliers determines the cost of production on firm's inputs. The higher the supplier's power, the higher the costs incurred. This observation is similar to the current status of Kenyan tea producers who incur higher production costs and the purchasing power of the buyers determines the price of the tea at the auction.

The breadth and depth of competitive rivalry determine profits not only by constraining a firm's ability to price, but also by constraining its costs and its investments. The presence of close substitutes decides and limits the pricing of the firm's goods and services without inducing substitution and market erosion. A profitable firm attracts potential new entrants. (Porter, 1985, 1990, 2000). This observation is relevant to the current study in that Kenyan tea exported to foreign markets is of high quality and is preferred as compared to the competitors' tea. International Tea Committee (2010) indicated that creating defendable position in the market place and coping successfully with the five competitive forces should guide the Kenyan tea industry players in establishing strategic management practices to enhance competitiveness in the global tea industry. Although Kenya has maintained export leadership position worldwide, the country has continually earned low returns from her tea exports compared to other tea exporting countries (Sanga, 2011; Mbui, 2015).

International Tea Committee (2010) showed that, in 2009 Sri Lanka exported 279,839 metric tons of tea and made $1.145 billion while Kenya exported more tea (342,482 metric tons) but made less money ($0.9 billion).Porter (2002) advised that to remain competitive in the global market, firms have to strategically choose between variety-based positioning, needs-based positioning and access-based positioning. This observation supports the current study about product development and market diversification which may enhance competitiveness of Kenyan tea and avoid concentration in production of black CTC tea only which is facing stiff competition in the global market.

Altman (2005) noted that the global tea market holds diverse opportunities for Kenya through adoption of both market focus and product differentiation strategies. Kenyan tea

industry players need to select the right target markets and concentrate on them and define the market segments in terms of consumer tastes and preferences, values and lifestyles for competitiveness. The theory of competitive advantage is relevant to this study in that the Kenyan tea though high in quality is not meeting the consumer changing needs and preferences thus the need for product innovations, market diversifications and strategic planning. The theory supports three objectives of this study namely strategic planning, product development and market development. Kenya has historically produced the black CTC tea which is offered to the global markets in bulk form. This fails to cope with the consumers changing tastes and preferences hence loss of competitiveness.

2.2.4 Resource-Based Theory

This theory was developed in 1990 by Werner. The theory combines the internal core competences and external industry structure perspectives on strategy of competitive advantage. This theory supports the study objective of strategic planning. Resource-Based theory assumes that a firm's system of production and its efficiency play a critical role in competition as compared to its products in the market place. Waiganjo (2013) stated that, a resource-based approach improves resource capability and helps a company to achieve strategic fit between resources and opportunities and as well obtain added value to its performance by effective utilization of resources. Atikiya (2015) advised that for firms' products to gain competitiveness in the global competitive environment, they ought to provide products of value to consumers which can be achieved from either cost advantage, service or differentiated products. Resource-based theory focuses on the relationship between a firm's internal resource stability and the ability to stay competitive through its strategy formulation and adoption.

Barney (2002) observed that most of the resources required by a firm to gain sustainable competitive advantage must be obtained from its external business environment. Barney further noted that the utilization of resources in an effective and efficient way within the firm ultimately determines its competitive advantage. The Kenyan tea industry firms should consider industry structure and dynamics when deciding which resources to invest in. Superior strategy requires continual rethinking of the company's scope to ensure maximum utilization of its resources and avoid entry into markets with no resource advantage (Peteraf, 1996). Peteraf further noted that Resource Based theory informs about the risks and benefits of diversification strategies. This theory is relevant to the current study on strategic planning, strategic plans and policies development in the tea industry. It may guide in the implementation of strategies and established policies.

2.2.5 Strategic Management Theory

Strategic management theory was developed by porter in 1990.The theory integrates diverse management practices and perspectives in pursuit of goals in the context of rapid environmental changes in the world economy. It is directed towards the need for change to gain competitiveness in response to changing environmental circumstances. The theory involves the formulation and implementation of major goals and initiatives taken by a company's top management on behalf of owners, based on consideration of resources and assessment of the internal and external environments in which the organization and industry operates. Strategic management theory is about what is being done now to bring about a future result and is an iterative process geared towards dealing with discontinuous futures (Gray & Karp, 1994). The field of strategic management according to Porter (1980) primarily concerns identifying long-term opportunities and threats and mobilization of resources to develop the capabilities in their desire to address the threats and implement a successful strategy to gain advantage of the opportunities.

It provides overall direction to an enterprise and involves specifying the organization's objectives, developing policies and plans designed to achieve these objectives and then allocating resources to implement the plans (Porter, 1990).This theory supports the study objective of strategic planning. The applicability of this theory to the current study is that, for Kenyan Tea to regain its competitiveness, it requires to differentiate its offerings and create a line of unique tea products. The differentiation strategy could be extremely powerful in coping with the environmental forces. It provides insulation against competitive rivalry because of customers' brand loyalty. (Porter, 1980). Lenore, (2013) observed that to build differentiation, the tea industry in Kenya has to match its natural advantages and strengths to the characteristics of the market that allows differentiation. The challenge could be met in many different ways: through technology that would create the desired product, quality, brand image, and features that consumers crave, and develop a marketing network. Kenya is strong in the production of black CTC tea and even though Kenya is a major player in the global market, it is less known as a source of tea in the United States due to the fact that Kenyan tea is used as a blend for other low quality teas a conclusion that Kenyan tea competitiveness has been eroded.

2.2.6 Product Life Cycle Theory

This is a theory of international trade which was developed by the economist Raymond Vernon in 1966. According to the theory, products enter the market and gradually disappear. The theory further explains that there are four stages in a product life cycle namely introduction, growth, maturity and decline. Every product has to go through each of the stages and the duration of each stage depends on demand, production cost and revenues. According to the theory, low production costs and a high demand ensures a longer product life. This theory supports the study objectives of product and market development in that, Kenyan tea is manufactured and sold in different grades. Each grade commands a different market share and price. Omari (2015) found out that, the product life cycle theory asserts that marketing strategies must evolve along with a product from inception through obsolescence. Introduction stage involves tailoring marketing mix to ignite the interest of potential consumers. At growth phase, efforts

shifts to secure a wider audience by building brand loyalty, a stable supply chain and additional distribution channels as defences against competition enter the market. Maturity stage experiences weaker players driven out and there is little differentiation among competitors. This leads to market saturation leading to eventual decline of the product's market share. Kenyan tea is stocked for long in the warehouses' due to decline in demand. This leads to the said tea being sold below the valuation price at the auction (KTDA, 2014).This scenario supports reflects the importance of this study.

Moore (1991) and (1995) draws on marketing theory to describe the elements of the product life cycle for technology innovations. Moore examines how communities respond to discontinuous innovations or any new products or services that require the end user in the marketplace to dramatically change their past behaviour. Moore describes how companies must position their products differently through the cycle to reach their full sales potential and become an industry standard.

2.3 Conceptual Framework

According to Kothari, (2014) a conceptual framework is theorized representation that guide researcher to identify the model and the relationship between the dependent and independent variables. Zikmund (2010) defines conceptual framework as a variety of facts and principles obtained from different but relevant fields of survey employed to organize a consequent presentations. Zikmund further stated that a conceptual framework would assist researchers to describe the concept, chart the research topography or conceptual scope, organize relations among concepts, and discover gaps in literature. The main aim of a conceptual framework is to group and describe concepts relevant to the study and map relationships among them. The study investigated independent variables which included market development, product development, strategic planning and strategic Alliances and the dependent variable was competitiveness. Kothari,(2014) defined an independent variable as the assumed cause of the changes of the dependent variable, while a dependent variable denotes the variable which the study desires to explain.

Figure 2.1 illustrate the diagrammatical presentation of the relationship between variables under study drawn from the literature review.

Strategic Management Practices

Market Development

- Market Segmentation
- Market Focus
- Market Penetration
- Market Diversification

Product Development

- Value Addition
- Product Differentiation
- Product Standardization
- Product Diversification

Strategic Planning

- Process Innovation
- Strategic Plan
- Strategic Objectives

Strategic Alliances
- Government Trade Agreements
- Collaborations
- Networks
- International Trade Certifications

Competitiveness

- Revenues
- Foreign Exchange Earned
- World Market Share
- Quality

Dependent Variable

Independent Variables

Figure 2.1: Conceptual Framework

2.3.1 Market Development

Market development according to Asnoff (1993) is a strategy that promotes market growth through identifying and developing new market segments for the current product. This strategy targets non-buying consumers in currently targeted segments. It also targets new customers in new segments. It entails expanding the potential market through new users or new uses. New users according to Asnoff include new geographic segments, new demographics, new institutions or new psychographic segments. Market development involves market penetration, market segmentation, and market diversification. Market penetration strategy focuses on selling existing products into existing markets to gain a higher market share. The strategy involves selling more to current consumers and to new customers who can be thought of as being in the same market place (Turner, 2010).

Asnoff (1993) asserted that market segmentation as a growth strategy identifies and develops new market segments for current products. Although other factors could influence competitiveness of the Kenyan Tea globally, Asnoff maintained that market segmentation leads to new customers in new segments which support competitiveness of the product. Reibstein (2010) observed that, the increasing intensity of competition in the tea global markets was a challenge facing Kenyan companies in the tea industry at all stages of involvement in international markets. As markets open up, and become more integrated, the pace of change accelerates, technology shrinks distances between markets and reduces the scale advantages of large firms, new sources of competition emerge, and competitive pressures mount at all levels of the industry. Also, the threat of competition from companies in countries such as India, China, Malaysia, and Brazil was on the rise, as their own domestic markets are opening up to foreign competition, stimulating greater awareness of international market opportunities and of the need to be internationally competitive. Market penetration strategies used by tea companies to access the global markets contribute immensely to their market growth. The made Kenyan tea is traded through three marketing channels namely direct local and international sales, factory door sales and the tea auction in Mombasa. The Mombasa

Tea Auction serves as a regional auction centre for the tea producing countries namely Uganda, Tanzania, Rwanda, Burundi, Congo and Malawi thereby positioning Kenya to become a major tea trade centre. However, Mombasa auction faces competition from the Dubai Tea Trading Centre (Mudibo, 2014). This results to a narrow market outlet of Kenyan teas in the global market which in return could be a barrier to competitiveness.

Neil (2011) observed that companies which previously focused on protected domestic markets are entering into markets in other countries creating new sources of competition, often targeted to price-sensitive market segments. Not only is competition intensifying for all firms regardless of their degree of global market involvement, but the basis for competition is changing as a result, competition continues to be market-based and ultimately relies on delivering superior value to consumers. However, success in global markets depends on knowledge accumulation and deployment. Today, more and more marketing companies specialize in translating products from one country to another (Neil, 2011).

Kenyan tea is exported to over 60 countries, 71% are to five main traditional markets of Pakistan, Egypt, United Kingdom, Sudan and Afghanistan. A market analysis report by AFFA (2016) which pointed out that Pakistan was the leading export destination for Kenyan tea having imported 10.04 Million Kilograms, accounting for 27% of the total export volume. Other key export destinations for Kenyan tea were Egypt (8.14 Million Kgs), UK (3.39 Million Kgs), UAE (2.61 Million Kgs), Sudan (2.07 Million Kgs), Russia (1.60 Million Kgs), Yemen (1.51 Million Kgs), Afghanistan (1.43 Million Kgs), Kazakhstan (1.05 Million Kgs) and Poland (0.49 Million Kgs). The top ten export destinations, most of which are traditional markets for Kenyan tea accounted for 87% of Kenya tea export volume. This confirms a high concentration of a few markets for Kenyan tea in the global markets.

Market segmentation strategy is applicable as a strategy to boost the competitiveness of the Kenyan tea in the global markets on the basis of values and lifestyles. Kimenyi (2007) observed that there is a strong influence of values and lifestyles on the consumption of tea in developed countries. This allows for the creation of segments based on values and lifestyle for marketing. The said segments include profiles such as nutritionally concerned people who make up 46 % of the over-50 population in developed countries. This group believes that what one eats and drinks affects how one feels (Sandor, 1994). Tea as a natural beverage whose nutritional values are recently coming to consumers' attention could be a very appealing beverage for these people.

UNCTAD, (2016) reported that tea importing and exporting countries have in the past experienced considerable inconsistencies and challenges in global tea trade. Such a scenario calls for a need for market segmentation hence product differentiation to bridge the gap and cater for the emerging needs of consumers. Market segmentation strategy may be executed in diverse ways including demographic, geographical, and behavioural segmentation among others. Ghosh (2014) in the study on a new way of market segmentation in India informed that demographic variables are normally used by marketers as a popular basis of market segmentation because they mirror consumers' needs, wants and preferences. The pertinent variables according to Ghosh include age, income, life style, generation, social class and gender.

The findings by Ghosh agree with the current research where the researcher explored demographic market segmentation as an effective approach to market development. Rahman (2007) and Voung (2014) stated that all ages of people in the world enjoy tea as a beverage. On the same note, Nasir and Shamsuddoha (2011) affirmed that about two thirds of the world's population drink tea every day. Gramza-Michalowska, (2014); Tounekti *et al*. (2013); Khan and Mukhtar (2013); Lambert (2013); De Godoy (2013) also confirmed that Kenyan tea has been gaining popularity due to rising consumer awareness of its health benefits and its medicinal value resulting to tea being sold in most supermarkets, health and natural food stores and stores in tea and coffee rooms throughout the world.

Behavioural Segmentation assesses the consumption rate of the consumers. Consumers differ in the rate of their consumption for example for most consumers in a segment; about 20% of the segment population consumes 80% of the product. Thus, the market may be divided into a heavy-consumer end and a light-consumer end (Chwan-Li, 2012). The research by Ghosh (2014) compares well with another study carried out by Hassanzadeh *et al.* (2016) on factors affecting tea consumption pattern in an urban society in Iran. Hassanzadeh *et al.* (2016) reported that among the demographic variables of age, weight, and education on tea consumption; children and teenagers have the least amount of tea usage. Hassanzadeh *et al.* (2016) in their study also analyzed different tea consumption habits on different gender and found that among male and female; men were considerably higher tea consumers than women. Tea consumption in terms of occupation levels, working class consumes high volumes of tea on a daily basis in comparison to households. Based on education levels, the rate of consumption of the educated category was higher compared to non-educated. Based on marital status married people consumed more tea than non-married. Rahman, (2007) and Voung, (2014) stated that all ages of people in the world enjoy tea as a beverage.

A study by Maina *et al.* (2014), on tea trade in Kenyan markets supports the current study as it advised that a population age structure comprises of baby boomers born between 1946 and 1964, Generation X born between 1965 and 1976 and Generation Y or echo boomers born between 1977 and 2000.The study found that baby boomers represents the affluent class and preferred consuming tea to other beverages while Generation X were observant on economic position and watchful on packaging, blending and branding . Generation Y preferred spending on technology to tea consumption. Maina *et al*. (2014) further revealed that the baby boomers represent the most affluent and consume tea, Generation X are watchful on economic outlook and are cautious on packaging, blending and branding while Generation Y or echo boomers or Young adults are comfortable with technology and the group hardly consume tea but in the long run the group can be persuaded otherwise through strategic marketing.

MAAFAP (2012) observed that Kenya's tea sector is vulnerable because most of the tea is exported to only a few countries and market destinations. Market focus influences competitiveness of Kenyan Tea in the global market (MAAFAP, 2012). The report noted that about 95% of the tea produced in Kenya is exported, and about 60% of exports go to only three countries Pakistan, Egypt and the U.K. Over reliance on a few export markets, together with low domestic consumption as compared to production is one of the major challenges for Kenyan tea industry. This finding validates the observation in the current study that competitiveness of Kenyan tea in the global market is eroding.

This agrees with a market analysis report by AFFA (2016) which pointed out that Pakistan was the leading export destination for Kenyan tea having imported 10.04 Million Kgs, accounting for 27% of the total export volume. Other key export destinations for Kenyan tea were Egypt (8.14 Million Kgs), UK (3.39 Million Kgs), UAE (2.61 Million Kgs), Sudan (2.07 Million Kgs), Russia (1.60 Million Kgs), Yemen (1.51 Million Kgs), Afghanistan (1.43 Million Kgs), Kazakhstan (1.05 Million Kgs) and Poland (0.49 Million Kgs). The top ten export destinations, most of which are traditional markets for Kenyan tea accounted for 87% of Kenya tea export volume. This confirms a high concentration of a few markets for Kenyan tea in the global market thus necessitating the current study. About 95% of the tea produced in Kenya is exported, and about 60% of exports go to only three countries; Pakistan, United Kingdom and Egypt (Sachitra & Kumarasinghe, 2008). Over reliance on a few markets is dangerous as was demonstrated in 2008 by Pakistan decision to reduce tea imports from Kenya which resulted to shrinkage of Kenyan tea exports from ninety eight million to eighty million (Chan *et al.*, 2010). Kenyan tea has had growth in the said markets although their quantities remain lower than the traditional outlets.

Omari (2015) and Chen (2002) cited that Kenya has over the years relied on export of much of its tea to a few market destinations. Overreliance on the few export markets has been identified as an undesirable situation that has potential to negatively affect the Kenya tea exports which have in the past been affected whenever there are intermittent

trade disputes between Kenya and the leading markets. In addition, tea exports have also been affected by market instabilities in Key markets occasioned by political, social, and economic factors such emerging wars in Egypt, Sudan, Pakistan and the shortages of hard currency experienced in the recent past. The impact of such risks can be mitigated through market diversification, with key focus on emerging markets which are mostly in Asia, Europe, and Africa (Sturdivant, 2010).

Robinson (1988) cited that a narrow market focus strategy, which targets a narrowly defined market, has the ability to create more customer value from a better understanding of customers' needs and wants. The entire focus strategy is built to serve a particular target market excellently to acquire a distinct advantage in circumstances where the competitors are working in much broader markets. Benefits sought segmentation of Kenyan tea in established and potential global markets may also be viable because benefits sought by consumers who drink tea vary widely from region to region and country to country. Mostly, consumers in Europe look at tea as a light substitute for soft drinks and other non-alcoholic beverages. The Economic Research Service of the United States Department of Agriculture (2010) affirmed that tea is the principal beverage in Asia, the Commonwealth of Independent States (CIS), the Middle East, North Africa, and is also drunk widely in developed British Commonwealth countries-Australia, New Zealand, the United Kingdom and to a lesser extent Canada. Given the nature of the exported Kenyan teas, which is imported in bulk with no value addition, majority of the consumers as described by Altman (2005) may prefer other ready to drink beverages to tea. This is a confirmation that Kenyan tea is slowly losing its competitiveness due to the consumer's change in tastes and preferences hence the importance of this study which would seek to provide solutions to the identified problems.

Moore and Pollushin (2008) discovered that some new entrants fail in the global markets as a result of underestimation of time, effort, and resources. There is need for any firm that aims to enter in to global markets to consider whether the firms have adequate human and financial resources required to execute its strategic objectives. Sturdivant

(2010) affirmed that industries gain competiveness through entry strategies by gaining competitors' customers and attracting non-users of their product or convincing the existing customers to purchase and consume more of the product or service. This results to creation of new markets, product and market diversification and increase of the customer base. The long term effect is a larger market share of Kenyan teas in the global market.

2.3.2 Product Development

Product development according to Turner (2010) is a strategy that a company adopts to create new products targeted at its existing markets to achieve growth. This involves extending the product range available to the firm's existing markets. The product development may be obtained by value addition, product differentiation, standardization and product diversification to the existing tea products. Keegan (1989) noted that the success of marketing depends amongst others on the success of the product in satisfying the consumers and if the product fails to satisfy the consumer, any amount of effort to boost the sales may not gain long term success. According to Atikiya (2013) Kenya intends to strategically boost the level of value addition in its niche export markets by increasing manufacturing of local agricultural products tea included.

Owino (2012) defines value addition in the context of tea to signify the processing of tea produced or bought in bulk form into products that are sold at the retail level in consumer-ready packets through product modification and diversification with an intention of creating more value for the product. In Kenya, major agricultural products are exported as raw materials with no value addition resulting to low level of competitiveness. Investment opportunities for value adding activities through processing and packaging for agricultural commodities have not been exploited to increase farm incomes and off-farm employment (Kimenyi, 2002).This signifies that Kenyan products are exported as commodities thus affecting the competitiveness of the products in the global markets. Nyangito (2001) informed that value adding to a crop like tea can fetch up to six times more revenue than unpacked tea. Kenyan tea is sold in semi-processed

form to exporters who use it to blend lower quality tea from other countries. To ascertain sustainability and retention of the market share in the global market, Kenyan tea processors should diversify from production of only black CTC tea to variety of branded tea products. This would make the country regain its position in the world market and consequently improve farmers' income and ultimately reduce poverty levels (Tea Board of Kenya, 2009).

Theuri (2015) attested that value addition in agricultural products is a critical aspect in determining the competitiveness of Kenya's produce in world markets. Kenyan farm products are mostly exported in semi processed form with low-value. This accounts for 91 % of total agriculture related exports. This is contributed by limited ability to add value to agricultural products and high production costs making the Kenyan agricultural exports less competitive in global markets. Todd (2010) noted that as competition escalates in the global market, firms should not only target at producing new products but also develop innovative ways of adding value to the existing products.

Cannon (2013) affirmed that product development decisions need to be made after researching the target market and with the needs of that market in mind. In addition, answers to questions like, "What does the customer want and need?" and "How will the customer use it?" may guide decisions on product development. An effective Product - market manager need to consider attributes like quality, design, sizes, warranties, returns, brand name, functionality, colour, safety, repairs, support, styling, and accessories to aid decisions on product development and modification.

Jaffee (1993) also noted that product development is based on the extent to which the producer has to adjust the product on the standardization-adaptation continuum in response to different market conditions. To introduce new products into international markets according to Dixie (1989), product life cycle concept should be given remarkable consideration. The idea behind this concept is that if underlying conditions existing in one country are similar to those in another. The product can thus be successful in the new market. Kelegema (2010) noted that tea in its traditional form as

brewed beverage is undergoing change to match the changes in consumer preferences and lifestyles. Kenyan tea remains largely unknown in the international market because the exported bulk is used to blend other teas after which is packed using different brands. Maina (2015), Mbui (2016) recommended that Kenyan government should develop a policy on value addition to safeguard the tea from manipulation through blending and which would serve as a guide to tea trade in the global market.

In Africa generally, Moon *et al.* (1995), found that there are no consistent standards for product quality and grading, making it difficult to participate competitively in the international trade. Product specifications are often set by the customer, but agents, standard authorities and trade associations can be useful sources for product standardization. Quality requirements often vary considerably from country to country and consumer to consumer (Sunsplash, 1995). The Kenyan teas which are of high quality has not been standardized hence creating room for the buyers to use it for blending with the cheap teas of low quality to meet the customers preferences. The blended teas lack information of point of origin of the tea making the Kenyan teas loose value and competitiveness in the global market.

Murphy (2011) stated that product differentiation as another strategic product practice involves making the product or service more appealing to the customer than the competitor thereby potentially commanding a higher price. The aspect of tailor made product differentiation is lacking in the Kenyan tea resulting in loss of competitiveness and market share. The consumers' tastes and preferences are not static and hence are not met to their expectations given that Kenya has all through traded with the same primary and secondary grades of teas as cited earlier in this study. Product differentiation strategy once adopted would enable market segmentation leading to market expansion as a result of new demand creation.

To ensure product differentiation, the tea industry in Kenya has to match its natural advantages and strengths to the characteristics of the market that allows differentiation. This can be possible through new technology adoption that would create the desired

product, quality, brand image, and features that consumers crave, and develop a marketing network. Karanja (2009) observed Kenyan tea image is fairly strong in the world market but there has been minimal effort to enhance the image and extend it to a larger portion of the tea drinking population. The image can be improved through aggressive and creative marketing. The product development according to this study can be achieved by promoting product diversification such as Tea Extracts and Aromas, production of Orthodox, Oolong, Green, White and Purple teas and value addition on Kenyan teas.

2.3.3 Strategic Planning

Strategic planning is the process of having an organization's programs in place to accomplishing its mission and vision (Theuri, 2015). According to Gates (2010) as cited by Theuri (2015) a classic strategic planning process scrutinizes an organization's contemporary situation and capabilities (the present situation), contemplations about how the organization would like to grow (the desired future), its targets as an organization (what it will strive to do), and its intents for moving forward (how it will move forward). Porter (1985) defined strategic planning as an organization's process of defining its strategy, or direction, and making decisions on allocating its resources to pursue the strategy and it is executed by strategic planners or strategists, who involve many parties and research sources in their analysis of the organization and its relationship to the environment in which it competes. Further Porter stated that strategic planning generally involves setting goals, determining actions to achieve the goals, and mobilizing resources to execute the actions.

Strategic planning is the involvement of analysis, decision making and actions that a firm undertakes so as to create and sustain competitive advantage (Theuri, 2015). Through strategic planning Kenyan tea industry can be in a position to redefine its mission ,vision and strategic objectives and by doing this, the key players in the tea value chain would assess the underpinning weaknesses, strengths ,opportunities and threats that would be causing the decline in competitiveness in the global market. This

enables creation of products, process innovation and product modification. Consequently, consumer needs would be satisfied and in the long run the country would regain its global competitiveness. Strategic plans which are formulated during strategic planning process have intentions and principles that provide a framework for how an organization operates presently and in future (Porter, 1990).The strategic plan should match the organization's mission and vision and they have an influence on how processes are designed, managed and implemented. For competitiveness to be achieved in the global market, compliance with external standards requires development of suitable policies that enables achievement of quality and environmental management which must be communicated to and understood by the stakeholders across board.

Strategic planning enables product innovation (Waiganjo, 2013).According to Waiganjo, strategic planning is a grand strategy that seeks to reap the premium margins associated with creation and acceptance of a new product or service by customers. Strategic planning is the process of turning ideas into profits (Miller *et al.,* 2001). This study concurs with the cited researchers' observations given that Kenyan tea is mainly exported in bulk as loose tea to a few traditional market destinations eroding its competitiveness in the global market. Overreliance on traditional markets limits new demands in the said markets hence the relevance of this study. Through process and product innovation there would be value addition resulting to creation of new markets and customer satisfaction and retention. Literature also identified innovation as a vital factor for tea industry. This was in line with research study objective by Ongonga and Ochieng (2013) which sought to identify innovative strategies adopted by tea firms in Kenya. The study revealed that process innovation amplifies revenue and reduces labour cost.

Gates (2010) argues that the purpose of strategic planning is to coordinate planning efforts and measure progress on strategic goals. This happens around the strategy formation process rather than within it. Michael and Jude, (2005) indicated that strategic planning is a process which involves inputs, activities, outputs and outcomes. Inputs support competitive environment which include process opportunities and risks which

add values to the stakeholders. The values may be captured in an organization's vision and mission statements. Duncan (2000) also noted that strategic planning provides inputs for strategic thinking thus guiding the actual strategy formation process and implementation. Lorenzen (2006) advised that strategic planning entails internal analysis of the firm. This involves identifying the company strengths, weaknesses and values, industry opportunities and threats and broader societal expectations.

For the competitiveness of Kenyan tea to be regained, strategic planning need to be undertaken appropriately. This would be possible by regularly scanning the environment for both domestic and international markets. PESTLE analysis of the external environment require not to be ignored. The Kenyan tea industry competitiveness may also be assessed through five competitive forces by Porter which addresses industry attractiveness and rivalry through the bargaining power of buyers and suppliers and the threat of substitute products and new market entrants. Through strategic planning players in the tea industry may be in a position to counter some of the challenges in the industry emanating from the environment. This can be realized through automation of systems, adoption of cost leadership strategies and resource mobilization. This according this study increases the efficiency levels of the tea industry and market efficiencies' and the resultant is increased and enhanced competitiveness.

The aim of strategic planning is to shape and reshape the company's businesses and products to earn target profits and growth (Kotler, 1997). Robert (1997) observed that there is need for the company to create low cost, environmental friendly products by embracing competitiveness technology. Mckeown (2012) observed that cost leadership strategy emphasizes on organizational efficiency to ensure low cost of production of products and services that are lower than the competitors'. Infrastructure such road and rail network, sea and airports, Information Communication Technology (ICT) and handling and storage facilities play a major role in facilitating movement of inputs and products across the tea value chain. Whereas a lot of progress has been made on improving the road infrastructure, some trunk and rural access roads are in varying state of disrepair. There is still heavy reliance on transportation by road hindering ease of

transport to the auction which also leads to high cost of transporting tea. Port handling facilities and berths are inadequate while storage capacity for tea along the value chain remains a challenge. Though ICT is not fully exploited, it may offer a chance of enhancing business environment in terms of reduced costs and enhanced efficient service delivery (Tea Board, 2013). Networking all the players within the tea supply chain through computerization may yield greater benefits in terms of information access, market access and operational efficiency. Theuri (2015) stipulated that for a firm to gain competitive advantage, it must have technological competencies that allow it to generate higher perceived value than the competitors or to produce the same products at lower cost, or simultaneously undertake both.

2.3.4 Strategic Alliances

A study carried out by Todeva (2014) on strategic alliances and models of collaboration indicated that strategic alliance involves at least two firms that remain legally independent. This creates room for benefits sharing and managerial control over performance of assigned tasks. This implies that strategic alliances create interdependence between autonomous economic units, bringing new benefits to the partners mandating and obligating them to continuously support the partnerships. The Kenyan tea may gain more competitiveness if this strategy is pursued. According to ITC (2010), the cost structure of Kenya's tea is not a reflection of the cost-leadership strategy. The country incur relatively high costs in the global tea industry arising from lack of investment in agricultural inputs, lack of replacement of aging growing green tea crones, stocks and factories machineries, absence of proper research and development and high packaging costs that are guided by international packaging standards. However, with strategic alliances collaborations and networks Kenya tea producers are likely to realize cost advantages relative to competition (Sanga, 2011).

Webster (1999) supported the strategic decision of strategic alliances where the study indicated that firms engage into strategic alliances for reasons such as enhancement of their production capabilities, reduction of uncertainties in their internal structures and

external environments, acquisition of competitive advantages that enables them to increase profits or to gain future business opportunities that will allow them to command higher market value for their outputs. Further, strategic alliances leads to access to new technology, sharing of resources and costs, new product development, risk reduction and diversification, and overcoming legal and regulatory barriers among others.

Omari (2015) stated that requirements associated with selling tea in the international markets present significant barriers for higher revenues to a country. For example, export license, minimum volume and quality requirements poses as bottlenecks to Kenyan tea that effectively reduce the ability of producers to reap the benefits of the international trading system. On the other hand, tariffs on processed tea in importing countries also have an effect on the revenue captured by producer countries from the supply chain. The imposition of such tariffs restricts producing countries maximize the value associated with tea processing activities. According to KTDA, (2013) Kenyan tea is acclaimed globally as a high quality product, available all year round and primarily used for blending teas from other origins. This makes Kenya tea lack visibility in the world market. To avoid such a scenario, strategic alliances, collaborations and networks may be the likely alternative.

Peiris (2012) observed that Kenya is slowly losing its competitive advantage to new emerging producers. He further observed that unless Kenyan tea value chain is restructured invests heavily on international marketing there is a likelihood of loss of its competitiveness and the market position. Chan (2010) indicated that Kenya continues earning low returns from her tea exports compared to other tea exporting countries in spite of its export leadership position worldwide. ITC (2010) reflected that in 2009, Sri Lanka exported 279,839 metric tons of tea and made $1.145 billion while Kenya exported more tea (342,482 metric tons) but made less money ($0.9 billion). ITC (2009) observed that through strategic alliances Kenya would create a defendable position in the market.

Strategic alliances call for an enabling and supportive environment which is a pre-requisite for sustained growth and development of the tea industry. The creation of an enabling environment encourages removal of tea trade impediments and investments (Tea Directorate, 2013).Omari (2015) highlighted that development of electronic commerce have a globalizing effect on national markets as it spurs partnerships, networking and collaborations. Global competition and collaboration in today's world economy imply a shift from self-damaging behavior as that inflicted by price competition towards a more collaborative approach to customer satisfaction. Tracy (2000) cited that the pace of globalization takes the struggle for competitiveness to a new level. This according to Tracy heightens implications for strategic management practices. To this effect, strategic plans must include global considerations while remaining focused on the competitive climate of the local economy. The long-term financial plans must take the economic conditions of foreign nations into account, since economic troubles on one side of the world can affect a company's local economy. Similarly for strategic alliances to work effectively, refiners of raw materials must consider the price and quality of goods imported from outside of their home country, even when dealing solely with domestic customers (Allison & Kaye, 2005).

The government's role is quite important in international competition (Allison, 2005). The government develops critical resources mostly manpower and capital for high levels of productivity. The government should support innovation and improvement within the industry and create an enabling environment in which firms can upscale their competitive advantage (Kaye, 2005).The tea industry in Kenya is structured under the Tea Act of the Laws of Kenya which has been periodically reviewed to keep up with the dynamic changes in the legal and operating environment. The Kenyan tea directorate exercises full mandate on control and protection of the tea sector (Tea Directorate, 2015).

Regional integration with trading partners can increase competitiveness of Kenyan tea in the region which again can be affected by overreliance on traditional markets that are prone to civil wars. A case at hand was the move by East African Customs Union to

introduce a common external tariff of 35% for tea that led to a trade war with Pakistan, which is the largest buyer of Kenyan tea. Pakistan threatened a retaliatory action if the tariff was not withdrawn (Kegonde, 2005). Given that Kenya is a signatory of three major international and regional trade agreements (the African- Caribbean-Pacific Group (ACP), the European Union (EU), COMESA and the East African Community (EAC) the fruits of this integration are yet to be fully yielded. For instance, the volume of tea traded within the COMESA region is relatively low compared to its large population. Further, in spite of the COMESA Free Trade Area (FTA) protocol, trade barriers continue to exist particularly tariff and non- tariff barriers between Egypt and Kenya (Thomas Jefferson Auditorium, 2002). This acts as an international trade barrier which erodes competitiveness of the Kenyan teas regionally and globally. Kiarie (2012) stated that tea exports require international certifications to access international markets and to fetch high prices. For instance, Rain Forest Alliance, an international non-governmental organization (NGO) awards certification to tea factories that have produced tea in an environmentally sustainable manner. Rain Forest Alliance requires that farmers protect the natural forests within their jurisdictions and plant indigenous trees to increase forest cover. It also requires farmers and factories to produce tea ethically by avoiding child labor and putting more emphasis on workers welfare (KTDA, 2011). The costs of certification and compliance to fair trade and other international standards are prohibitive (Simbua & Loconto, 2010). Some smallholder associations in Tanzania have failed to raise enough funds to continue to pay the certification fee (Simbua & Loconto, 2010). Despite these challenges tea industry players must acquire these certifications to ensure access to international markets and a win to consumers' confidence.

FAO (2013) discovered that even though the markets for Fairtrade and Organic tea have stabilized in recent years, key partnerships between some of the largest tea manufacturers and other voluntary sustainability standards have led to significant growth in tea trade. Most outstandingly, Unilever, the largest tea company globally, trading under tea brand Lipton has driven the market for certification by committing to source all of its tea products from Rainforest Alliance certified farms by 2020 while Tata has

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committed to sourcing 100 % of its Tetley tea brand from Rainforest Alliance certified farms. FAO, (2013) further revealed that in 2012, 577,000 metric tons equivalent to 12 % of global tea production was compliant with a global sustainability standard. Rainforest Alliance posted about 190 % growth in certified production volumes between 2010 and 2012 and 365 % in certified land area coverage. Fair-trade International and UTZ Certified have experienced double-digit growth, while Organic production has remained relatively stable over the last few years. This implies that certification of Kenyan tea can enhance its competitiveness in the global market.

Brouder *et al.* (2016), Networks Forum report advised that tea had a real opportunity of turning out to be a 'hero' crop by the year 2030. According to Brouder *et al* a hero crop delivers not just a commodity but also accrues other benefits to the consumers both locally and globally. The transition would result to a move away from a long linear supply chain to a value network that takes into account everyone involved in the tea sector .This gives due regard to the members of a network who work together to create a more sustainable industry. Developing tea as a hero crop, enables securing a sustainable livelihood for producers by empowering them to address challenges associated with a changing climate, create a transparent and fair approach to production, supply and distribution as well as mitigate the climatic conditions. Significantly, tea can create a deeper connection between end-consumers and producers, enabling people to better understand the value of their preferred drink reinforcing the importance of responsible production. The economic magnitude of the tea industry is diverse for the tea producing countries. The industry presents a critical basis of export earnings for tea exporting countries (Majumder *et al*., 2012; Pajankar & Thakare, 2009; Wachira & Kamunya, 2005; Ganewatta *et al*., 2005; Dang & Lantican, 2011; Mwaura & Muku, 2007; Sivaram, 2000; Alkan *et al*. 2009). The researchers further established that majority of the people of the tea producing nations rely on the tea industry for employment. Besides the economic benefits for the producers, tea plantations also deliver other important ecosystem services such as carbon sequestration which mitigates the global warming

conditions, soil fertility protection and water conservation (Xue *et al*., 2013; Li *et al*., 2011).

Kenyan tea market is currently threatened by increased production of black tea by India and Sri Lanka which produce most of the black tea just after Kenya, round-the-year production of tea in Sri Lanka and Vietnam, better developed packaging and bagging capacity of Sri Lanka, and low cost of production of teas from Vietnam and Indonesia (Xue *et al*., 2013). Therefore, the Kenyan tea industry needs to be competitive in production, marketing, logistics and product outlook. This assures Kenya a firm footing in the world tea market ensuring growth of the industry (Ngige *et al*., 2014). Ngige *et al*. (2014), further indicated that over-dominance of China and India which have massive influence on worldwide tea industry and global economic powers pose stiff market competition for the global tea. The notable performance of the said countries in the tea sector emanated from their advancement in technology and the massive population, which represents a cheap labour source thus reducing the production cost of their tea hence contributing to high prices of their tea globally as compared to the Kenyan tea.

2.3.5 Competitiveness

Competitiveness pertains to the ability and performance of a firm, subsector or country to sell and supply goods and services in a given market, in relation to the ability and performance of other firms, sub-sectors or countries in the same market (Porter, 2002; Atkinson, 2013).

The strategic management school of thought defines competitiveness as the ability to profitably create and deliver value through cost leadership and or product differentiation. This approach implies that competitiveness is directly related to the factors that influence a firm's cost and demand structure (Porter, 1980). Bellendorf (1993), defines competitiveness as the capacity of firms and industries to survive in competitive situations and their ability to fight and improve their respective market positions against

rivals. Barney (1991) explained competitiveness as the capability of companies to adapt and transform in response to changing conditions around them.

In terms of a company's performance, Chan (2001) pointed out that competitiveness is a tool to reach the final goals, which is the performance of the company and industry in the desired market. This research advises that performance Kenyan tea firms need to be measured in the light of the growth and success of the enterprise over the longer term, and that competitiveness ought to also be evaluated not as a short-term gain but as a sustained long-term advantage.

Competitiveness relates generally to market economic matters, but it can also be considered to comprise three distinct divisions, which are the competitiveness of companies (microeconomic level), competitiveness of industries (mezzo- economic level), and competitiveness of national economies (macroeconomic level) (Drescher & Maurer, 2005). According to Waiganjo (2013) business competitiveness is a regular idea scrutinized by academicians, consultants and practitioners due to the frequent and uncertain changes, greater competition between firms, the need for continuous innovations, quality enhancement and cost reduction which force companies to face the challenge of improving their competitiveness and as a result their performance both locally and globally. This study identifies price as a measure of competitiveness because pricing defines a firm's competitive position in the market. According to Fratto, Jones and Cassill (2006), as cited by Waiganjo (2013) when firms compete for the same customers with homogeneous product offerings, price defines the competitive position and become a powerful competitive tool.

Omari (2015), citing Tea Board of Kenya (2012) reported that developing countries in the last ten years captured 30% of the value of the tea market compared to only 10% of what they capture today. Global production according to KTDA (2015) outweighs consumption globally an indication that there is more supply and less demand of Kenyan tea in the global market. This scenario motivated conduction this study because oversupply of tea in the global market result to reduce prices which reflects loss of

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competitiveness. According to Omari (2015), the oversupply of tea have been prevailing for a long duration contributing to the decline of world tea prices by over 50% thus placing the Kenyan tea competitiveness in a questionable position.

Kibicho (2015), discovered that high rates of productivity growth are often sought as a way of strengthening competitiveness, but there is no guarantee that favourable structural factors of will increase sales on foreign markets. Porter (2000) stated that important parameters such as world market share rate, price and cost, normalized trade balance and exposed competitive advantage reflect the international competitiveness of a product in the global market. Kenyan tea industry can reinforce its competitive position as a provider of premium products and seek opportunities to create additional value through branding, strategic alliances, and closer linkages to consumers. Secondly, the tea industry can also maintain its position as the world export market leader for quality tea by being responsive to changing consumer needs and continuously upgrade and innovate its products and services to satisfy the emerging and changing needs of the consumers and in the long run generate prosperity throughout the industry value chain (International Tea Committee , 2012).

One of the challenges of tea exports is over dependence on a small number of key export markets (Chan *et al*., 2009). The danger of over reliance on a few markets was demonstrated in 2008 by Pakistan decision to reduce tea imports from Kenya. During this time, Kenyan tea export shrunk to 80 million in 2007 from 98 million in 2005. Chan *et al*., (2009) attributes this decrease to Pakistan entry into Free Trade Agreement (FTA) with India and Sri Lanka as part of the South Asian Association for Regional Cooperation (SAARC). In addition, the danger of over reliance on few export markets was also illustrated by Egypt political crisis of February 2011, when the prices of tea fell from $3.28 for a kilo of grade 1 tea to $2.99 Egypt has a market share of 21 % of Kenyan tea (KTDA, 2014).Another observed challenge is that Kenyan tea is mainly exported in semi-processed form to produce the well-known global tea brands. According to Nyangito and Kimura (1999), Kenya's tea is normally used for blending other teas of low quality for quality improvement due to minimal value addition of

exported tea. The key players in the world tea exports like United Kingdom and Germany are not tea producers themselves but generate up to fifty % of Kenya tea export earnings through value addition (FAOSTAT, 2008). Thus, the limited value addition and high costs of production makes tea export from Kenya less competitive in world markets (Chan *et al*., 2009).

Kenya's tea export has increased steadily during the January-June the year 2016 despite lower yields compared with India (KTDA, 2016). Exports from India, which mostly comprise black CTC tea, during the period January-June 2016, grew by 5.76 %; 97.44 million kg from 92.13 million kg a year ago, according to Tea Board statistics of India (2016).This indicates that competition on black CTC in the global market was increasing calling for Kenyan tea industry to change the tea trade practices by embracing strategic management practices. Choudhry (1997), affirmed that maintaining customer focus, superior product quality, extensive distribution contracts, accumulated brand equity and positive company reputation are competencies through which a firm can maintain its competitiveness which may also arise from low cost production techniques, patents and copyrights, government protected monopoly positions and superior employee and management traits (De Silva, 2006). Cheserek (2015) affirms that firms that have efficient raw material management have a higher contribution to market share. As a way of managing raw material prices firms need to negotiate long-term pricing contracts and have a security of long-term raw materials supply, which help in balancing the cost of doing so with accessibility constraint. This leads to production of products that are competitive in global markets.

According to the Tea Board of Kenya (2014), Mbui *et al.* (2015), the lower unit earnings from tea exports experienced by Kenya results from low value on exported tea attributed to selling tea in bulk form. Mbui *et al.* (2015) revealed that Kenya's bulk tea exports was over 90% of the total exports compared to Sri Lanka's whose bulk exports reflected a lesser value by about 52% in the year 2014. The study findings by Mbui *et al.* (2015) further established that the Kenyan tea exported in bulk to various markets is mostly blended and packed in packages of less than 3kgs and either sold within

importing countries or re-exported for consumption in other countries making Kenyan tea loss competitiveness in the global market.

The tea supply chain is characterized by vertical and horizontal integration, with a small number of companies controlling the entire tea supply chain, from packing to processing and consumer branding (Van der Wal, 2008).About 85 % of global tea production is sold by multinationals, three of which control one-fifth of the market: Unilever (12 %), Tata Global Beverages (4 %) and Twinings (3 %) (Groosman, 2011). Expert Opinions (2014) reports that in November 2013 global market showed increasing falling prices for Kenyan tea with major concerns raised upon over significant damage to the sector if the price trend continued unchecked. The report discovered that tea prices had reportedly fallen to their lowest level since 2008 where average international tea prices in October 2013 were 40% below their 2009 peak and 40% below the October 2012 level. This agrees with the respondents' opinions in this study that global prices affect competitiveness of Kenyan tea in the global market. In response to the price declines, the Kenya Tea Development Agency (KTDA) called on the Kenyan government to scrap taxes levied on green leaf, provide fertilizer subsidies for tea production and establish a price stabilization fund to cushion farmers from price volatility (KTDA, 2015). KTDA further pointed out that Kenya's tea was the most expensive at the Mombasa auction compared to the rest of East African nations including Uganda, Rwanda, Tanzania and Malawi, due to tax charges and high production costs, making buyers to have more preference on other countries tea at the auction. Such a situation confirms loss of competiveness of Kenyan tea.

Ganewatta and Edwards (2000) in their study the Sri Lanka Tea Industry: Economic Issues and Government Policies argued that erratic tea prices have impacts on the economy as it serves as one of the major export earner to the country and also majority of small holders and estate workers depend on tea for their income. Therefore, lower tea prices have greater impact on the performances of the entire economy and living standard of the tea dependants.

2.4 Empirical Review

Various research studies have been carried out in regard to firms and industries competitiveness both locally and internationally. The studies have shed some light on international business competiveness describing strategies and practices that would enable industries to remain competitive.

Kinyanjui (2015) in his study on response by Kenyan Manufacturing Firms to Globalization noted that firms main strategy to win global market share of its product will not only focus on ways of transforming inputs into output but will also alter the way the transformation process is done to achieve the global customers.

Study conducted by Sanga, (2011) noted that the strengths of Kenya's tea industry include nearly favourable climate, technical skills base, worldwide reputation, the presence of research and development (RandD) institutes, and the best quality. Weaknesses include lack of strong brands, lack of traceability of Kenya's Tea in the shelves in the international markets as well as low levels of product and market diversifications and value added products in the markets. Opportunities include growing interest in tea as a natural and healthful beverage, the willingness of some consumers to pay for a differentiated product, and possibilities for adding services to distributor-owned brands. Threats include continued price pressure, investments in competitor countries, and potential new entrants from low-income countries such as Malawi and Vietnam. This study failed to address issues of competitiveness of Kenyan Tea.

Todd (2010) noted key pillars of competitiveness are laid on factor endowment such as land, size of population, labor, and natural resources. These factors enable nations to create new superior factor support and strong technology endowments such as skilled labor, culture, government support and knowledge base. Todd further advised that globalization causes new competitors to enter national and international markets, affects buyers' power and sellers' power. Opening up of borders influences international trade, increases market base and competitiveness of the products. Superior performance can be

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achieved in a competitive industry through the pursuit of a generic strategy, which he defines as the development of an overall cost leadership, differentiation, or focus approach to industry competition. If a firm does not pursue one of these strategy types, it will be stuck-in-the-middle and will experience lower performance when compared to firms that pursue a generic strategy (Porter, 2004).

Omari (2015), conducted research on determinants of export performance of Kenya Tea Development agency managed factories in Kenya. The study concluded that Kenya's tea is not performing well internationally because there is very low product diversification and value addition compared to competitors. Besides, the introduction of ad valorem levy has made Kenyan tea expensive in the international market thus limiting its profitability from exports thus making the tea loose competitiveness in the global market. The results in the study conducted by Theuri (2015) on Strategic Management Determinants of Value Addition of Industrial Fish Processors in the Sea Food Processing Sub-chain in Kenya revealed that market competition and corporate policies have significant and positive effects on value addition. The findings of the study by Theuri (2015) were consistent with the current study which found out that value addition on Kenyan tea is a key element of product development which promotes global competitiveness of Kenyan tea.

Ganewatta and Edwards (2000) in their research on Economic Issues and Government Policies established that Sri Lanka had increased its share of value added forms of tea export over the time to earn higher income. As a result, Sri Lanka remains the highest export earner from tea compared to Kenya that export almost same amount of tea in last few years. This indicates the importance of value adding process on Kenyan tea. The study laid emphasis on how value chain management practices can create competitive advantage. The study conducted by Ogolla and Wanjau (2013), focused on factors affecting value addition in the leather industry in Kenya and the factors such as technology, finance, capacity building and quality control were studied. In the midst of other factors technology was identified as a critical tool for improving the supply chain management in Kenya. Adoption of technology by Kenyan tea industry players would

result to innovative practices in the entire value chain in pursuit of responses to consumer changes in preference and tastes. The findings of the study by Atikiya (2015) about effect of Competitive Strategies on the Performance of Manufacturing Firms in Kenya indicated that the level of competitive intensity determines a firm's choice of strategic actions and responses. Competition exists in the manufacturing sector in Kenya due to the high advertising, price wars and frequent product launches experienced. Whilst competitive intensity is acknowledged to have effect on firm profitability, scanty attention has been paid to it by researchers in Kenya.

Ambastha (2004) advised that for the tea industry in Kenya, to successfully implement overall cost leadership strategy must construct the most efficient facilities needed to vigorously pursue cost reductions strategies, impose cost controls and obtain the largest share of the market to achieve the lowest cost per unit of production. These advantages push the industry up the experience curve which then leads to more refinement of the entire process of production, delivery, service, and further lowering of cost.

Momaya (2004) observed that low-cost position also provides defence against powerful buyers who drive down prices to the level of the next most efficient competitor. It provides substantial entry barriers and makes the industry strong enough to combat substitute products from competitive industries. Mudibo (2014) also affirmed that the Kenyan government has stringent measures on tea imports through policies but on other hand the taxation aspect discourage exports in that the high taxes make the tea expensive thus eroding its competitiveness in the global market.

The overall objective of the study conducted by Waiganjo (2013) was to determine the effect of competitive strategies on the relationship between strategic human resource management and firm performance of Kenya's corporate organizations. The diverse findings on this study demonstrate that an organization's mission and values are expressed through its desired competitive strategy. The study further concluded the goal of an organization pursuing quality led HR strategy produces goods and services of highest quality possible to differentiate itself from competition goals. Okisegere (2012)

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focused on the influence of value chain management practices on competitive advantage in Mombasa.

According to Friedman (2006), globalization leads to increased competitiveness due to the introduction of products from countries all around the globe with ever-increasing lower prices. With globalization, companies compete against other companies all around the globe and all of different sizes leading to commoditization. Analysis of Links between Climate Variables and Tea Production in the Recent Past in Kenya was a study carried out by Cheserek, *et al.* (2015).The study indicated that tea production is one enterprise that depends heavily on weather stability. The study findings showed climate change affects the weather conditions which call for strategic planning by the tea industry stakeholders. Tea production is greatly influenced by extreme weather events, particularly drought, frost and hailstorms and the unpredictable weather conditions affect the Kenyan tea production in terms of quality and quantity and in the long run, the substantial effect is felt in the global market. This is because the low quality causes a decline in demand and price which are key measures of competitiveness of Kenyan tea in the global market.

Lenore (2013) stated that although Kenya is in a leading position for quality black CTC teas, the value of its exports is still subject to price swings similar to those in commodity markets. Market tea prices in the past years have been attractive, but the real price of tea has declined over time. Lenore further noted that as more and more producers are attracted by the premium prices paid for Kenyan teas, competition has increased thus limiting Kenya's margins and international competitiveness in the market.

2.5 Critique of Existing Literature

This study reviewed literature on studies related to strategic management practices influencing competitiveness of industries in the global market. The study established that the reviewed studies provide diverse perspectives about competitiveness. Atikiya (2015) indicated that although Porter's generic strategies; cost leadership, differentiation

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and focus strategies have been one of the most studied fields of strategic management, not all industries pursuing the strategies remain competitive globally. Due to this, other factors influencing the country, firm, and product or service competitiveness in the global market need to be undertaken. Other studies conducted by key players in the tea industry such as KTDA, Tea Board, TRFK (2012, 2013, 2014 and 2015) reflected that the Kenyan exports of tea have been declining in most of the key markets eroding its competitiveness. Further, while many individual firms appear competitive having created niche markets for their products; the number of these firms has rather not increased an indication of market power commanded by a few players thus curtailing the competitiveness. Competitiveness of Kenyan tea has reduced as the market changes and emerging and increased consumers' demand that is not satisfied with the current outlook of product. This justifies the significance of conducting this study.

Omari (2015) observed that economic factors such as trade blocks have facilitated building of strategic networks and alliances, technological factors have facilitated creating linkages with customers, suppliers and members of strategic alliances. This supports the current study objective on strategic alliances and product development. Cheserek *et al.,* (2015) indicated that tea production as an enterprise depends substantially on weather stability. Fluctuating weather climate sends a red signal to the tea stakeholders in the tea industry. Cheserek (2015) citing Stephens and Carr (1992) noted the major environmental variables affecting tea growth to include temperature, plant and soil water deficits, rainfall and evaporation. Tea production is greatly influenced by extreme weather events, particularly drought, frost and hailstorms. Diverse climatic conditions impacts negatively on the quality of tea leading to loss of competitiveness and ultimately the country losses in terms of value and foreign exchange earned.

Product Life Cycle Theory on international trade identifies the keys stages of a product as introduction, growth, maturity, and decline. Industries introduce their products in many different markets at the same time to gain cost benefits before its sales decline. The Kenyan tea is produced in primary and secondary grades which are all traded in

bulk in the global market at the same time. This makes the products to compete amongst themselves causing the some products saturate the market and the demand of some to decline while others remain stagnant. This scenario contributes to the significance of this study which advocates on product innovation and diversification.

The product life cycle theory asserts as cited by Omari (2015) that marketing strategies must evolve along with a product from inception through obsolescence. At introduction it involves tailor marketing mix to spark interest and educate potential customers. At growth phase, efforts shifts to secure a wider audience by building brand loyalty, a stable supply chain and additional distribution channels as defences against competition enter the market.

Increasing shift towards value added teas for example tea bags is an example of increasing demand and market share of Kenyan tea in the global market The Kenyan tea firms, having made only small investments for value addition, can remain competitive in the global market and attract substantial number of consumers if only they can change the strategy of exporting the bulk of the teas as loose teas to exporting value added teas. Whatever new investments in value additions, such as machineries for tea bags and blending are not comparable with Sri Lanka that had already invested heavily during the last decade thereby commanding a large share in the global market. Sri Lanka is also an orthodox tea supplier and does not directly compete with India so much which as well exports the orthodox teas.

International competition at the firm level has changed over the last decade because of the changing patterns of world trade, globalisation of the world economy, rapid dissemination of technology and information, and the rise of the transnational organisation. It is this emphasis on competition among firms in world markets that has renewed intellectual interest in international competitiveness at a country level (Porter 1990a, 2003; Rugman, 1990, 1991; Dunning 2000), which has more recently been revisited by Aiginger (2006), Grilo and Koopman (2006); Kohler (2006); Ketels (2006); Siggel (2006); Stone and Ranchhod (2006). Some of the scholars have supported

Porter's strategies of competitiveness while other have criticized them reason being that industries pursue different objectives and the capabilities of the individual firms are as well different.

2.7 Research Gaps

Nyariki (2013) sought to examine the strategic management practices as a competitive tool in enhancing performance of Small and Medium Enterprises in Kenya.The study failed to investigate in depth the specific practices resulting to a general conclusion of the study that strategic management practices enhance performance of the SME's in Kenya thus leaving a gap for further research. The study recommended that strategies such as products reputation, customers' differentiation, product pricing, cost control, technology, quality of the product, product and service innovations and customer service strategies. The a study conducted by Awino (2013) on how strategic planning affected the competitive advantage of ICT small and medium enterprises in Kenya indicated that strategic planning significantly changes competitive advantage and performance of the SME's in Kenya. Tea Board of Kenya (2014) established that lower earnings per kilogram of exported Kenyan tea was as a result of low product portfolio and low value addition which is caused by selling tea in bulk form. The report advised that a strategic management approach through market promotions, partnerships, product diversification, cost leadership and technological innovation was a necessity in the entire management of Kenyan tea subsector to enhance competitiveness of the Kenyan tea both locally and globally.

Oyedijo (2012) analyzed the effects of product and market diversification strategy on organizational performance and growth in Nigeria. The study concluded that the financial performance and sales growth of firms in Nigeria were greatly affected by diversification methods adopted by the firms. The study failed to address other likely benefits specifically expansion of the market share and customer base which was a research gap that this study sought to fill.

Raudan (2013) assessed the strategic management theory and its linkage to the resource-based view of the firm's competitive advantage. The study found out a firm can regain its competitiveness through its core competences. The existing gap in the research was that the study failed to address the product innovativeness as strategic management practice that would enhance competitiveness of the firm or an industry in a given market. Muogbo (2013) investigated the impact of strategic management on organizational growth and development. The outcome from the analysis indicated that strategic management was inadequately practiced in manufacturing firms making them loss competitiveness. The findings of this study sought to bridge the existing gap because the study results indicated that there was significant influence of strategic management practices on competitiveness of Kenyan. The study findings would be generalised to suit the manufacturing firms as well.

Herath and Silval (2011) conducted a study on strategies for competitive advantage in value added tea in Sri Lanka. The study failed to address the aspects to value addition that would enhance its competitiveness in the global market. This study confirmed that value addition on Kenyan would increase its competitiveness. Specifically the study established flavouring, tea bags, repacking and rebranding as the key attributes of value addition.

Omari (2015) attested that there is need to find the extent of quality difference between tea from KTDA factories and those from multinational firms and how this difference affects competitiveness of Kenyan tea in the international markets. The study failed to establish the significance of quality on competitiveness. This study established that quality was critical in determining the competitiveness of Kenyan tea hence providing a solution to the existing gap in the study by Omari (2015).

According to India Research and Publication Survey (2007), Sri Lanka invests substantially on product diversification being the leading producer of orthodox and other speciality teas. The survey findings hardly explained the impact of product diversification on competitiveness of the Sri Lankan tea. The findings of this study

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sealed this gap because the study results indicated that product diversification had a positive influence on competitiveness of Kenyan tea.

Omari (2015) investigated exporting as a strategy used by Kenya to enter in the global market for tea trade. His study indicated that despite the fact that Kenya is the third largest producer of tea and the leading exporter in the global market an indication that there domestic market takes accounts for smaller share as compared to China, India and Sri Lanka. The existing gap from this study was that Omari failed to identify the factors contributing to such a scenario. The findings of this study provided a solution to this by recommending for adoption of marketing and promotion strategies that would encourage building through aggressive promotional campaigns and creation of partnerships, collaborations and networking in the local markets. This study thus, sought to fill the identified relevant gaps in literature by assessing the influence of strategic management practices particularly market and product development, strategic planning and strategic alliances on competitiveness of Kenyan tea.

2.8 Summary

Literature review presented adequate literature that explains and supports the significant aspects of the strategic management practices especially market and product development, strategic planning and strategic alliances on competitiveness of Kenyan tea. Few empirical studies were used as a source of reference to support this study. For instance, a study conducted by Theuri (2015) on Strategic Management Determinants of Value Addition of Industrial Fish Processors in the Sea Food Processing Sub-chain in Kenya revealed that market competition and corporate policies have significant and positive effects on competitiveness.

Momaya (2004) observed that low-cost position provides defence against powerful buyers who drive down prices to the level of the next most efficient competitor. This contributes to substantial entry barriers and makes the industry strong enough to combat substitute products from competitive industries. Mudibo (2014) also affirmed that the

Kenyan government has stringent measures on tea imports through policies and taxes which discourage exports thus eroding its competitiveness of Kenyan tea. Waiganjo (2013) determined the effect of competitive strategies on the relationship between confirmed that organization's mission and values are expressed through strategic planning which eventually enhances competitiveness of the organization in a given industry.

The main focus of literature review was to consolidate the empirical studies, theories and other relevant literature that have evaluated competitiveness in various industries. In particular, strategic management literature and research, based on industrial organization (Porter, 1980; 1985) and the resource-based view of the firm (Barney, 2002; Conner, 1991; Mbui, 2015) provide the context and the background of the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the methodology and parameters that were employed in the study. It focuses on the research design, target population, sampling methods, sample size, data collection instruments and procedure, data analysis and presentation.

3.2 Research Philosophy

Mackenzie *et al.* (2006) describes research philosophy as the approach to understand and transfer the knowledge gained through research. According to Saunders *et al*. (2009) research philosophy considers different perceptions in different and similar business orientations. The philosophy that guided the research was positivism philosophy. This philosophy involves the use of existing theories to develop hypothesis to be tested during the research process. This allowed the study to come up with various assumptions.

Kothari (2011) advised that positivism philosophy adheres to the view that only factual knowledge gained through observation including measurement is trustworthy. Further, the role of the researcher is limited to data collection and interpretation in an objective way. Saunders *et al.* (2009) affirms that positivism depends on quantifiable observations that lead to statistical analysis.

3.3 Research Design

Kothari, (2012) describes research design as the conceptual structure within which research is conducted. It represents the blueprint for the collection, measurement and analysis of data. According to Waiganjo (2013) the purpose of research design is to guide data collection and analysis as well as acquire answers to different questions.

Research design is a plan and procedure for research that span the decisions ranging from broad postulations to detailed methods of data collection and analysis (Creswell, 2014).

The study used cross-sectional survey design to establish strategic management practices influencing competitiveness of Kenyan Tea in the global market. A cross-sectional survey research design enables collection of data about a given phenomenon within a limited time horizon which can help describe incidences of events or provide an explanation of factors related to an organization or industry (Saunders, 2013; Theuri 2015). A cross-sectional survey research design is useful in overcoming time and budget constraints (Theuri, 2015). Brusco (2012) informed that a cross-sectional survey design is cost effective per respondent in comparison to other methods as it employs easier method of data collection. The design allows the study to have a much larger sample size thus promoting the accuracy of the conclusions arrived at and data obtained. The design enabled description competitiveness as it exists in the global market. This design was appropriate because tea industry is a multi-stakeholder industry.

The study also used both qualitative and quantitative mixed methods. The purpose of this was that both qualitative and quantitative research in combination provides a better understanding of a research problem or issue than a particular research approach alone. Sekaran and Bougie (2011); Saunders, Lewis and Thornhill (2009) recommended that a given study should use more than one design to realize the best possible results hence the two designs were used to achieve the study results. The quantitative approach emphasizes measurement and data analysis in numerical form to give summarized descriptions and on methodology, procedure and statistical measures to test hypothesis and make predictions (Saunders, 2013). Mwangi (2015) confirmed qualitative methods allow use of in-depth interviews to collect data.

3.4 Target Population

A target population consists of a group of events, people or items of interest with a common recognizable trait (Kothari, 2012). The target population was categorized into organizational population and respondents' population. The study purposely concentrated on EATTA members from Kenya because it was likely that the players would have relevant and accurate information needed in this study. Organizational population consisted of all one hundred and forty two (142) members of the East Africa Tea Trade Association (EATTA) comprising of twenty five (25) producers categorized as small scale tea farmers represented by KTDA and large-scale producers represented by the multinational firms, ten (10) brokers, seventy seven (77) buyers, fifteen (15) warehouses, ten (10) packers and Five (5) associate members according to EATTA membership register (2016). The survey unit of analysis composed of EATTA members from Kenya whose managers formed the units of inquiry. Respondents' population comprised of four top managers from each organization translating to five hundred sixty eight top managers (568) driven from the 142 organizations. The top managers were targeted because strategic management issues are mostly handled by top managers of organizations. This study as a result specially selected top management from the tea firms on the basis that they were more knowledgeable about strategic issues and they undertake strategic responsibilities in the organization.

Table 3.1: Target Population

Membership Category	Organizational Target Population	Respondent's Target Population
Producers	25	100
Brokers	10	40
Buyers	77	308
Warehouse	15	60
Packers	10	40
Associate	5	20
Total	**142**	**568**

Source: EATTA (2016).

The respondents' population comprised four (4) top managers from every organization totalling five hundred sixty eight top managers (568) driven from the 142 organizations. The managers included Chief Executive Officers or General Managers, Finance Directors, Marketing Managers and Operations managers. The four managers were targeted because they act as the major agents of the entire value chain from producer to the final consumer and have knowledge relevant to this field of study. Top managers are considered the most appropriate to answer questions ranging from aspects of structure, strategy, and organizational competitiveness (Hung, 2006).

3.5 Sampling Frame

The sampling frame describes the list of all population units from which the sample is selected (Cooper & Schindler, 2003). Sampling frame is a physical representation of the target population and comprises all the units that are potential members of a sample (Kothari, 2008). Sampling frame enables the researcher to draw reasonably adequate random sample where all members of the population of interest gets an equal chance of being selected for the sample (Ng'ethe, 2013).The sampling frame for this study consisted of a list of all one hundred forty two (142) EATTA members from Kenya who participate in the tea auction at Mombasa as shown in Appendix IV.

3.6 Sample Size and Sampling Technique

Sampling is the selection of the smallest number of units of the population (Vos, Strydom, Fouche, & Delport, 2014). Sekaran and Bougie (2011) recommended that using sampling can provide higher overall accuracy than surveying the entire population. Through sampling the study gained understanding about some attributes of the whole population based on the characteristics of the sample.

3.6.1 Sample Size

A sample is a subset of the population of interest (Mugenda & Mugenda, 2003). Organizational sample of one hundred and five (105) members and respondent's sample of four hundred and twenty top managers was drawn from the population respectively using Slovin's Formula (1960)

Sekaran and Bougie (2010), suggested that a sample size larger than 30 and less than 500 is deemed appropriate for most research. The four top managers in each category were purposefully selected to respond to a questionnaire as the units of inquiry or main informants. Slovin's formula (1960) was applied as illustrated:

$n = N/ (1+Ne^2)$,

Where;

n = Sample Size

N = Total Population

e = Error of Tolerance with a confidence level of 95 % (giving a margin error of 0.05)

$n = 142 / (1+ 142*0.05^2)$ $= 104.797$ (rounded to 105)

3.6.2 Sampling Technique

Stratified random sampling method was used to select a sample for buyers, brokers, warehouse, packers and associate members. Purposive sampling technique was also used to select KTDA four top managers who represented small–scale producers because they may be having specific information as representatives of the small-scale producers. The same method was applied to select a sample of managers from the large-scale producers. According to Bryman (2012); Saunders *et al*. (2009), purposeful sampling is appropriate

when the researcher intends to select informative. To obtain the desired sample size from each stratum, stratified random sampling formula was used $i = n\left(N/_P\right)$ as recommended by Kothari, (2011); where i represent the number of respondents in the stratum sampled, n the sample size, N the population of the specific stratum and P the total population.

Table 3.2: Sample Size

Membership Category	Organizational Target Population	Organizational Sample $n = N/\left(1 + Ne^2\right)$	Respondent's Sample $i = n\left(N/_P\right)$
Producers	25	19	105/142*25=76
Brokers	10	7	105/142*10=28
Buyers	77	57	105/142*77=228
Warehouse	15	11	105/142*15=44
Packers	10	7	105/142*10=28
Associate	5	4	105/142*5= 16
Total	**142**	**105**	**420**

Source: EATTA, (2016)

3.7 Data Collection Instruments

According to Creswell (2002) data collection is the means used to derive information from the selected subjects of an investigation. The study mainly relied on primary data. Primary data was collected by use of a questionnaire addressed to the top managers. Waiganjo, (2013); Mugenda and Mugenda (2003) attested that there are several data collection instruments that a researcher can engage in the process of collecting data for a study. Amongst them include questionnaires, interviews, focus groups, observations,

historical reviews and recordings. Structured and unstructured questionnaires were used to collect primary data from the sampled respondents to capture the various variables of the study. Cooper and Schindler (2011) described questionnaires as an effective method of collecting data on samples and can easily be analyzed. Mugenda and Mugenda (2009) describes a questionnaire as a suitable tool designed to address the specific objectives and test hypothesis. According to Mugenda and Mugenda, structured questions give precise information which minimizes bias and facilitates data analysis while unstructured questions allows respondents to express themselves freely and make suggestions where possible. Structured questionnaire ensures consistency of questions and answers from the respondents and it is more preferred by respondents due to anonymity Kothari, (2014).Kothari further describes a questionnaire as a document that consists of several questions formatted in a specific order on a form or a set of forms.

Krishnaswamy, Sivakumar and Mathirajan (2006), highlighted that questionnaire is appropriate because of its uniformity, objectivity and factual. The study used a questionnaire with diverse set of questions for the respondent to answer. All questionnaire items were anchored on a five point scale with 5 = strongly agree, 4 = agree, 3 = neither agree nor disagree, 2 = disagree and 1 = strongly disagree. This five-point Likert scale measures the respondents' level of agreement or disagreement. (Kothari, 2014; Saunders *et al*., 2009) indicated that the likert scale normally to assesses perception, attitude, values and behaviour attributes in social research.

Secondary data provides a useful starting point for any research by providing an opportunity to absorb what is already known and what remains to be identified in one particular topic (Steward & Kamins, 1993). Secondary sources also suggests problem formulations and further research directions, and allows the researcher to address issues and detect gaps in existing literature regarding different segments of this research area. Secondary data included the evaluation of results of other people's primary data-collection as reported in a wide variety of formats, such as company annual report, technical manuals, government and trade body publications, books and journals. This study made a reference to books, articles and database under FAO (Food and

Agriculture Organization of United Nations) to obtain the current and authentic data of tea production, consumption and volume and trade as well as related studies on competitiveness and strategic management practices,

3.8 Data Collection Procedure

A self-administered questionnaire was developed and used in collecting data. Self-administered questionnaire is a data collection technique in which the respondent reads the survey questions and records his or her own responses without the presence of a trained interviewer (Hair *et al.,* 2003). An introduction letter from Jomo Kenyatta University of Agriculture and Technology was obtained and a research permit from the National Council of Science and Technology. The questionnaires were presented in person in some organizations while in others, trained research assistants were used with supervision. The four hundred and twenty (420) questionnaires were dispatched to the respondents accompanied with a forwarding letter and an introduction letter from the University. Personal follow up to ensure full completion of the questionnaires by the respondents was done. Later on, the questionnaires were picked from the respondents by use of research assistants.

3.9 Pilot Study

According to Saunders, Thornhill and Lewis (2009), pilot testing refines the questionnaire to ensure that respondents encounter no problems in answering the questions. To ensure correctness and accuracy, pilot studies ranging from 1% to 10% of the sample should constitute the pilot test size (Arain, Campbell, Cooper & Lancaster, 2010). 10% of the respondents were used in the pilot study. Mugenda and Mugenda (2003), pointed out 10 % of the sample size as an appropriate representative of the whole population.

A pilot study was carried out in order to ascertain the validity and reliability of the questionnaire. The subjects participating in the pilot study were not included in the final study to avoid research fatigue and response biasness. Questionnaires were administered to four top managers from ten (10) companies out of the one hundred and five (105) EATTA member companies in Kenya respondent number of forty (40) top managers. This represented 10 % of the study sample. Kothari (2014), considered a sample size of between 10% and 20% of the sample size for the actual study to be reasonable. The Companies were randomly selected and represented all categories of tea players in the global market. Lancaster and Williams (2006) stated that a pilot study is a feasibility study undertaken to test logistics and collect information prior to a large study. Further, pilot study reveals deficiencies which can be addressed before resources can be spent on large scale studies.

3.9.1 Validity

Saunders (2007) described validity as the ability of the questionnaire to produce accurate results after measuring what it was supposed to measure. Collis and Hussey (2009) characterizes validity as the extent to which the research findings accurately reflect the phenomenon under study. Saunders *et al*. (2009) informed that questions used in the data collection instruments ought to be understood by the participants in the way wished-for by the researcher, and the responses given by the respondents should be understood by the researcher in the way anticipated by the respondents. A research instrument is said to be valid if it measures what it was intended to measure and the data collected represents the accurate opinions of the respondents (Weezel, 2009). Bryman and Bell (2011) highlighted that validity is the most significant criterion for research.

To test and enhance the validity of the questionnaire, the researcher randomly selected one manager from either category to examine and improve the contents of the questionnaire. This sought to endorse the content and construct validity of the questionnaire. The remarks from the managers were re-evaluated and included to

enhance the validity of the questionnaire. The managers approved the instruments an indication that the instruments were suitable to carry out the study.

3.9.2 Reliability

Kipkebut (2010) describes data reliability as a measure of internal consistency of the research instruments. A research instrument is reliable if it produces the same results whenever it is repeatedly used to measure trait or concept from the same respondents and the extent to which measures are free from errors (Mcmillan, 2001; Mugenda & Mugenda, 2003). Reliability analysis was carried out for all the variables in this study. Reliability was measured by the value of Cronbach's Alpha (α) which aimed to achieve a level of greater than 0.7 for the items of the variables to be accepted as reliable. Cronbach's alpha coefficient which ranges between 0 and 1 is used to measure the reliability. Higher alpha coefficient values mean that scales are more reliable. As a rule of thumb, acceptable alpha should be at least 0.70 or above.

Kurpius and Stafford (2006) indicated that for research purposes, tests with a reliability score of 0.7 and above are accepted as reliable. Sekaran and Borgie (2010) reveals that the size of a sample to be used for pilot testing differs depending on time, costs and realism, but the same would tend to be 5- 10 % of the main survey. According to Cooper and Schindler (2013) the respondents in a pilot test need not to be statistically selected when testing the validity and reliability of the instruments. In this study, data collection instrument was tested on 10% of the sample of the questionnaires to ensure that it was relevant and effective. Forty questionnaires were piloted by issuing to the top managers from the producers, brokers, buyers, warehouse, packers and associate members who were not included in the final study sample. The forty questionnaires were then coded and responses input into SPSS which was used to generate the reliability coefficient. The questionnaire used for pilot study was assessing influence of strategic management practices on competitiveness of Kenyan Tea. To determine its reliability, raw data was entered as it appeared in the questionnaire and the Cronbach's Alpha scores were as presented. All the items tested for reliability posted a score above the recommended 0.7

an indication that there was internal consistency in the questions. The instrument was therefore reliable for research.

The reliability coefficient was computed as:

Where: $\alpha = \frac{k}{k-1}\left[1 - \Sigma(S^2)/\Sigma S^2 Sum\right]$

α = Cronbach's Alpha

k = Number of responses

$\sum S^2$ = Variance of individual items summed up

$\sum S^2$ Sum = Variance of summed scores

3.10 Data Analysis and Presentation

Data analysis process involved examining the data after collection to ensure its completeness, consistency and usability. Once data was attained through questionnaires, it was organized and prepared for analysis using Statistical Package for Social Sciences (SPSS) version 23.The statistics generated included frequencies, descriptive and inferential statistics. Microsoft excel was used to complement SPSS where necessary. Descriptive statistics in the form of means and standard deviations were computed on the strategic management practices and competitiveness measurement scales to provide an initial outline of the distribution of the participants' responses on these variables as well as gauging the respondents' attitudes regarding their extent of agreement or disagreement on the construct measurement items.

To draw conclusions about a population based on a regression analysis performed on sample data, testing the underlying assumptions for multiple regression analysis is significantly essential, given the complication of the relationship between variables

(Hair *et al*., 2010). The tests carried out for this study normality, autocorrelation and multicollinearity tests. The test for normality was conducted to ascertain whether the data collected and used in the analysis was normally distributed. Normality test was undertaken through use of histograms. Hair *et al.* (2006) stresses that normality is the most basic assumption in multivariate analysis. Assumption of normality refers to the shape of the data distribution for an individual metric variable and its correspondence to the normal distribution, the benchmark for statistical methods (Hair *et al.,* 2006). Normality in the data is often a conventional assumption in the estimation process (Bai, 2005). The assumption of normality for the measurement scale items was tested using histograms. The histogram of the residuals assumed a symmetric bell-shaped plot that was evenly distributed. This indicates that the error term follows a normal distribution, thus meeting the assumption of normality.

Test for Autocorrelation was also carried out to establish how independent variables correlate with each other and the effect of the relationship amongst the variables. Autocorrelation describes the assumption about errors of prediction that are normally independent of each other (Hair et al., 2010; Tabachnick & Fidell, 2014). Durbin-Watson statistic was used to measure the autocorrelation of the variables. Gujarat (2009) attested that regression analysis requires presence of little or no autocorrelation in the data.

Pearson's Product Moment Correlation (r) was derived to show the nature and strength of the relationship. Coefficient of determination (R^2) was used to measure the amount of variation in the dependent variable as explained by the independent variable. Multicollinearity was determined by the level of Variance Inflating Factor (VIF) and Tolerance. Preferably, the level of VIF should be less than10 while the level of tolerance should be greater than 0.1, in order to show low levels of multicollinearity (Bryman & Bell, 2015; Hair *et al*., 2010; Malhotra & Birks, 2007). Field, (2013) also advised that appearance of multicollinearity threatens the internal validity of multiple regression analysis and increases the likelihood of errors in hypothesis testing. To conclude the

absence of multicollinearity, the VIF and the tolerance values are allowed if they fall below 10 and over 0.1 respectively (Hair *et al*., 2010; Tabachnick & Fidell, 2014).

Multiple regression model was used to test the significance of the influence of the predictor variables on the dependent variable. The regression model was considered appropriate for the study because of the several independent study variables which predict the dependent variable. The model surveys the form of the relationships. Valipour *et al.* (2012) used regression model in the study on the effect of cost leadership and product differentiation strategies on firm performance in India. Pawaskar (2009) also applied this model to test hypothesis of diversification and performance improvement in Malaysia firms. The regression results on how market development, product development, strategic planning and strategic alliances influence competitiveness of Kenyan Tea in the global market were as demonstrated.

The multiple regression equation was:

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

Where:

Y = Competitiveness of Kenyan tea expressed in terms of price, quality, foreign exchange earned

and world market share

β_0 = Constant

$\beta_1, \beta_2, \beta_3, \beta_4$ = Slope ; how the unit change in the independent variable influences the dependent variable.

X_1 = Market development

X_2 = Product development

66

X_3 = Strategic planning

X_4 = Strategic alliances

e =Error term which captures the unexplained variations in the model.

Descriptive analysis of the data was presented using mean where a mean score of between 1 and 2 represented disagreement, a mean score of 3 indicated neutral responses and a mean score of between 4 and 5 represented agreement. Additionally the significance level of the independent variables was tested using Fisher distribution test (F-test).The significance of the overall model was determined at 5% confidence level. The p-value was used to ascertain the strength of the model. Conclusion was based on p value where, the p-value of less than 0.05 implied that the overall model was significant and a p-value of greater than 0.05 implied that the overall model was insignificant.

3.10.1 Test of Hypothesis

This section presents the approach that was adopted in the study to test the four hypotheses as presented in chapter one. A standard multiple regression model was fitted using competiveness of Kenyan Tea as the response variable and market development, product development, strategic planning, and strategic alliances as the explanatory variables. According to Hair *et al.* (2006), multiple regression analysis is used to analyze the relationship between a single response or dependent variable and several predictor variables.

Table 3.3: Hypothesis Testing

Hypotheses	Hypothesis Test	Decision Rule
Hypothesis 1: X_1 Ho$_1$: Market development has no significant influence on competitiveness of Kenyan Tea in the global market.	$\beta_1 = 0$ $\beta_1 \neq 0$	Reject Ho$_1$ if P- value ≤ 0.05 Fail to reject Ho$_1$ if P - value > 0.05
Hypothesis 2: X_2 Ho$_2$: Product development has no significant influence on competitiveness of Kenyan Tea in the global market.	$\beta_2 = 0$ $\beta_2 \neq 0$	Reject Ho$_2$ if P- value ≤ 0.05 Fail to reject Ho$_2$ if P -value > 0.05
Hypothesis 3: X_3 Ho$_3$: Strategic planning has no significant influence on competitiveness of Kenyan Tea in the global market.	$\beta_3 = 0$ $\beta_3 \neq 0$	Reject Ho$_3$ if P- value ≤ 0.05 Fail to reject Ho$_3$ if P - value > 0.05
Hypothesis 4: X_4 Ho$_2$:Strategic alliances have no significant influence on competitiveness of Kenyan Tea in the global market	$\beta_4 = 0$ $\beta_4 \neq 0$	Reject Ho$_4$ if P- value ≤ 0.05 Fail to reject Ho$_4$ if P - value > 0.05

3.11 Measurement of Variables

According to Bryman and Bell (2015) and Saunders *et al*. (2009) measurement of study variables is very important since it allows facts to be measured. Hair *et al*. (2010) proposed that due to the identification issue each construct should be measured by at least three indicators. In this study both independent and dependant variables were operationalized with at least three indicators. Table 3.4 presents the measurement of variables.

Table 3.4: Competitiveness Measurement

Variable	Nature	Indicator	Measure
Competitiveness	Dependent	• Price • Foreign Exchange Earned • World Market Share • Quality	Interval scale 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree
Market development	Independent	• Market Segmentation • Market Focus • Market Penetration • Market Diversification	Ordinal scale 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree
Product development	Independent	• Value Addition • Product Differentiation • Product Standardization • Product Diversification	Ordinal scale 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree
Strategic Planning	Independent	• Process Innovation • Strategic Plans Implementation • Strategic Trade Practices	Ordinal scale 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree
Strategic Alliances	Independent	• Government Trade Agreements • Collaborations and Networks • International Trade Certifications	Ordinal scale 1=Strongly Disagree 2=Disagree 3=Neutral 4=Agree 5=Strongly Agree

3.12 Ethical Considerations

Several considerations were made during the research process. First and fore most confidentiality was upheld to protect the respondents from any repercussions arising from their responses. Bryman and Bell (2007) attested that lack of consent to conduct research was unethical and should be observed to avoid any malpractices in the research process. This study ensured that the research was conducted in the rightful manner and adhered to the correct procedures. The research was conducted in line with tea industry guidelines. This involved informing the participants in the research that information provided was prevented from access by unauthorized persons. Assurance was given that after the intended use of the research information, the data obtained from the participants would be destroyed.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

The study sought to investigate the influence of strategic management practices on Competitiveness of Kenyan Tea. The chapter provides a detailed explanation of descriptive and inferential statistics. Research findings and discussions stipulates how each hypothesis was tested. Raw data from the questionnaires was analysed, interpreted, discussed and the results presented. Diverse tests were used to test the relationship between variables, level of significance, reliability and frequency distribution.

4.2 Response Rate

Response rate in a research context refers to the extent to which the collected set of data includes all sample members of the targeted population (Fowler, 2004). The study sample comprised of four hundred and twenty (420) EATTA members in Kenya. A total of four hundred and twenty (420) questionnaires were distributed to the study sample. Out of four hundred and twenty questionnaires, three hundred and thirty six (336) were completed and returned translating to a response rate of 80% as indicated in Table 4.1.

Table 4.1: Response Rate

Designation	Number (n)	%
Chief Executive Officers/General Managers	41	12.20
Operations managers	146	43.45
Finance Directors/Finance Managers	46	13.70
Marketing Managers	103	30.65
Total	**336**	**100**

The results revealed that forty one (41) of the respondents were CEOs' or General Managers, one hundred forty six (146) operations managers, forty six (46) finance directors or managers and one hundred and three (103) marketing managers. This translated to 80% response rate of the study sample. Kothari (2014), Babbie (2002), Mugenda and Mugenda (2009) indicated that a 50% response rate is considered average, 60-70% is considered adequate while anything above 70% is considered as an excellent response rate. The 80% response rate of this study was thus considered sufficient for analysis. The high response rate can be ascribed to the data collection procedures which included pre-notification of the prospective participants for the research by the researcher, the administration of the questionnaires with the help of research assistants through drop and pick method and follow up calls which were made to the respondents to clarify queries.

4.2.1 Reliability Results

Forty questionnaires were piloted by issuing to the top managers from the producers, brokers, buyers, warehouse, packers and associate members who were not included in the final study sample. The questionnaire used for pilot study was assessing influence of strategic management practices on competitiveness of Kenyan Tea. To determine its reliability, raw data was entered as it appeared in the questionnaire and the Cronbach's Alpha scores were as presented.

Table 4.2: Cronbach's Alpha Reliability

Item	No.	Cronbach's Alpha
Market Development	8	.750
Product Development	7	.773
Strategic Planning	5	.754
Strategic Alliances	4	.763
Competitiveness	6	.896

Cronbach's alpha values for all the constructs' measurement scales were above 0.7 as recommended by Kurpius and Stafford (2006) as illustrated; market development (0.750), product development (0. 773), Strategic Planning (0.754), Strategic Alliances (0.763) and competitiveness (0.896). All the items tested for reliability posted a score above the recommended 0.7 an indication that there was internal consistency in the questions.

4.3 Respondents Background Information

This section presents general information of the respondents including gender, number of years worked in the respective organization and the number of years the company has been in tea trade.

Descriptive statistics were used to express the demographic characteristics of the sample as presented in figure 4.1. Trochim (2006), observed that descriptive statistics describes the basic features of the data in a study.

4.3.1 Gender Distribution

Gender analysis was undertaken and the results were as described in figure 4.1.
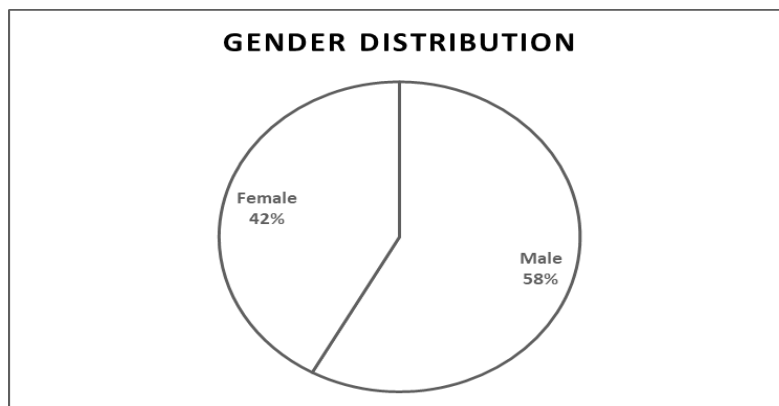
Figure 4.1: Gender Distribution

The results on gender analysis indicate that, of the total respondents from the organizations selected, 58% were male and 42% were female. This clearly shows a relatively equal representation of male and female in management positions in the Kenyan tea industry.

4.3.2 Number of Years Worked

The respondents were asked to indicate the number of years worked in their respective organizations. The responses were as illustrated in table 4.3.

Table 4.3: Number of Years Worked

Experience	Frequency	%
Less than 1 year	18	5.4
1-3 years	48	14.3
4-7 years	126	37.5
8-10 years	36	10.7
More than 10 years	108	32.1
Total	**336**	**100**

Out of the respondents, 37.5% indicated to have a working experience of 4-7 years, 32.1% more than 10 years, 10.7% 8-10 years and 3 years and below 19.7%. This signifies that a considerable percentage of the respondents (42.8%) have an experience of above eight years in tea trade. Thus, the information obtained from the respondents was reliable based on their experience on the job. The number of years worked in addition represented diversity of skills, competences and know how on tea trade.

4.3.3 Duration in Tea Trade

The respondents were asked to indicate the duration their company has been in tea trade. The results were presented in figure 4.2.
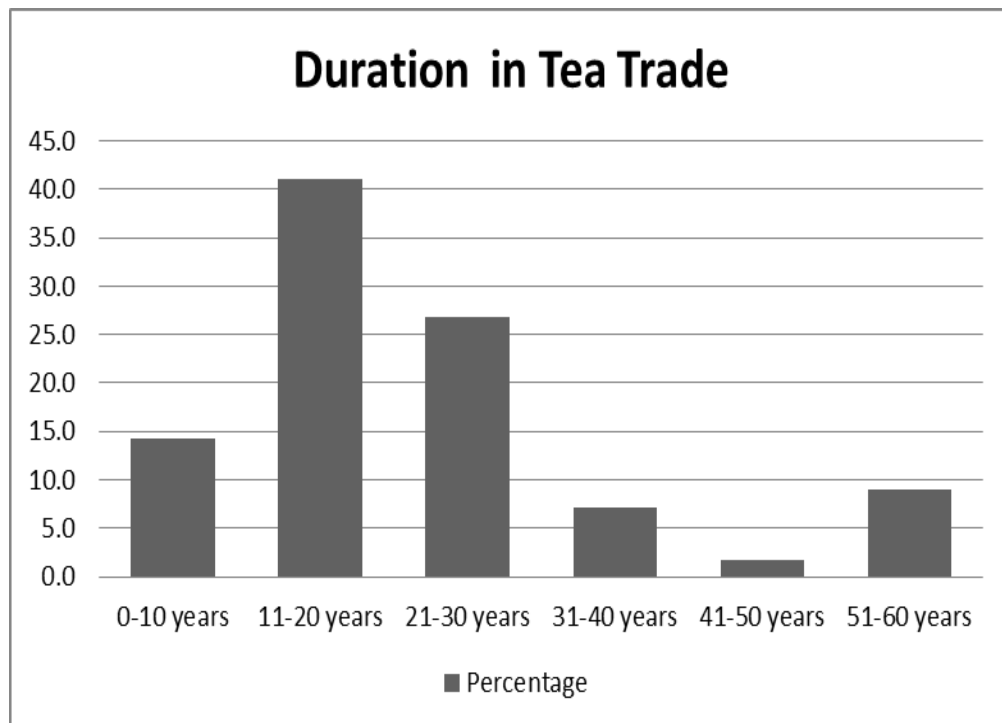
Figure 4.2: Duration in Tea Trade

The results indicate that majority of the companies have participated in Tea Trade for over ten years implying adequate experience in tea trade in the global market.

4.4 Results of Descriptive Analysis of the Study Variables

The results of descriptive data analysis on the study variables are elaborated in detail in this section. The analysis presents the mean and standard deviation for all variables in the questionnaire. The researcher used a 5 point likert scale to assess the views and opinions of the respondents on each statement item. The study examined the influence of strategic management practices on competitiveness of Kenyan Tea. The responses were

rated on a Likert scale of 1-5 (where 1= strongly disagree, 2=Disagree, 3= Neutral, 4= Agree and 5= Strongly Agree). According to Babbie, (1999), Mclver and Carmines (1981), likert scale consists of a series of statements that define and describe content and meaning of the construct measured. The response range for each statement indicates the extent that respondents agree or disagree with each statement. The Mean represents the average of the Likert scale responses about the influence of strategic management practices on competitiveness of Kenyan Tea while the Standard Deviation represents the square root of the average square deviations of the individual responses from the Mean.

4.4.1 Market Development on Competitiveness

To analyse the first objective of the study on the influence of market development, a total of eight items were subjected to the Likert scale. The mean and standard deviation values were computed as shown in Table 4.4.

Table 4.4: Market Development on Competitiveness

Statement	N	Mean	Std. Deviation
Demographic Market segmentation increases competitiveness	336	4.02	.917
Consumers preference on Kenyan Tea influence competitiveness	336	4.61	.489
Political Volatility of Kenyan global tea markets influence competitiveness	336	3.86	.954
Price differentiation increases competitiveness of Kenyan tea in the global market	336	3.95	.896
Market segmentation enables new market development increasing competitiveness	336	4.14	.743
Market diversification influences Competitiveness	336	4.30	.731
Concentration on traditional global markets (Market Focus) influence Competitiveness	336	3.73	1.028
EATTA regulations and conditions influence competitiveness	336	3.61	1.065

The study results revealed that the mean scores ranged between 3.61 and 4.61. According to the results, the mean of 4.02 signifies that the respondents agreed that demographic market segmentation increases competitiveness of Kenyan tea in the global market. Further, the Standard Deviation of 0.917 shows that the respondents did not differ significantly in their views. The findings conform to findings in the study by Ghosh (2014) on a new way of market segmentation in India. The study informed that demographic variables are normally used by marketers as a popular basis of market

segmentation because they mirror consumers' needs, wants and preferences. The significant variables according to Ghosh include age, income, stage of life, generation, social class and gender.

The respondents further strongly agreed that consumers' preference influence competitiveness on Kenyan Tea in the global market as indicated by the mean of 4.61. The Standard Deviation of 0.489 implies that the respondents did not differ significantly in their views. The study findings were in agreement with a research study conducted by Mujahid (2012) on Export Trends in Global Tea Trade with reference to Sri Lankan and Indian Tea Industry which asserted that in the majority of the tea consuming countries consumer preferences was inclined towards value added tea products such as teabags, instant tea, green tea and organic tea. The study further observed that consumer preference towards loose tea was reducing while demand for value added tea was recording an upward trend.

The respondents agreed that political volatility influences competitiveness of Kenyan Tea in the global market as presented by a mean of 3.86. The Standard Deviation of 0.954 implies that the respondents did not differ significantly in their views. The findings compare well with Alberto *et al.* (1992) Working Paper No. 4173 on Political Instability and Economic Growth which revealed political instability affects economic growth of a country negatively and reduces the competitiveness of its products in the international markets. Alberto *et al.* (1992) further confirmed that unstable political environment may lead to a decline in investment, currency instability and devaluation, government collapse and political unrest. According to the study findings, Kenya tea is exported to key traditional markets among others Pakistan, Egypt and Sudan which has been experiencing political crisis impacting negatively on the tea markets and competitiveness.

The respondents agreed that price differentiation increases competitiveness of Kenyan Tea in the global market as reflected by a mean of 3.95. The Standard Deviation of 0.896 implies that the respondents did not differ significantly in their views. The study

indicated that different grades of Kenyan Tea are offered for sale in the market at different prices. The study findings were consistent with a report by UNCTAD (2016), which revealed that tea trading countries globally have been encountering price inconsistencies in tea trade competitiveness of their differentiated tea products.

The respondents agreed that market segmentation enables new market development thus increasing competitiveness of Kenyan Tea in the global market as indicated by a mean of 4.14. The Standard Deviation of 0.743 implies that the respondents did not differ significantly in their views. The study findings agrees with Asnoff (1993) who asserted that market segmentation as a growth strategy identifies and develops new market segments for current products and new customers in new segments. The study findings as well conform to a study recommendation by Maina *et al.* (2014) which pointed out that market segmentation on demographic variables specifically age increases competitiveness of Kenyan tea in the global market based on the escalating number of youths in many countries.

The respondents strongly agreed that market diversification influences competitiveness of Kenyan Tea in the global market as reflected by a mean of 4.30. The Standard Deviation of 0.731 signifies that the respondents did not differ significantly in their views. The findings were in agreement with findings by Pandya and Rao (1998) who conducted a research on diversification and firm performance. The study pointed out that market diversification gives managers a strategic option to improve their company's competitiveness and performance.

Respondents agreed that market focus influences competitiveness of Kenyan Tea in the global market. This was represented by a mean of 3.73 and Standard Deviation of 1.028.The respondents informed that the overreliance on few traditional markets as the major consumers of the Kenyan affected its competitiveness. The study findings were in line with research findings by MAAFAP (2012) which observed that Kenya's tea sector was at risk due to few market destinations. The study findings further illustrated that about 95 % of the Kenyan tea was exported and of the total exports, 60 % was destined

to only three key markets namely; Pakistan, Egypt and U.K. According to the study over reliance on a few export markets, poses the main challenge to competitiveness of Kenyan Tea in the global market. According to Tea Directorate market report (2017).Kenyan Tea was channelled to a few destinations .the report showed that the tea exports for instance in July 2017 was 36.23Million Kilograms as compared to 42.62 Million Kilograms in 2016, representing a 15% decrease. During the same month, Pakistan was the leading export destination for Kenyan tea having imported 13.10 Million Kilos, accounting for 36% of the total export volume. The decline was subjected to low demand and market stagnation.

The respondents agreed that EATTA regulations and conditions influence competitiveness of Kenyan Tea in the global market as presented by a mean of 3.61. The Standard Deviation of 1.065 signifies that respondents did not differ significantly in their views. The mean and the Standard Deviation values signify that EATTA policies and regulations were meant to control and regulate tea trading business vis-à-vis competitiveness. The study findings were consistent with Waheire (2013) who discovered that the achievement of East Africa Tea Trade Association (EATTA), created an enabling environment for tea trade. The study findings as well conformed to Tea Directorate market survey, (2013) who indicated that EATTA policies were flexible and adaptable upholding global tea trade standards.

Overall, all the statements about the market development practices supported the fact that market development influence competitiveness of Kenyan tea in the global market.

4.4.2 Product Development on Competitiveness

Analysis of the second objective on the influence of product development, a total of seven items were subjected to the Likert scale. The mean and standard deviation scores were computed as shown in Table 4.5.

Table 4.5: Product Development on Competitiveness

Statement	N	Mean	Std. Deviation
Value addition on Kenyan Tea affect its Competitiveness	336	4.37	.899
Up scaling of value addition enhances Competitiveness	336	4.41	.798
Product differentiation enhances consumer loyalty thus influencing competitiveness	336	4.34	.607
Product diversification promotes consumer preference enhancing competitiveness	336	4.30	.755
Product standardization and certification enhances competitiveness	336	4.36	.719
Patenting of Kenyan tea promotes blending reducing competitiveness	336	3.96	1.036
Government tax policies discourages consumption of Kenyan hence reduces competitiveness	336	4.38	.615

The study results indicated that the mean scores ranged between 3.96 and 4.41.The respondents according to the study findings agreed that value addition on Kenyan tea affect its competiveness in the global market as reflected by the mean of 4.37. The Standard Deviation of 0.899 implies that the respondents did not differ significantly in their views. The respondents further informed that Kenyan tea was exported in bulk with minimal value addition as compared to the competitors. The study findings agrees with Kalegema (2010) in his study on tea value addition in Sri Lanka where value addition on Sri Lanka's exported Tea contributed 45% market demand increase as compared to

Kenya which was selling 5% of its tea in value added form. MAFAP (2012) and Tea directorate (2012) observed that low value added to Kenyan tea exports affect the farmers ability to obtain higher prices.

The study findings revealed that the respondents agreed that up scaling of value addition on Kenyan Tea enhances competitiveness as agreed that value addition on Kenyan tea affect its competiveness in the global market as reflected by the mean of 4.41. The Standard Deviation of 0.798 signifies that the respondents did not differ significantly in their views. The study findings further pointed out that Kenyan Tea was packaged and sold in bulk as loose tea creating room for product manipulation through blending with other teas of low quality from other sources. Blending makes the Kenyan tea lose traceability in the global markets. The study also showed that Kenyan Tea lacks branding resulting to low competitiveness in the global market. The study as well reported that value addition aspects such as flavouring, repackaging, labelling and branding would enhance competitiveness of Kenyan Tea in the global market. The study findings agrees with Mbui *et al.* (2015) who advised that low value addition of Kenyan Tea affects its competitiveness in the global market.

The respondents agreed that product differentiation enhances consumer loyalty thus influencing competitiveness of Kenyan Tea in the global market as reflected by a Mean of 4.34. The Standard Deviation of 0.607 signifies that the respondents did not differ significantly in their views. According to the respondents, product differentiation on Kenyan Tea was realized only on graded teas but was deficient in specialty teas such as orthodox, purple and green leading to loss of market share and competitiveness in the global market. The study findings agrees with a study by Murphy (2011) which found out that product differentiation makes the product or service more appealing to the customer than the competitor thus potentially dominating a higher price.

The respondents agreed that product diversification promotes consumer preference enhancing competitiveness as indicated by a mean of 4.30.The Standard Deviation of 0.755 implies that the respondents did not differ significantly in their views. The study

findings was consistent with a study report by Tea Board of Kenya (2009) which recommended that diversifying from Black CTC tea to a variety of branded tea products would make Kenya regain its position in the global market, improve farmers' income, reduce poverty levels and amplify its competitiveness in the global market.

The study findings revealed that Product standardization and certification enhances competitiveness of Kenyan Tea in the global market. The respondents' agreement was represented by a mean of 4.36. The Standard Deviation of 0.719 means that the respondents did not differ significantly in their views. The study findings were in agreement with Rainforest Alliance, personal communication representative (2013) who observed that 355, 297 metric tons of Kenyan tea was certified under the Rainforest Alliance standard representing 7.6 % of world tea production. The findings were also consistent with FAO, (2013) market report that 12% of global tea production was considered compliant with a global sustainability standard. In Africa, there are inconsistent standards for product quality and grading, making competitive participation in international trade problematic (Moon *et al.,* 1995).

The respondents agreed that Patenting of Kenyan tea promotes blending thus reducing competitiveness. This was supported by a mean of 3.96 and a Standard Deviation value of 1.036. The study findings revealed that Kenyan tea lacks patents making innovation of new products unattractive. The study findings agree with a study by Nyangito (2001) who informed that Kenyan tea is sold in semi-processed form to exporters as a commodity hence using it to blend lower quality teas from other countries.

The study results additionally revealed that the government tax policies discourage consumption of Kenyan Tea thus reducing competitiveness in the global market. This agreement reflected a mean of 4.38 and Standard Deviation of 0.615. The respondents further revealed that Kenyan tea was subjected to high taxation increasing the cost of production and reducing profitability. The study findings further revealed that some consumer countries suffered trade embargos that affects the Kenyan tea trade diminishing its competitiveness. Further, currency sanctions were imposed on the same

countries affecting the inflow and outflow of foreign currency. Kenyan Tea is traded in US Dollars. The findings of the study agree with the findings of a study by Omari (2015) which stated that trade restrictions affect competitiveness globally.

Overall, all the statements about the product development supported the fact that product development influence competitiveness of Kenyan tea in the global market.

Effect of Low Value addition on competitiveness

The respondents in addition were asked to indicate the effect of Low Value addition of Kenyan tea on competitiveness. The results were presented in table 4.6.

Table 4.6: Effect of Low Value addition on Competitiveness

Response	Frequency	%age
Yes	300	89.3
No	36	10.7
Total	**336**	**100.0**

Majority of the respondents 89.3% agreed that Kenyan Tea had a low value addition which influenced its competitiveness in the global market while 10.7% of the respondents indicated a different opinion. The findings of the study were corroborated by Mbui *et al*. (2015) that Kenya tea is exported in bulk to various markets. The study further observed that 52% of Sri Lankan tea is sold in bulk as compared 90% of Kenyan tea.

4.4.3 Strategic Planning on Competitiveness

The third objective of the study was influence of strategic planning on competitiveness. Five items were subjected to the 5-point Likert scale. The mean and standard deviation scores were computed as shown in Table 4.7

Table 4.7: Strategic Planning on Competitiveness

Strategic Planning	N	Mean	Std. Deviation
Automation of Tea Trading systems promotes Competitiveness	336	3.86	1.158
Investment in the state of the art technology enhances competitiveness	336	3.80	1.094
Exportation tariffs reduces competitiveness	336	4.25	.689
Export and Import subsidies affects Competitiveness	336	4.09	.873
Implementation of strategic plans influences competitiveness	336	4.21	.675

The study results indicated that the mean scores ranged between 3.80 and 4.25. According to the study, respondents agreed that automation of tea trading systems promotes competitiveness of Kenyan Tea in the global market as reflected by a mean of 3.86.The Standard Deviation of 1.158 signifies that the respondents agreed but with varied opinions. The study findings corresponds with a study conducted by Ongonga and Ochieng (2013) which revealed that innovation of the entire tea value chain systems results to higher revenues and lower operations cost. The study findings also agrees with a recommendation of a market survey conducted by Kenya Tea Board (2013) which advised that though ICT is not fully exploited in the Kenyan tea value chain, it may offer a chance of enhancing business environment in terms of reduced costs and improve service delivery. Omari (2015) revealed that imposition of tariffs such as export license, minimum volume and quality requirements act as bottlenecks to both consumers and producers.

Similarly the respondents agreed that investment in the state of the art technology enhances competitiveness of Kenyan tea in the global market as shown by a mean of 3.80.The Standard Deviation of 1.094 implies that the respondents agreed but with varied opinions. The study findings agrees with findings by Theuri (2015) which stipulated that for a firm to gain competitive advantage, it must have technological competencies to enable creation of higher perceived value than the competitors. Majority of the respondents agreed that exportation tariffs reduce competitiveness of Kenyan Tea in the global market as indicated by a mean of 4.25. The Standard Deviation of 0.689 implies that the respondents did not differ significantly in their views. The respondents also agreed that export and import subsidies affect competitiveness of Kenyan Tea as shown by a mean of 4.09. The Standard Deviation of 0.873 signifies that the respondents did not differ significantly in their views.

The respondents agreed that implementation of strategic plans influences competitiveness of Kenyan tea in the global market as reflected by a mean of 4.21.The Standard Deviation of 0.675 signifies that the respondents agreed but with varied opinions. Research findings by Theuri (2015) was in agreement with the study findings as it indicated that classic strategic planning process scrutinizes an organization's contemporary situation and capabilities and subsequently improves the efficiency of the organization in pursuit of its mission and vision. The respondents cited that strategic planning would improve competitiveness of Kenyan tea in the global market by developing policy on tea value addition before exportation.

Through strategic planning according to the respondents, there would be access to new markets through partnerships and joint ventures as well as full participation in international exhibitions to aggressively market the Kenyan tea globally to enhance its competitiveness. Overall, all the statements about the strategic planning supported the fact that strategic planning influence competitiveness of Kenyan tea.

4.4.4 Strategic Alliances on Competitiveness

To analyse the fourth objective of the study on the influence of strategic Alliances on competitiveness, a total of four items was subjected to ranking on a 5-point Likert scale .The mean and standard deviation were computed as shown in Table 4.8.

Table 4.8: Strategic Alliances on Competitiveness

Statement	N	Mean	Std. Deviation
Governments Tea Trade policies and Trade Agreements influence competitiveness	336	4.34	.715
Collaborations and Networks enhances competitiveness	336	4.29	.675
International Certifications such as Fair Trade, Rainforest Alliance among others enhances competitiveness	336	4.29	.726
Positive governments relations promotes tea Trade enhancing competitiveness	336	4.36	.790

The study results show that the mean scores ranged between 4.29 and 4.36.According to the study findings, majority of respondents agreed that government policies on tea trade and trade agreements influence competitiveness of Kenyan tea in the global market as shown by a mean of 4.34.The Standard Deviation of 0.715 implies that respondents did not differ significantly in their views. Likewise, majority of the respondents strongly agreed that collaborations and networks enhance competitiveness of Kenyan Tea in the global market as reflected by a mean of 4.29.The Standard Deviation of 0.675 means that respondents did not differ significantly in their views. The study findings agree with

(Sanga, 2011) who postulated that through strategic alliances, collaborations and networks. Kenyan tea producers would be able to realize cost advantages relative to competition and market position.

Similarly the respondents strongly agreed that international certification enhances competitiveness of Kenyan Tea in the global market as reflected by a mean of 4.29.The Standard Deviation of 0.726 means that respondents did not differ significantly in their views. Majority of the respondents further strongly agreed that positive governments' relations promote tea trade enhancing competitiveness of Kenyan Tea in the global market as shown by a mean of 4.36.The Standard Deviation of 0.790 implies that respondents did not differ significantly in their views. The study findings were consistent with a study by FAO (2013) which observed that standard-compliant tea production grew by 33 per cent per annum from 2009 to 2012 where majority of the producers of standard-compliant tea production in 2012 was Kenya at 40% and India at18 %.

According to the study findings, strategic alliances if enhanced may lead to abolishment of trade barriers on Kenyan teas thus increasing its competitiveness in the global market. Conversely, the respondents advised that strategic alliances would to a larger extent encourage inter-trade within African countries, maintain good trade relations with global markets and reduce political interferences which erode competitiveness of Kenyan tea in the global market. The findings correspond with study findings by Webster (1999) who indicated that firms embark on strategic alliances for diverse motives such as enhancement of their production capabilities, lessening of uncertainties in their internal systems and external environments, attainment of competitive advantages in order to increase profits or to gain future business opportunities resulting to superior market value for their outputs. Overall, all the statements about the strategic alliances supported the fact that strategic alliances influence competitiveness of Kenyan tea.

4.4.5 Competitiveness

Competitiveness was the dependent variable for the study. To analyse the variable, a total of seven items was subjected to ranking on a 5-point Likert scale. The mean and Standard Deviation was computed as shown in Table 4.9.

Table 4.9: Competitiveness

Competitiveness	N	Mean	Std. Deviation
Global Tea Prices reflect Competitiveness of Kenyan tea	336	2.98	1.423
Tea prices reflect consumer preference on Kenyan Tea hence Competitiveness	336	3.14	1.262
Foreign Exchange earned is an indicator of competitiveness	336	3.20	1.289
Foreign Exchange earned is a reflection of the consumer preference	336	2.98	1.174
World Market Share signifies competitiveness of Kenyan Tea	336	3.43	1.195
Market share of Kenyan tea signifies consumers preference hence competitiveness	336	3.43	1.149
Quality of Kenyan tea contributes to its Competitiveness	336	3.64	1.483

The study revealed that the mean scores ranged between 3.64 and 2.98. According to the study findings, the respondents agreed that global tea prices reflect competitiveness of Kenyan tea in the global market as shown by a mean of 2.98 and Standard Deviation of 1.423. The mean and standard values signifies that majority of the respondents had varied opinions meaning that they remained neutral.

Similarly, majority of the respondents agreed that tea prices reflect consumer preference on Kenyan tea hence competitiveness as reflected by a mean of 3.14.The Standard Deviation of 1.262 means that the respondents agreed with varied opinions that prices fetched by Kenyan tea reflected consumers' preference to the Kenyan tea. The study findings was in agreement with World Tea News Market Report (2013) which asserted that the changing habits of consumers results to increase in premiums earned and in the long-run a growth in competitiveness of tea in the world market.

The study findings indicated that majority of the respondents agreed that Foreign Exchange earned was an indicator of competitiveness of the Kenyan tea in the global market as shown by a mean of 3.20. The Standard Deviation of 1.289 implies that the respondents agreed but with varied opinions between agree and disagree though on average the respondents were neutral. Subsequently, the respondents agreed that foreign exchange earned was a reflection of the consumer preference to Kenyan tea as reflected by a mean of 2.98. The Standard Deviation of 1.174 means that the respondents agree with varied opinions between agree and disagree although on average the respondents were neutral. This further indicates that foreign exchange earned was not commensurate to consumer preference and thus may not significantly influence competitiveness of Kenyan tea in the global market.

The respondents agreed that world market share represents competitiveness of Kenyan tea in the global market as shown by a mean of 3.43.The Standard Deviation of 1.195 signifies that there were varied opinions of respondents agreement. World market share had insignificant influence on competitiveness of Kenyan tea in the global market. The study findings agree with the study findings carried out by Tea Board statistics of India

(2016) which pointed out that Kenya's tea export improved gradually during the January-June period 2016 but fetching lesser returns compared to India whose market share grew by 5.76 per cent during the same period. The study findings conforms to study report by Ndayitwayeko and Ndimanya (2015) which pointed out that Kenyan tea was more competitive in the global market thus moderately preferred by the consumers. The study further illustrated that while Kenya was the world's biggest tea exporter since 2004, it was overtaken by China which was taking the lead, second was India, Sri Lanka became third and finally Vietnam in 2006. The research informed that issues that contributed to the loss of competitiveness of Kenyan tea in the world market included among others climate change, sluggishness in maintaining pace with the market dynamics and adjustment to innovative practices initiated in the tea market by potential competitors and bad policies which hold back efforts to add value to tea.

The findings of the study showed that the respondents agreed that Market share of Kenyan tea signifies consumers' preference to Kenyan tea hence its competitiveness in the global market as reflected by a mean of 3.43.The Standard Deviation of 1.149 implies that there was varied opinions between agree and disagree though on average the respondents were neutral. Therefore, market share of Kenyan tea may not be a reflection of the consumer preference though has slight influence on competitiveness of Kenyan tea. The study findings thus disagrees with study findings by Mbui (2016) that found out that Kenya commands a 31% share of the value in US dollars of bulk tea exported, followed by Sri Lanka and India. The 31% share in value of the tea exported more or less matches the Kenyan market share in the global market implying that Competitiveness of Kenyan tea is equivalent to 31% of the total world market share.

Majority of the respondents (91.1%) agreed that quality of Kenyan tea contributes to its competitiveness in the global market as shown by a mean of 3.64.The Standard Deviation of 1.483 implies that there was varied opinions between agree and disagree though on average the respondents were neutral. Therefore, quality of Kenyan tea contributes to competitiveness of the Kenyan tea in the global market. The study findings agree with findings of a market survey report by WTO, (2010) which indicated

that Kenya is the market leader in tea export in the world in terms of volume and position second in revenue after Sri Lanka. Overall, the respondents were in agreement that the seven parameters were measures of competitiveness.

Competitiveness of Kenyan tea was as well affected by weak market policies, world politics currency fluctuations, dominance of some buyers in tea trade, EATTA regulations, competition from other countries and beverages, government policies and regulations and over-reliance on traditional markets as obtained from the qualitative information.

Effect of Blending of Kenyan tea on Competitiveness

The respondents were asked to indicate whether blending of Kenyan tea with low quality teas had an effect on competitiveness. The results were as presented in Table 4.10.

Table 4.10: Effect of Blending of Kenyan Tea on Competitiveness

Response	Frequency	%age
Yes	306	91.1
No	30	8.9
Total	**336**	**100.0**

Majority of the respondents (91.1%), pointed out that blending of Kenyan tea with other teas of low quality influences its competitiveness in the global market. 8.9% of the respondents had a different opinion. The study findings were consistent with findings of a study conducted by Mbui *et al*. (2015) which established that Kenyan tea is exported in bulk to diverse markets and is blended with teas of lower quality due to limited value addition.

4.5. Testing for the Underlying Assumptions of Multiple Regression Analysis

To draw conclusions about a population based on a regression analysis performed on sample data, testing the underlying assumptions for multiple regression analysis is significantly essential given the complication of the relationship between variables (Hair *et al.,* 2010). The tests carried out for this study included test for normality, test for autocorrelation and test for multi-collinearity.

4.5.1 Test of Normality for Competitiveness

Gravetter and Wallnau (2000) stated that normality describes a symmetrical bell-shaped curve with greatest frequency of scores towards the centre and smaller frequencies towards the extremes. According to Pallant (2005), assessment of normality of the dependent variable presents a precondition in multiple linear regression analysis. The test for normality was conducted to ascertain whether the data collected and used in the analysis was normally distributed.
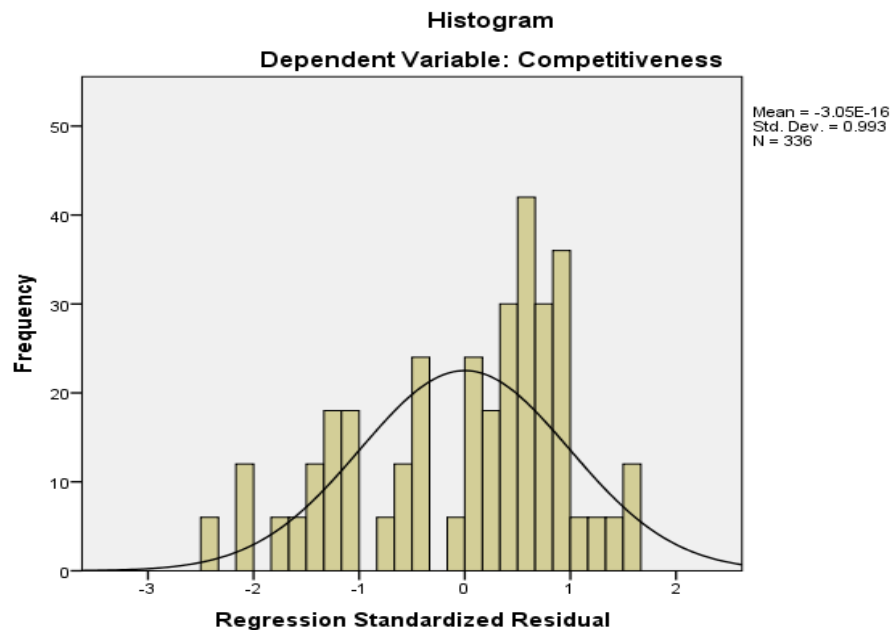

Figure 4.3: Test of Normality

The histogram of the residuals above assumes a symmetric bell-shaped plot that is evenly distributed. This indicates that the error term follows a normal distribution, thus meeting the assumption of normality. The mean error distribution for the current study variable (competitiveness) is centred at zero (0) an indication that the errors that fall below and above the mean are equally placed. This means that the findings of the study are accurate in measuring the competitiveness of Kenyan tea in the global market as explained by the strategic management practices.

4.5.2 Test for Autocorrelation

Autocorrelation describes the assumption about errors of prediction that are normally independent of each other (Hair *et al.*, 2010). Tabachnick and Fidell (2014) observed that autocorrelation demonstrates how different independent variables correlate with each other and the effect of the relationship among the variables. Durbin-Watson statistic was used to measure the autocorrelation of the variables. Gujarat (2009) attested that regression analysis requires presence of little or no autocorrelation in the data. Field (2009) claimed that Durbin-Watson Statistic ranges from 0-4. Further, Field advised that, in circumstances where Durbin-Watson statistic appears less than 1.0 there could be reason for panic because of the presence of autocorrelation as reflected in Table 4.11.

Table 4.11: Test of Autocorrelation

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.389ᵃ	.151	.138	1.097	.151	11.765	5	330	.000	1.358

a. Predictors: (Constant), Strategic Alliance, Strategic Planning, Product development, Market development ;

b. Dependent Variable: Competitiveness

From the results of the study, the Durbin-Watson value of 1.358 indicates absence of autocorrelation among the variables. To ascertain absence of autocorrelation, Johnson and Wichern (2006) stated that the most favourable value of the Durbin-Watson ranges from 1.5 to 2.5. Field (2013) suggested that the Durbin-Watson statistic closer to 1.5 was reasonable. A value above 2.5 indicates negative autocorrelation between the variables (Verbeek, 2004; Gujarat, 2009).The value of 1.358 obtained in the study is close to 1.5 which reasonably represents absence of autocorrelation

4.5.3 Test for Multicollinearity

Multicollinearity was tested using the Variance Inflation Factor (VIF) and Tolerance values for all variables. Hair *et al*. (2010) defines Multicollinearity as a strong correlation among the predictor variables. Field, (2013) advised that presence of multicollinearity threatens the internal validity of multiple regression analysis and increases the likelihood of errors in hypothesis testing. Absence of multicollinearity is indicated by a VIF below 10 and a Tolerance value of over 0.1 (Hair *et al*., 2010; Tabachnick and Fidell, 2014) .The results were as indicated in Table 4.12.

Table 4.12: Test of Multicollinearity

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Market Development	.704	1.421
Product Development	.788	1.269
Strategic Planning	.785	1.274
Strategic Alliances	.578	1.730
a. Dependent Variable: Competitiveness		

The findings confirmed that market development had VIF of 1.421 and tolerance of 0.704, product development had VIF of 1.269 and Tolerance of 0.788, strategic planning

had VIF of 1.274 and tolerance of 0.785, and strategic Alliances had VIF of 1.730 and Tolerance of 0.578. From the results, the collinearity statistics shows that all the independent variables were slightly correlated to each other. This was because none of the VIF for all the study variables exceeded 10 and all the Tolerance values were above 0.1, the threshold beyond which multicollinearity was a problem.

4.6 Regression Analysis

Simple regression analysis was conducted to test the research hypotheses where competitiveness was used as the dependent variable and strategic alliance, strategic planning, product development and market development as the independent variables.

4.6.1 Test of Hypothesis One

Ho_1: Market development has no significant influence on competitiveness of Kenyan Tea.

The study determined the relationship between market development and competitiveness of Kenyan tea. The study results were shown in Table 4.13.

Table 4.13: Relationship between market development and Competitiveness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.228[a]	.520	.490	1.152	.052	18.385	1	334	.000	1.461

a. Predictors: (Constant), Market Development

b. Dependent Variable: Competitiveness

The study established that there is a positive strong relationship between market development and competitiveness as indicated by an Adjusted R-Square of 0.490.This implies that 49% of competitiveness can be explained by market development. The relationship was significant at 5% level of significance (p= 0. 000 <0.05). Therefore, we reject the null hypothesis and conclude that there was significant relationship between market development and competitiveness of Kenyan tea. The study further established how market development influences competitiveness. The results were as presented in Table 4.14

Table 4.14: Relationship between market development and Competitiveness

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
(Constant)	0.766	0.579		1.324	.186
Market development	0.583	0.136	0.228	4.288	.000

$Y=0.766+0.583X_1$

The estimated model from Table 4.14 is ; $Y = 0.766 + 0.583x_1$. This indicates that a change of one unit in the market development results to in an increase of 0.583 units in the competitiveness of Kenyan tea in the global market. According to the results, market development influence competitiveness of Kenyan tea at 5% level of significance ($\beta_{1=}0.58$). This coefficient is significant (p= 0.000<0.05). The research findings were consist with Kimenyi (2007), who observed that market development can be achieved by use of market segmentation strategy based on consumer values and lifestyles. This would lead to new markets creation for Kenyan tea in the global market and enhancement of competitiveness. The findings agree with the theory of international competitiveness which affirms that market development helps business firms to understand their competitive position in global markets. The theory further confirms that through exporting the country accumulates wealth. Hence exportation of the product should be maximised and importation of the same minimised

4.6.2 Hypothesis Two

Ho₂: Product development has no significant influence on competitiveness of Kenyan Tea in the global market.

The study sought to determine the relationship between product development and competitiveness of Kenyan tea in the global market. The results were as presented in Table 4.15

Table 4.15: Relationship between product Development and Competitiveness

					Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.4200[a]	.420	.310	1.183	.002	.598	1	334	.440	1.240

a. Predictors: (Constant), Product Development

b. Dependent Variable: Competitiveness

The study established that there is a positive relationship between product development and competitiveness (Adjusted R-Square=.310).This implies that 31% of the competitiveness can be explained by product development. The relationship was not significant at 5% level of significance (p= 0. 440 >0.05). Therefore accept the null hypothesis and conclude that there was insignificant relationship between product development and competitiveness of Kenyan tea. The study further established the influence of product development on competitiveness. The results were as presented in Table 4.16.

Table 4.16: Relationship between product Development and Competitiveness

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	3.625	0.512		7.079	0.00
Product development	-0.089	0.115	-0.042	-0.773	0.44

Y=3.625-0.089X$_2$

The Model $Y=3.625-0.089X_2$ indicates that a unit increase in product development decreases competitiveness by 0.089 units at 5% level of significance ($\beta_{2=}-0.089$). However this relationship was insignificant (p= 0.440>0.05). The findings were in agreement with research findings by Lambert, (2013) in his study on whether Tea can treat Cancer. The study conclusion indicated that Kenyan tea due to its health benefits and medicinal value has gained popularity throughout the world .This implies the outlook of Kenyan tea has minimal impact on its competitiveness. This contradicts the study conclusion by Mbui (2015) who advised that Value addition on Kenyan tea would make it more competitive in the global market. The study findings is a reflection that the Kenyan tea may have reached the maturity stage of the product life cycle thus causing the decline in competitiveness .This is in line with the Product Life Cycle Theory which show that high demand of a product ensures a longer product life based on the product demand, production cost and revenues. Thus, every market must evolve along with a product from introduction through to maturity.

4.6.3 Hypothesis Three

Ho3: Strategic Planning has no significant influence on competitiveness of Kenyan tea.

The study sought to determine the relationship between strategic planning and competitiveness of Kenyan tea. The results were as presented in table 4.17.

Table 4.17: Relationship between strategic Planning and Competitiveness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics						
					R Square Change	F Change	df1	df2	df2	Sig. F Change	Durbin-Watson
1	.71[a]	.510	.410	1.181	.005	1.696	1	334	334	.019	1.373

The study revealed that there was a strong positive relationship between strategic planning and competitiveness of Kenyan tea in the global market (Adjusted R-Square=0.41). This relationship was significant at 5% level of significance (p=0.019<0.05). This means that 41% of variability in competitiveness of Kenyan tea in the global market was explained by strategic planning. Therefore we reject the null hypothesis and conclude that strategic planning significantly influence competitiveness of Kenyan tea.

Table 4.18: Coefficients - Strategic Planning

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.618	0.476		5.496	7.718
Strategic planning					
	0.147	.113	.071	1.302	0.019

$$Y = 2.618 + 0.147X_3$$

The model $Y = 2.618 + 0.147X_3$ implies that an increase of one unit in strategic planning causes an increase of 0.147 units in competitiveness of Kenyan Tea in the global market at 5% level of significance ($\beta_{3=} 0.147X_3$). Strategic planning were an important factor in determining competitiveness of Kenyan tea in the global market ($p = 0.01 < 0.05$) as presented in Table 4.17

4.6.4 Hypothesis four

H_{o4} : Strategic alliances have no significant influence on competitiveness of Kenyan tea. The study sought to determine the relationship between strategic alliance and competitiveness of Kenyan tea in the global market (Table 4.19).

Table 4.19: Relationship between strategic Alliance and Competitiveness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.171[a]	.290	.261	1.166	.029	10.005	1	334	.002	1.478

a. Predictors: (Constant), Strategic Alliance

b. Dependent Variable: Competitiveness

The study shows that there was a weak relationship between strategic alliance and competitiveness of Kenyan tea in the global market (Adjusted R=0.261). This relationship was significant at 5% level of significance (p=0.002<0.05). This means that 26.1% of variability in competitiveness of Kenyan tea in the global market was explained by strategic alliance. Therefore we reject the null hypothesis and conclude that strategic alliance significantly influence competitiveness of Kenyan tea in the global market.

Table 4.20: Coefficients - Strategic Alliances

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.722	0.482		3.576	0.000
Strategic Alliances	0.337	.107	.171	3.163	.002

Y=1.722+0.337X₄

$Y=1.722+0.337X_4$

The model $Y=1.722+0.337X_4$ implies that a unit increase in strategic alliances causes an increase of 0.337 units on competitiveness of Kenyan tea in the global market at 5% level of significance (β_4=0.337). Strategic alliances were an important factor in determining competitiveness of Kenyan tea in the global market. (p = 0.002< 0.05).

4.7 Multiple Regression Analysis

To evaluate the relationship between the predictor and the explanatory variables, a standard multiple regression model was fitted using competiveness of Kenyan tea as the response variable and market development, product development, strategic planning and strategic alliances as the explanatory variables. According to Hair *et al.* (2006), multiple regression analysis is used to analyze the relationship between a single dependent variable and several predictor variables.

4.7.1 Overall Model Summary- Multiple Regression Analysis

The overall model summary indicates the proportion of variation of the dependent variable that can be explained by the explanatory variables. The results were adjusted to factor in the effect of the error term.

Table 4.21: Overall Model Summary- Multiple Regression Analysis

					Change Statistics					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change	Durbin-Watson
1	.274[a]	.751	.639	1.143	.075	6.714	4	331	.000	1.427

a. Predictors: (Constant), Strategic Alliances, Strategic planning, Product development, Market development

b. Dependent Variable: Competitiveness

The model summary points out that the model is fit for the data as the adjusted R^2 is 0.639 .This implies that 63.9% of the total variation in the competitiveness of Kenyan tea in the global market can be explained by strategic alliances, strategic planning, product development and market development. Therefore 36.1% of the total variation in competitiveness was due to other factors other than the study variables.

4.7.2 Analysis of Variance (ANOVA)

The ANOVA (Table 4.22) displayed the test of significance for the multiple regression models. Norusis (2005) advised that F-test is the appropriate statistical test in multiple regression analysis to measure the variances between the study variables.

Table 4.22: Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
				ANOVA[a]		
1	Regression	35.116	4	8.779	6.714	.000[b]
	Residual	432.777	331	1.307		
	Total	467.893	335			

a. Dependent Variable: Competitiveness

b. Predictors: (Constant), Strategic Alliance, Strategic planning, Product development, Market development

The overall standard multiple regression model is significant in predicting how strategic alliance, strategic planning, product development and market development relate with each other hence influence competitiveness of Kenyan tea in the global market. The regression model achieves a high degree of fit as reflected by F value of 6.714 with a significance level of 0.000.Since the p value is less than 0.005 all the independent variables; strategic alliance, strategic planning, product development and market development combined are statistically significant in explaining the competitiveness of Kenyan tea in the global market.

4.7.3 Analysis of Regression Model Coefficients

Table 4.22 presents the regression results on how strategic alliance, strategic planning, product development and market development influence competitiveness of Kenyan tea in the global market.

The multiple regression equation was as presented below:

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

and the build- up model thus becomes:

$$Y = 1.361 + 0.507 SMD - 0.312 SPD - 0.044 SPP + 0.288 SAL + e$$

Table 4.23: Regression Model Coefficients

Model	Un-standardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.361	.709		1.920	.046
Market development	.507	.161	.199	3.156	.002
Product development	-.312	.125	-.149	-2.501	.013
Strategic planning	-.044	.123	-.021	-.357	.722
Strategic Alliances	.288	.133	.146	2.166	.031

As illustrated in table 4.23, there was positive and significant effect of market development on competitiveness ($\beta = 0.507$; t = 3.156; p < 0.05). Product development portrayed a negative and significant effect on competitiveness at ($\beta = -0.312$; t = -2.501; p < 0.05).There was negative and insignificant effect of strategic planning on competitiveness at ($\beta = -0.044$; t = -0.357; p > 0.05). Strategic alliances depicted positive and significant effect on competitiveness at ($\beta = 0.288$; t = 2.166; p < 0.05).

Anderson *et al.* (2002) spelt out the importance of examining the significance of each independent variable in predicting the dependent variable. The t-test was used to determine whether each of the individual independent variable was significant in the overall model. The study found a positive relationship between competitiveness of Kenyan tea and market development, as indicated by a coefficient of 0.507. This is an indication that a one unit change in Market development increases competitiveness of Kenyan in the global market by 0.507 units. The study findings agrees with Asnoff (1993) who observed that Market development would increase competitiveness through adoption of market penetration, market segmentation and market diversification strategies which in the long run would result to new customers in new segments as well as expansion of the potential market. The p-value of 0.002 indicates that the relationship between the two variables was significant at 5% level of significance. Therefore, market development influences competitiveness of Kenyan Tea in the global market. This is further supported by the t-statistic of 3.156 which was greater than the tabulated t-value of 1.962. Thus the null hypothesis was rejected and the study concluded that market development influences competitiveness of Kenyan tea in the global market. This study was consistent with a study findings conducted by Mbui (2015) who found out strategic management approaches in Kenyan tea subsector through market promotions, partnerships, product diversification, cost leadership and technological innovation would eventually expand the Kenyan tea market globally hence increasing its competitiveness .

The study revealed that there was significant relationship between competitiveness of Kenyan tea and product development in the global market. This was reflected by a coefficient value of negative 0.312. This implies that a one unit change in product development decreases competitiveness of Kenyan Tea in the global market by 0.312. The p-value was 0.013 which was less than 0.05 level of significance. Therefore the relationship was significant. The computed t-statistic was -2.501 which is greater than the tabulated t-value of 1.962 and as a result the null hypothesis was thus rejected. This indicates that product development influence competitiveness of Kenyan tea in the global market. The study found out that Kenya tea is exported in bulk as a commodity

with minimal value addition. This to a great extent may contribute to the scenario above where by product development leads to a decrease in competitiveness of Kenyan tea in the global market. This further means that modification of the product either through value addition; repackaging, blending or flavoring would not have a significant influence on the competitiveness of the Kenyan Tea in the global market. The findings were in agreement with findings in a study by Mbui (2016) on "Effect of strategic management practices on export value addition in the Tea Subsector in Kenya" where study results meant that Kenya mostly dealt with black CTC teas and hence a very narrow product range which in return would be a big hindrance to competitiveness in international markets. The study further informed to ensure effective promotion of tea value addition in export markets product diversification strategy must be adopted.

The research findings was in agreement with the study results by Omari (2015) on determinants of export performance of Kenya Tea Development Agency managed factories who observed that about 95% of Kenyan tea production is exported in bulk form which makes it a raw material for further processing. Tea Board of Kenya, (2012) also made similar findings. Although the current study findings agree with other researchers' more emphasis on value addition on Kenyan tea would increase competitiveness as well as open up new markets. Mbui *et al.* (2015) advised that low value addition on Kenyan tea contributes to lower unit earnings from tea exports by Kenya where bulk tea exports are over 90% of the total, as compared to Sri Lanka's bulk exports are lower at about 52%. Many Researchers as reflected in literature review section supported the fact that Tea is the leading foreign exchange earner of the country Kenya thus contributing to the economic development of the country and more so supporting the Economic pillar of the Vision 2030.The findings by Omari (2015) conforms with Mbui (2016) where the majority of the respondents indicated product quality as a major emphasis on tea export market as compared to other product differentiation attributes.

A study conducted at Sri Lanka on strategies for competitive advantage in value added tea marketing Herath and Silva1 (2011) emphasised on the importance of a change from bulk tea exports to value added tea products to fit in the world tea market which is rapidly growing with emerging customer needs.

The study reflected that there was a relationship between competitiveness of Kenyan tea in the global market and strategic planning. This was indicated by a coefficient value of -0.044.This implies that a unit change in strategic planning decreases competitiveness of Kenyan Tea in the global market by 0.044 units. The p-value of 0.722 was greater than the 5% level of significance. This leads to failure to reject the null hypothesis. Thus, strategic planning may not be a key factor in influencing competitiveness of Kenyan tea in the global market. This was further supported by the t-statistic of -0.357 which was less than the tabulated value of 1.962. The study findings thus disagrees with the findings in a study carried out by Kisirkoi (2017) on "Strategic Factors Influencing Competitiveness of Commercial Banks in Kenya" who found out that strategic planning was a key determinant of competitiveness in commercial banks.

The study revealed that there was a positive relationship between strategic alliances and competitiveness of Kenyan tea in the global market as reflected by a coefficient value of 0.288. This implies that a unit change in strategic alliances increases competitiveness of Kenyan tea by 0.288 units. The p-value of 0.031 was less than the level of significance of 5%.Therefore, the relationship was significant. Further, the t-statistics of 2.166 was greater than the tabulated value of 1.962. Thus the null hypothesis was rejected. This indicates that strategic alliances influence competitiveness of Kenyan Tea in the Global Market. Mbui (2016) found out that only few organizations in the Kenyan tea subsector practiced business partnerships in export markets.

Further the study advised that strategic business partnerships were statistically significant in promoting export. This indicated that through strategic alliances, competiveness of Kenyan tea in the global market would be more enhanced. This examination agrees with a study conducted by Njuguna (2016) on effect of strategic management options on competitive advantage of youth enterprises in Kenya where 58.6% of the respondents felt that engaging in collaborative networks would reduce market competition while 26.4% were of the opinion that collaborative networks would result to business expansion.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the summary of major findings of the study, conclusions and the recommendations. The study sought to establish the influence of strategic management practices on competitiveness of Kenyan Tea in the global market. The summary of key findings, conclusions and recommendations was made in line with the objectives of the study based on the output of the descriptive and inferential statistical analyses that guided the testing of the study research hypothesis.

5.2 Summary of the Findings

The general objective of the study was to assess the influence of strategic management practices on competitiveness of Kenyan Tea. This section summarizes the findings of the study. This was illustrated by the extent of agreement with the statements in the questionnaire in support of competitiveness of Kenyan tea in the global market. The findings indicated that in general, competitiveness of Kenyan was influenced significantly by strategic management practices.

5.2.1 Influence of Market Development on Competitiveness

The first objective of the study was to evaluate the Influence of Market Development Practices on Competitiveness of Kenyan Tea in the global market. Regression and correlation results indicated that there was a positive and significant relationship between market development and competitiveness of Kenyan Tea in the global market. The study findings further revealed that market development influences competitiveness of Kenyan Tea.

Largely, among the item statements of market development which influence competitiveness of Kenyan tea in the global market, consumer preference to Kenyan tea was rated the highest while the item rated least was that suggesting EATTA regulations and conditions influence competitiveness as presented in Table 4.3.Regression and correlation results indicated that there was a positive and significant relationship between market development and competitiveness of Kenyan Tea.

5.2.2 Influence of Product Development on Competitiveness

The second objective of the study was to evaluate influence of product development on competitiveness of Kenyan Tea in the global market. The study results indicated that the respondents agreed with high mean scores. Hypothesis tests revealed that product development had an insignificant influence on competitiveness of Kenyan Tea but the relationship was positive.Up scaling of value addition of Kenyan Tea was rated the highest an indication that value addition precedes patenting which posted a lower mean value. Regression and correlation results revealed that competitiveness of Kenyan Tea in the global market was influenced by other factors other than product development which product development portrayed a negative and significant influence on competitiveness.

5.2.3 Influence of Strategic Planning on Competitiveness

The third objective of the study was to establish the influence of Strategic planning on Competitiveness of Kenyan Tea in the global market. The study regression and correlation results revealed that there was a strong and positive relationship between strategic planning and competitiveness of Kenyan Tea in the Global Market. This relationship was significant. The study results indicated that the respondents agreed with high mean scores. Among the strategic planning that influence competitiveness of Kenyan tea in the global market, the statement suggesting that exportation tariffs reduces competitiveness of Kenyan tea was rated the highest while the item rated the least was that which suggested that automation of Tea Trading systems promotes Competitiveness of Kenyan tea in the global market.

5.2.4 Influence of Strategic Alliances on Competitiveness

The fourth objective of the study was to investigate the influence of Strategic Alliances on Competitiveness of Kenyan Tea in the global market. Regression and correlation results informed that Strategic Alliances significantly influence competitiveness of Kenyan Tea. The influence was positive and significant. The study results exposed that the respondents agreed with high mean scores. In general, among the strategic Alliances variables that influence competitiveness of Kenyan tea in the global market, the statement suggesting that positive governments relations promote tea trade thus enhancing competitiveness was rated the highest while the item rated the least was that which suggested that Collaborations and Networks, and International Certifications such as Fair Trade, Rainforest Alliance among others enhance competitiveness of Kenyan. The respondents further noted that competitiveness of Kenyan tea in the global market was affected by weak market policies, world politics and sanctions, currency fluctuations, dominance of some buyers in tea trade, EATTA regulations, competition from other countries and beverages, government policies and regulations and over-reliance on traditional markets.

5.3 Conclusion

The study findings revealed that market development practices had a positive and significant influence on competitiveness of Kenyan tea in the global market. This was as ascertained by high mean scores in demographic market segmentation, consumer preference on Kenyan tea, new market development and market diversification. Additionally, political volatility of Kenyan global tea markets, price differentiation, market focus and EATTA regulations and conditions had a score that was above average. The study concludes that market development can be enhanced if the Kenyan tea firms develop a marketing plan that spells out the market segments, target market, price differentiation, and market entry strategies that allows the Kenyan tea to penetrate new markets and diversification to new markets thus increasing its competitiveness globally.

The study established that there was a positive relationship between product development and competitiveness of Kenyan tea in the global market but the influence of product development on competitiveness was not significant. The relationship was as determined by a high mean score in value addition, product differentiation, product diversification, product standardization, patenting of Kenyan tea and government tax policies. The study concludes that product development is a key growth strategy for Kenyan tea in the global market. This can enable development of new trade brands that will demonstrate value addition and product differentiation which will be focused to specific markets. Further conclusion is that product diversification, standardization and certification are key strategies for global market competitiveness as they would create brand loyalty and discourage blending of Kenyan tea. However, Kenyan tax and statutory levies increase price of Kenyan tea thus reducing its competitiveness in the global market.

The study findings revealed that there was a positive and significant relationship between strategic planning and competitiveness of Kenyan tea. This was as ascertained by a high mean score in automation of tea trading systems, investment in the state of the art technology, exportation tariffs, export and import subsidies and implementation of strategic plans. The study further concludes that strategic planning is not a very crucial aspect for competitiveness of Kenyan but through strategic planning, Kenyan tea firms can identify innovative practices such as modern value chains and technology advancement which will help in the implementation of the strategic plans and guide in strategic tea trade practices. Thus, a conclusion that strategic planning has a positive relationship and significant influence on competitiveness of Kenyan tea.

The study findings showed that there was positive and significant relationship between strategic alliance and competitiveness of Kenyan tea in the global market which was ascertained by high mean scores in government tea trade policies and agreements, collaborations and networks, international certification and positive governments' relations. The study further concludes that strategic alliances such as intergovernmental collaborations and international treaties that lead to portfolio investments by

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multinational firms can enhance competitiveness of Kenyan tea in the global market. This will further enable creation of business networks between local and multinational tea firms that are involved in packaging and marketing of tea. Further the study concludes that international certification of Kenyan tea will increase its marketability and create brand loyalty thus enhance its competitiveness in the global market.

This thesis has attempted to expand an empirical research framework for strategic management practices and competitiveness of Kenyan tea. The study findings ultimately enhance the field of strategic management which focuses on improving competitiveness of Kenyan tea in the global market. The empirical research framework developed in this study also contributes new knowledge to the field of strategic management aspect of Kenyan tea firms that are keen on product innovation. This thesis has significantly attempted to expand the existing literature in strategic management, market development, product development, strategic planning, strategic alliances and competitiveness by making several significant contributions.

5.4 Recommendations for the Study

Based on the study findings the following recommendations were made;

5.4.1 Managerial Recommendations

To boost competitiveness of Kenyan tea in the global market, the study recommends adoption of a business model by Kenyan tea firms that would accommodate creative marketing strategies such as brand marketing, e-marketing and e-trade. Further, the tea firms should acquire the relevant soft-wares that will allow them to train the users on e-auction, e-coding and value networks creation. This would enhance e-trade of Kenyan in the world market thus improve its competitiveness. This initiative should be included in the tea companies' strategic plans. Electronic tea trade would create a wider publicity of Kenyan tea in the global market enabling a fair competition due to increased players and

reduced bureaucratic tea trade systems. With e-auction, time, place and price utilities are optimized.

5.4.2 Policy recommendations

The study recommends creation of joint regional tea trading blocs as strategic initiatives to uphold Kenyan tea market and product development as well as discover and monitor evolving tea market trends. The regional blocs can promote regional cooperation hence enhance creation of new markets and minimise the entry barriers. This can be done through formation of tea lobby groups which would work closely with the ministry of foreign affairs to identify other markets in Africa which are not the traditional tea markets. This will help in development of partnerships and strategic alliances for tea trade.

The study further recommends the reinforcement of the legal framework to protect the blending of the tea, allow the patenting and protect the trade mark in order to boost competitiveness. The government should institute an efficient legal and regulatory framework to support competitiveness of Kenyan Tea in the global market. Also clear government policies should be developed to facilitate and encourage creation of value networks to enable tea players to move away from a long linear supply chain to a value network in order to make Kenyan Tea a 'hero' crop in the global market and increase its competitiveness.

5.4.3 Theoretical Implications

This study makes significant contributions in the field of strategic management in general and also specifically on the issues with regard to competitiveness of Kenyan tea in the global market. The study confirms existing literature on influence of strategic management practices on competitiveness of Kenyan tea.

5.5 Areas for Further Research

Quality of Kenyan tea has over the years been the strategy adopted by the industry players to sustain the Kenyan market share in the global market. Since the consumers' preferences and tastes are changing, a study on other factors affecting consumer preferences on tea can be conducted. This will present solutions to many challenges facing the Kenyan tea industry based on the price fetched by Kenyan tea in the global market.

A study can be conducted on strategic Inertia because Kenyan tea firms tend to be comfortable with the status quo.

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APPENDICES

Appendix I: Letter of Introduction

Date……………………..

Dear Sir/Madam

RE: VOLUNTARY PARTICIPATION IN RESEARCH DATA COLLECTION

<u>Re: Request to Conduct Research</u>

My name is Esther Wanjiru Maina a PHD student at Jomo Kenyatta University of Agriculture and Technology. I am conducting a study entitled *"Strategic Management practices influencing competitiveness of Kenyan tea in the global market".* The aim of this survey is to obtain your valued feedback and views on the various strategies in use or that can be adopted to enhance competitiveness of Kenyan tea in the global market. The data collected is for research purposes only. All responses received are anonymous and information collected will not be distributed to any other party.

Thank You.

Esther Wanjiru Maina

Appendix II: Questionnaire

TITLE: Strategic Management Practices Influencing Competitiveness of Kenyan Tea in the Global Market

Kindly tick the most appropriate answer (s) or fill in the information required. Your response will go a long way in making this study a success. This information will be treated with utmost confidence and will be used for the purposes of research only.

SECTION A: Background Information

1. Name of the Company…………………………………………………………………….

2. Name of the Respondent…………………………………………………………………..

3. Designation…………………………………………………………………………………..

4. How long have you worked for this organization?

   i.   Less than 1 Year   {   }

   ii.   1-3 years   {   }

   iii.   4-7 years   {   }

   iv.   8-10 years   {   }

   v.   More than 10 years   {   }

5. Indicate the number of years your company have been in Tea Trade

   _____Years

SECTION B: Influence of Market development on Competitiveness

Indicate the extent to which you agree with the following statements in relation to the influence of Market development on Competitiveness of Kenyan Tea in the global market.

5= Strongly Agree - Agree-4=Agree 3= Agree nor Disagree 2=Disagree-21=Strongly Disagree-1

Index	Statement	Strongly Agree	Agree	Agree Nor Disagree	Disagree	Strongly disagreed
1	Demographic Market Segmentation increases competitiveness of Kenyan Teas in the global market.					
2	Consumers preference on Kenyan Tea influence competitiveness of Kenyan tea in the global market					
3	Political Volatility of Kenyan global tea markets influence competitiveness of the Kenyan Tea in the Global Market					
4	Price Differentiation increases Competitiveness of Kenyan Tea in the					

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	global market.					
5	Market segmentation enables new market development increasing competitiveness of Kenyan Tea in the global market					
6	Market diversification influences Competitiveness of Kenyan Tea in the global market					
7	Concentration on traditional global markets (Market Focus) influence Competitiveness of Kenyan Tea in the global Market					
8	EATTA regulations and conditions influence competitiveness of Kenyan Tea in the global market					

9. Other than the above stated factors, advise on other market development aspects

affecting competitiveness of Kenyan Tea in the global market.

a) _____

b) _____

c) _____

d) _____

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SECTION C: Influence of Product development on Competitiveness of Kenya Tea in the Global Market.

State the extent to which you agree or disagree with the following statements on product development influence on Competitiveness of Kenyan Tea in the Global Market.

Strongly Agree -5   Agree-4 Agree nor Disagree -3 Disagree-2strongly Disagree-1

Index	Statement	Strongly Agree	Agree	Agree Nor Disagree	Disagree	Strongly disagree
1	Low Value addition on Kenyan Tea affect Kenyan Tea Competitiveness in the global market					
2	Up scaling of value addition would enhance Kenyan Competitiveness in the global market					
3	Product differentiation would enhance consumer loyalty thus influencing competitiveness of Kenyan Tea in the global market					
4	Product diversification promotes consumer preference enhancing competitiveness of Kenyan Teas in the global market.					
5	Product standardization and certification would					

	enhance competitiveness of Kenyan Tea in the global market					
6	Lack of patenting of Kenyan tea promotes blending reducing competitiveness of Kenyan Tea in the global market					
7	Government tax policies discourages consumption of Kenyan hence reduces competitiveness of the Kenyan Teas in the global market					

8. What are the various ways in which value addition is carried out on Kenyan Tea?

a) _____

b) _____

c) _____

d) _____

9. Does low value addition of Kenyan Tea affect its competitiveness in the global market?

Yes   {   }

No.   {   }

10. If, Yes indicate the ways in which it affects.

    a) _____

    b) _____

    c) _____

    d) _____

11. Describe how the dynamism of consumer tastes and preferences influence Kenyan

Tea Competitiveness in the global Market.

    a) _____

    b) _____

    c) _____

    d) _____

SECTION D: Influence of Strategic Planning on Competitiveness

Index	Statement	Strongly Agree	Agree	Agree Nor Disagree	Disgree	Strongly Disagree
1	Automation of global Tea Trading systems promotes Competitiveness of Kenyan Tea in the global market					
2	Investment in the state of the art technology enhances competitiveness of Kenyan Tea in the global market					
3	Exportation tariffs reduces competitiveness of Kenyan Tea in the global market					
4	Export and Import subsidies affects Competitiveness of Kenyan Tea in the global market					
5	Implementation of strategic plans influences competitiveness of Kenyan tea in the global markets					

State the extent to which you agree or disagree with the following statements regarding strategic Planning influence on Competitiveness of Kenyan Tea in the Global Market.

Strongly Agree -5   Agree-4   Agree nor Disagree -3   Disagree-2

Strongly Disagree-1

6. Indicate other ways that strategic planning would improve competitiveness of Kenyan tea in the global market.

a) _____

b) _____

c) _____

d) _____

SECTION E: Influence of Strategic Alliances on Competitiveness

Strongly Agree -5   Agree-4   Agree Nor Disagree -3   Disagree-2   strongly Disagree-1

Indicate the extent to which you agree with the following statements in relation to influence of Strategic Alliances on Competitiveness of Kenyan Tea in the global market.

Index	Statement	Strongly Agree	Agree	Agree Nor Disagree	Disagree	Strongly Disagree
1	Governments Tea Trade policies and Trade Agreements influence competitiveness of Kenyan Tea in the global Market					
2	Collaborations and Networks enhances competitiveness of Kenyan Tea in the global market					
3	International Certifications such as Fair Trade, Rainforest Alliance					

	among others enhances competitiveness of Kenyan Tea in the global Market					
4	Positive governments relations promotes tea Trade enhancing competitiveness of Kenyan Tea in the global Market					

5. Describe the measures that governments can take to increase competitiveness of the

Kenyan Tea in the global market

a) _____

b) _____

c) _____

d) _____

e)

SECTION F: COMPETITIVENESS

State the extent to which you agree with the following statements in relation to competitiveness of Kenyan Tea in the global market.

Strongly Agree -5   Agree-4 Agree Nor Disagree -3   Disagree-2   strongly Disagree-1

Index	Statement	Strongly Disagree	Disagree	Agree Nor Disagree	Agree	Strongly Agree
1	Global Tea Prices is a reflection of Competitiveness of Kenyan tea in the global market					
2	Tea prices reflect consumer preference on Kenyan Tea					
3	Foreign Exchange earned is an indicator of competitiveness of the Kenyan Tea in the Global Market share					
4	Foreign Exchange earned is a reflection of the consumer preference to Kenyan Tea.					
5	World Market Share signifies Kenyan tea is more competitive in the global market					
5	Market share of Kenyan tea signifies consumers preference of					

	Kenyan Tea					
6	Quality of Kenyan tea contributes to Competitiveness of the Kenyan Tea in the global market.					

7. What other variables in your opinion affect Competitiveness of Kenyan Teas in the global market.

      a) _____

      b) _____

      c) _____

      d) _____

8. Does blending of Kenyan Tea with other teas of low quality influence the competitiveness?

      Yes   {   }

      No   {   }

Appendix III: EATTA Membership List

CATEGORY		COMPANY	ENTRY DATE	CODES
PRODUCER				
KENYA	1	DL Koisagat Tea Estate Ltd		DKTE
	2	Eastern Produce Kenya Ltd		EPKL
	3	Emrok Tea Factory (EPZ)	(06/2012)	ETFE
	4	James Finlay (Kenya) Ltd		JFKL
	5	Kaisugu Ltd		KAIL
	6	Karirana Estates Ltd		KARL
	7	Kibwari Ltd		EPKI
	8	Kipkebe Ltd		KIPL
	9	Kapchebet Tea Factory Ltd	(02/2007)	KATF
	10	Kapcheluch Tea Factory Ltd	Nov-12	KPTF
	11	Kenya Tea Development Agency Ltd		KTDA
	12	Kiptagich Tea Estate Ltd	(05/1996)	KTEL
New	13	Kuresoi Tea Factory Ltd	(01/2015)	KUTF
	14	Lasit Tea Factory Limited	(11/2011)	LTFL
	15	Maramba Tea Factory Ltd	(02/2002)	MTFL
	16	Mau Tea Multipurpose Co-operative Society Ltd		MTMC
	17	Mogeni Tea Factory Ltd	(06/2012)	MOFL
	18	Nandi Tea Estates Ltd		NTEL
	19	Nyayo Tea Zones Devt. Corporation		NTZD
	20	Ngorongo Tea Company Ltd		NTCL
	21	Siret Tea Company Ltd		EPSI
	22	Sotik Highlands Tea Estate		SHTE
	23	Sotik Tea Company Ltd		STCL
	24	Unilever Tea Kenya Ltd		UTKL
	25	Williamson Tea Kenya Ltd		WTKL
BUYER	1	Abbas Traders Ltd	(01/1986)	ATL
	2	Ace Commodities	(08/2002)	ACE
	3	Afribridge Trade Exporters Ltd	(01/1999)	ATE

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		Name	Date	Code
	4	Africa Tea and Coffee Company Ltd	03/2008)	ACC
	5	Afro Teas Ltd	(09/2010)	AFL
	6	Aimco Enterprises Limited	(07/2009)	AES
	7	Akaba Investments Ltd	(08/2002)	AKA
	8	AL Khalifa Enterprises Ltd	(07/2013)	AKE
	9	Alanwood Ltd		AWL
	10	Al-Emir Ltd	(02/82)	AEL
	11	Alibhai Ramji (Msa) Ltd		ARM
	12	Al-Itihad Ltd	(07/2014)	ALL
	13	Almasi Chai Kenya Limited	25/2011	ACK
	14	Apt Commodities Ltd	(11/2000)	ACL
	15	Black Dew Ltd	(02/2007)	BDL
New	16	Burale Clearing and Forwading Ltd	(01/2015)	BCF
	17	Cargill Kenya Ltd	(05/1999)	CKL
	18	Cemm Traders Ltd	(02/2014)	CTL
	19	Chai Trading Company Limited	(09/2003)	CTC
	20	Chamu Supplies	(01/2006)	CSS
	21	Cofftea Agencies Ltd	(11/1992)	CFT
	22	Cropwell Commodities Ltd	(07/2003)	CCL
	23	Dafina Tea Traders Ltd	(08/2012)	DTT
	24	Devchand Keshavji (Kenya) Ltd		DKL
	25	Diamond Tea Exporters (K) Ltd	(06/1993)	DTE
	26	Gacal Merchants Ltd	(09/1997)	GML
	27	Global Tea and Commodities (K) Ltd	(01/1991)	GTC
	28	Gokal Beverages (EPZ) Ltd	(05/2008)	GBL
	29	Gokal Trading (Kenya) Ltd	(03/2005)	GOK
	30	DL Redwood Limited	(07/2014)	DLR
	31	Green Leaf Trading Co. Ltd	25/2011	GLT
	32	Highland Taste Ltd	(03/2001)	HTL
	33	Hydery (P) Ltd	(77)	HYD
	34	Indo-African Tea Company (Kenya) Ltd	02/2012	ITC
	35	Imperial Teas (EPZ) Ltd	25/2011	IMT
	36	Impulse General Supply Ltd.	05/2011	IGS
	37	James Finlay Mombasa Ltd		JFL
	38	Janish Tea Ltd	(04/1997)	JAN

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39	Jawai Tea Ltd	(03/2005)	JTL
40	Juja Coffee Exporters Ltd	(11/1977)	JJC
41	Kenya Nut Company Limited	(11/2014)	KNL
42	Kentea Grinline Ltd		KRC
43	Kirindo Traders Ltd	(05/1999)	KIR
44	Kinengena Agro And Mineral Logistics Ltd	(02/2014)	KAL
45	L.A.B. International (K) Ltd	(12/1995)	LAB
46	Lindop and Company (Kenya) Ltd	(07/2005)	LCL
47	Lula Trading Co.	(05/2003)	LTC
48	Lutex Limited	(07/1994)	LUT
49	M.J. Clarke Ltd	(82)	MJC
50	Mara Chai Limited	(11/2014)	MAC
51	Maymun Enterprises Ltd	(09/1999)	MAY
52	Mcleod Russel Africa Limited	(11/2014)	MRA
53	Mombasa Advance Logistics Limited	(11/2011)	MAL
54	Mombasa Coffee Ltd	(05/1986)	MCL
55	Mombasa Tea Traders Ltd	(05/2004)	MTT
56	Naushad Trading Company Ltd	(07/2014)	NTC
57	Oriental Tea Expo Ltd	(03/1992)	ORT
58	Pwani Hauliers	(09/2007)	PWS
59	Ranfer Teas (Kenya) Ltd	(03/2001)	RTK
60	Rauf Coffee and Tea Exporters Ltd	(03/1986)	RAU
61	Riotana Trading Limited	(09/2001)	RIO
62	Sardia International Co. Ltd	(01/2006)	SIC
63	Sasini Limited	(09/1996)	SLD
64	Shakab Imports Exports Co. Ltd	(03/1996)	SKB
65	Sondhi Trading Ltd	(02/2002)	SON
66	SSOE (Kenya) Ltd	(11/2014)	SSO
67	Stansand (Africa) Ltd	(/1978)	SAL
68	Summer Liner Company Ltd	(03/2008)	SLC
69	Suwad Enterprise Limited	(07/2009)	SEL
70	Tanjal Tea Company Ltd	(07/1992)	TTC
71	Tecof Trading Ltd	(07/2013)	TTL
72	Tropical Crops and Commodities	05/2011	TCC

	73	Trust Tea Traders East Africa Ltd	(08/2002)	TTT
	74	Unilever Tea Kenya Ltd		UTK
	75	United (E.A) Warehouses Ltd	(11/2011)	UWL
	76	Van Rees Kenya Ltd	(9/2014)	VKL
	77	Waso Tea Enterprise Ltd	(08/2012)	WTE
BROKER	1	Africa Tea Brokers Ltd		ATBL
	2	Anjeli Ltd		ANJL
	3	Bicorn Exim Tea Brokers Ltd		BICL
	4	Centreline Tea Brokers Ltd		CENT
	5	Choice Tea Brokers Ltd		CTBL
	6	Combrok Ltd		COMK
	7	Prudential Tea Brokers (E.A.) Ltd		PTBL
	8	Tea Brokers East Africa Ltd		TBEA
	9	Union Tea Brokers Ltd		UNTB
	10	Venus Tea Brokers Ltd		VENS
WAREHOUSES	1	Bahari (T) Company Ltd		BCL
		Bahari (T) Company Ltd Mwatate Street Transit Warehouse No. 61		BCL061
		Bahari (T) Company Ltd Mashundu Street Transit Warehouse No. 82		BCL082
	2	Bryson Express Ltd		BEL
		Bryson Express Ltd Unga St. Bonded Warehouse No. 475		BEL475
		Bryson Express Ltd Unga St. Bonded Warehouse No. 122		BEL122
	3	Cargill Kenya Ltd		CKL
		oriental Tea Expo Ltd		CKL003
		Cargill Kenya Ltd Mwinyi Mpate Road Godown No.5		CKL005
		Cargill Kenya Ltd Unga St. Road Godown No.7		CKL007
		Cargill Kenya Ltd Godown No.8		CKL008
		Cargill Kenya Ltd Dar-es-Salam Road Transit Warehouse No. 66		CKL066
		Cargill Kenya Ltd Dar-es-		CKL092

	Salam Road Transit warehouse No. 92 Cargill Kenya Ltd Dar-es-Salam Road Transit warehouse No. 109		CKL109
	Cargill Kenya Ltd Bonded Warehouse No.444		CKL444
4	Chai Trading Company Ltd		CTC
	Chai Trading Company Ltd Miritini Complex		CTCMTI
	Chai Trading Company Ltd Shimanzi Complex		CTCSHZ
	Chai Trading Company Ltd Farmers Complex Changamwe		CTCFMR
	Chai Trading Company Ltd Farmers Complex Annex		CTCANX
	Chai Trading Company Ltd Miritini Annex		CTCJMV
	Chai Trading Company Ltd Miritini Annex 2		CTCJM2
	Chai Trading Company Ltd Mengo Road Changamwe Complex		CTCMRD
	Chai Trading Company Ltd Chai Shimanzi Zanzibar Road		CTCSH2
	Chai Trading Company Ltd Liwatoni Warehouse		CTCLWN
	Chai Trading Company Ltd Mengo Road Annex		CTCMRA
5	DL Koisagat Tea Estate Ltd	(11/2014)	DLC001
6	James Finlay Mombasa Ltd		JFL
	James Finlay Mombasa Mashundu St. Godown No.1		JFL001
	James Finlay Mombasa Mashundu St. Godown No.2		JFL002
	James Finlay Mombasa Mashundu St. Godown No.3		JFL003
	James Finlay Mombasa Mashundu St. Godown No.4		JFL004
	James Finlay Mombasa Mashundu St. Godown No.5		JFL005
	James Finlay Mombasa Chai St. Godown No. 7		JFL007
	James Finlay		JFL110

	MombasaTransit Warehouse No. 110 James Finlay Mombasa Bondede Warehouse No. 456	JFL456
7	Mitchell Cotts Freight Kenya Ltd	MCK
	Mitchell Cotts Freight Kenya Voi St. Godown No.1	MCK001
	Mitchell Cotts Freight Kenya Voi St. Transit Warehouse No. 58	MCK058
	Mitchell Cotts Freight Kenya Voi St. Bonded Warehouse No.63	MCK063
	Mitchell Cotts Freight Kenya Zanzibar Road	MCK002
	Mitchell Cotts Freight Kenya Makupa Courseway	MCK003
	Mitchell Cotts Freight Kenya Unga Street - Free Warehouse No 4	MCK004
	Mitchell Cotts Freight Kenya Jomvu Warehouse No 05	MCK005
8	Peerless Tea Services Ltd Mwinyi Mpate St. Transit Warehouse No. 106	PTS106
9	Risala Limited Mozambique Road,Shimanzi,TTW No.140.	RIL140
10	Bollore Africa Logistics Kenya	BAL
	Bollore Africa Logistics Kenya Changamwe Tea Complex Transit Warehouse No. 7	BAL078
11	SGS Kenya Ltd	SGS001
12	Siginon Freight Ltd	SFL
	Siginon Freight Ltd Shimanzi	SFL001
	Siginon Freight Ltd Changamwe	SFL003
13	Tea Warehouses Ltd	TWL
	Tea Warehouses Ltd Mahindi St. Godown No.1	TWL001

		Tea Warehouses Ltd Mahindi St. Godown No.2		TWL002
		Tea Warehouses Ltd Mahindi St. Transit Warehouse No.105		TWL105
		Tea Warehouses Ltd Mahindi St. Bonded Warehouse No.372		TWL372
		Tea Warehouses Ltd Mbaraki Warf Godown		TWL003
	14	Ufanisi Freighters (K) Ltd		UFK
		Ufanisi Freighters (K) Ltd Transit Warehouse No. 77		UFK077
		Ufanisi Freighters (K) Ltd Bonded Warehouse No. 197		UFK197
	15	United (EA) Warehouses Ltd		UWL
		United (EA) Warehouses Ltd Mashundu St. Godown No. 420		UWL420
		United (EA) Warehouses Ltd Mashundu St. Transit Whse No. 72		UWL072
PACKER	1	Chai Trading Company Ltd	(06/2012)	CTL
	2	Chippendales Kenya Ltd	(11/2010)	CHK
	3	Gold Crown Beverages (Kenya) Ltd	(05/2001)	GCB
	4	Karirana Estates Ltd	(07/2013)	KEL
	5	Kenya Nut Co. Ltd	(09/1996)	KNC
	6	Kenya Tea Packers Ltd	(01/2000)	KTP
	7	Majani Bora Packers Ltd	(05/1999)	MBP
	8	Royal Tea Ltd	(09/1995)	RTL
	9	Sasini (K) Limited	(03/2006)	SSK
	10	Tower Bridge Tea Company Ltd	(05/1999)	TBC
ASSOCIATE	1	Unilever Kenya Limited	(06/2012)	UTK-B
	2	National Agriculture Export Development Board (NAEB)	(03/2013)	NAE-B
	3	Family Bank Limited	(11/2013)	FBL-E
	4	Citibank N.A	(02/2014)	CBN-E
new	5	Polucon Services (K) Ltd	(01/2015)	PSL-C

SUMMARY	Numbers
Producers	25
Brokers	10
Buyers	77
Warehouse	15
Packers	10
Associate	5
Total Membership	**142**

Source: EATTA, (2016)