ROLE OF STAKEHOLDER MANAGEMENT STRATEGIES ON OPERATIONAL PERFORMANCE OF SMALLHOLDER TEA SECTOR IN KENYA

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Role of Stakeholder Management Strategies on Operational Performance of Smallholder Tea Sector in Kenya

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DECLARATION

This thesis is my original work and has not been presented for a degree in any other University.

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DEDICATION

To my wife Mercy Wamaitha, my daughters Maureen Njeri, Natasha Wanjiru and my son Daniel Kariuki for all support, encouragement and prayers. They sacrificed and allowed me to go back to school at a time they needed me most. May the grace of our Lord Jesus Christ which surpasses human understanding be with you always. I also dedicate this work to my deceased parents for emphasizing to me the need for education at a very young age.

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ABBREVIATIONS AND ACRONYMS

AAAE	American Association for Agricultural Education
AFA	Agriculture and Food Authority
ANOVA	Analysis of Variance
CLRM	Classical Linear Regression Model
CPDA	Christian Partners Development Agency
CSR	Corporate Social Responsibility
CSSP	Center for the Study of Social Policy
CTC	Crush Tear Curl (Cut Tear Curl)
CVBs	Convention and Visitors Bureaus
DTS	Deposit Taking Sacco
EATTA	East African Tea Trade Association
ERS	Economic Recovery Strategy
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross Domestic Product
IIRC	International Integrated Reporting Council
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KeNHA	Kenya National Highways Authority
KHRC	Kenya Human Rights Commission
KTDA	Kenya Tea Development Agency (Formerly: Kenya Tea Development Authority)
KTGA	Kenya Tea Growers Association
KUSSTO	Kenya Union of Small Scale Tea Owners
MALF	Ministry of Agriculture, Livestock and Fisheries
MDGs	Millennium Development Goals
MMR	Moderated Multiple Regression
MNC	Multinational Corporation
MOA	Ministry of Agriculture
NTDC	Nyayo Tea Development Corporation
OLS	Ordinary Least Squares
PBT	Profits Before Tax
PMI	Project Management Institute
PRSPs	Poverty Reduction Strategy Papers
RBT	Resource Based Theory
SACCO	Saving and Credit Cooperative Society

SIT	Social Identity Theory
SPSS	Statistical Package of Social Sciences
TBK	Tea Board of Kenya
UNFECC	The United Nations Framework Convention on Climate Change
VIF	Variance Inflation Factor

OPERATIONAL DEFINITION OF TERMS

Defensive Strategy Refers to stakeholder management strategy that helps companies to retain valuable customers that can be taken away by competitors. The strategy involves making it difficult for competitors to acquire the market share and the new entrants to access the market through reinforcing current beliefs about the firm and maintain existing programs and letting the stakeholder drive the integration process (Donaldson & Preston, 2011).

Hold Strategy Refers to stakeholder management strategy that requires a firm to monitor a stakeholder group by proactively maintaining the status quo, while keeping the use of financial resources and management to a minimum (Argandona, 2011).

Multinational Corporation Comprises of facilities and other assets in at least one country other than its home country. Such companies have offices and/or factories in different countries and usually have a centralized head office from where they coordinate global management (Sumru & Elif, 2015).

Offensive Strategy Refers to a stakeholder management strategy that consists of actively pursuing changes within the industry by investing heavily in research and development (R&D) and technology in an effort to stay ahead of the competition. In relation to this study includes trying to change stakeholder objectives or perceptions, to adopt the stakeholder position or to link the program to others that the stakeholder views more favourably (Felício & Rodrigues, 2012).

Operational Performance	Refers to performance measured against indicators of effectiveness, efficiency, and environmental responsibility such as, quality, cycle time, productivity, cost reduction, and regulatory compliance. Operational performance expresses a programme of change and improvement intended to align all business units within an organization to ensure that they are working together to achieve core business goals (Valenti, Luce, & Mayfield, 2011).
Smallholder tea Sector	Refers to all tea growers falling under the umbrella of KTDA (AFA Tea Directorate, 2017).
Stakeholder	Refers to any individual or group of individuals with vested interests in the outcome of an organization's actions (CSSP, 2013).
Stakeholder Analysis	Refers to technique used to identify and assess the influence and importance of key people, groups of people, or organizations that may significantly impact the success of a project (Felício & Rodrigues, 2012).
Stakeholder Engagement	Is the process of effectively eliciting stakeholder's views on their relationship with the organization/program/projects (Friedman & Miles, 2006).
Stakeholder Management Strategy	Refers to a strategy that identifies and documents the approach to take according to power and influence of key stakeholders in order to increase support towards an organization objectives and decrease negative impacts (Fontain, Haarman & Schmid, 2010).

Strategy	A plan of action designed to achieve a long-term objective for the organization through its configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations (Felício & Rodrigues, 2012).
Strategic Management	The process and approach of specifying the organization's broad objectives, developing the necessary policies and plans to achieve these broad objectives. It also involves allocating resources so as to implement the policies and plans (Raduan, Jegak, Haslinda, & Alimin, 2009).
Swing Strategy	This strategy adopts cautious collaboration and the firm makes it more difficult for stakeholders to oppose the organization. The strategies maximize the cooperative potential and thereby minimize the potential threat. This maximizes stakeholders' positive influencing abilities and minimizes threatening abilities (Blair et al., 2011).

ABSTRACT

Kenya's overall economic and social development is highly dependent on the growth and development of the agricultural sector. The tea industry has contributed significantly to the economic development of the country, Kenya. Its importance cannot be underestimated in the country. Despite its importance, the tea sector is facing a number of constraints. These challenges require effective stakeholder management strategies in order to enhance operational performance of the sector. The purpose of the study was to establish the role of stakeholder management strategies on operational performance of smallholder tea sector in Kenya. The study sought to establish the role of offensive strategy, hold strategy, defensive strategy and swing strategy on performance of smallholder tea sector in Kenya. The study was based on the Stakeholder Theory, Resource Based Theory, Corporate Social Responsibility Theory, value Chain Theory and Dynamic Capability Theory. The study adopted a survey research design. The target population comprised of 708 directors, production managers, field officers and the factory unit managers in the smallholder tea sector in different tea regions in Kenya. The sample size of the study was 256 respondents and it was determined by the use of Slovin's sample size determination formula. The study used stratified random sampling based on different tea regions to select a representative sample of the population. A pilot study was carried out to test the reliability and validity of the data collected. Data was collected through use of questionnaires and analysed using the statistical package for social sciences software, version 21. Quantitative data was analysed using descriptive statistics and inferential statistics used to make predictions from the sample and make generalizations about a population. Qualitative data was analysed using the content analysis method. Data was presented using summary statistics, tables and figures. The study adopted regression analysis to test the relationship between the independent and dependent variables. The study established that exclusive use of either offensive, hold, defensive or swing strategy has a positive and significant relationship with operational performance of smallholder tea sector in Kenya. Further, the study established that offensive, hold, defensive and swing strategies combined had significant relationship with performance of smallholder tea sector in Kenya. From the study findings, stakeholder engagement had a strong moderating effect on the relationship between exclusive use of either offensive, hold, defensive, swing strategy or collective use stakeholder management strategies and the operational performance of smallholder tea sector in Kenya. Stakeholder management strategies enhance operational performance of smallholder tea sector in Kenya in terms of reduction of costs, new product varieties, sales volume and the quality of tea. The exploration of the linkage between stakeholder management strategies and operational performance of smallholder tea sector in Kenya, provides not only significant contribution to the strategic management literature but also enables managers to employ the right stakeholder management strategies for their firms to compete in the fast changing business environment, particularly, in developing countries. Another major contribution underlies the assumption of Stakeholder Theory as used in this study, to the effect that stakeholder management strategies of offensive, hold, defensive, swing and stakeholder engagement strategies influence performance of smallholder tea sector in Kenya. The study recommends that for firms to achieve enhanced performance, they must carry out a process of stakeholder analysis to align stakeholder management strategies to the correct category of stakeholder relationship. The study also recommends that policy managers of these firms should consider aligning their stakeholder management strategies and stakeholder engagement as one of the environmental variables so as to enhance performance in this ever changing global business environment.

CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter highlights the historical background, the global, regional and the Kenya perspective of the tea sector. The structure of the smallholder tea sector is also highlighted. The chapter gives the statement of the problem, the overall research objective and the specific objectives of the study. The research hypotheses relating to each of the five specific objectives are formulated in this chapter. This chapter also provides the justification and highlights the scope and limitations of the study.

1.1.1 Background of the Study

The concept of stakeholder management is firmly embedded within the field of strategic management (Freeman & McVea, 2016; Haberberg & Rieple, 2008). Stakeholder management strategies have received considerable public and institution's attention both in developed and developing world (Ackermann & Eden, 2011).Companies are searching for ways to develop long-term, collaborative relationships with their stakeholders. According to Šmakalova (2012), effective stakeholder management strategies are vital to ensuring organizations improve on their performance. There is a fundamental assumption in business environment that stakeholder management is central to business success. The capability of a firm to create and sustain organizational wealth depends on the competitive effectiveness of its value chain. This in turn, is determined by the firm's relationships with the stakeholders (Kimathi & Muriuki, 2014).

The ability of a firm to establish favorable interactions with a multitude of stakeholders is a necessary condition for the maximization of shareholder value. The quality and effectiveness of stakeholder relations management determines an organization's capability to generate sustainable organizational wealth. Thus, the need for the implementation of good stakeholder management strategy is not only

social, but also good for improvement of performance (Ventilava & Sanela, 2017). Diverse stakeholders interact within an organizational network, which may be construed as a set of relationships, explicit or implicit, across both external and internal environments (Wagner, Alves, & Raposo, 2012). Thus, lack of stakeholder management strategies has an adverse effect on stakeholder satisfaction (Carvalho & Junior, 2015). According to Heravi and Trigunarsyah (2015) organizations without committed stakeholders were more likely to fail, resulting in unpredictable consequences for the organization. Organizational leaders or managers recognize the relative importance of addressing stakeholders' needs yet surprisingly don't adopt effective strategies for managing their stakeholders (Mishra & Mishra, 2013).

1.1.2 Concept of Stakeholder Management Strategy

Stakeholder management strategy can also be described as strategic management of stakeholder relationships that seek to identify and document the approach to take according to power and influence of key stakeholders in order to increase support towards an organization objectives and decrease negative impacts (Fontain, Haarman, & Schmid, 2010). The first step in developing stakeholder relationships is to acknowledge and actively monitor the concerns of all legitimate stakeholders. A firm should adopt processes and modes of behaviour that are sensitive to the concerns and capabilities of each stakeholder. Information should be communicated consistently across all stakeholders. A firm should be willing to acknowledge and openly address potential conflicts arising from stakeholders (Ackermann & Eden, 2011).

The last few decades have witnessed firms that have had relatively significant success with various kinds of stakeholder management strategies. A leading example is the Šmakalova (2012) model which offered four distinct strategies namely offensive, defensive, hold and swing strategies that outstanding managers use to influence firm performance. An offensive strategy is a type of corporate strategy that consists of actively trying to pursue changes within the industry. Firms that go on the offensive generally invest heavily in managing the stakeholders in an

effort to stay ahead of the competition. They also challenge competitors by cutting off new or underserved markets, or by going head-to-head with them.

Offensive strategies include direct and indirect attacks or moving into new markets to avoid incumbent competitors (Yannopoulous, 2011). Hold strategy involves maintaining position or programs and monitoring of stakeholders for changes in their position. Hold strategy according to Heriyati, Heruwasto, and Wahyuni (2010) should be adopted when a group is marginal. The company should continue with its current strategic program when managing stakeholders with low co-operating and low threatening potential.

Swing strategy is adopted by a firm when a group is mixed blessing whereby the firm has to take decisions such as changing or influencing the rules of the game that governs stakeholder interaction, the decision forum and the transaction process as observed by Šmakalova (2012). This group of stakeholder can either assist or hinder organizational capabilities. Defensive strategies are management tools that can be used to fend off an attack from a potential competitor. The strategic objective of encirclement strategies is long-term market dominance as observed by Yannopoulous (2011). Defending business strategically that the organization is in is about knowing the market it operates in and about knowing when to widen your appeal to enter into new markets. Defensive strategies are about holding onto what the organization have and using competitive advantage to keep competitors at bay (Hitt, Ireland, & Hoskisson, 2014). The companies should adopt defensive strategy for competitors. In this case, it is better to keep this group of stakeholders for ‘friends’ than ‘enemies’ although the company has very small benefit from them.

1.1.3 Global Perspective of Tea Sector

Tea is the second most popular non-alcoholic beverage in the world after water and has been gaining further popularity as an important health drink in view of its purported medicinal value (Nasir & Shamsuddoha, 2011). Tea is grown commercially in more than 35 countries but production remains concentrated in a few of these countries with the top seven producers accounting for 90per cent of the production. The leading world tea producers in order of ranking are China, India,

Kenya, Sri-Lanka, Vietnam, and Turkey. Tea cultivation is confined only to certain specific regions of the world due to specific requirements of climate and soil (Basu, Bera, & Rajan, 2012).

Historically, tea production was dominated by large tea estates but smallholders have increasingly become the main producers in global tea trade. It is estimated that 8 million farmers in Africa and Asia are responsible for 70 per cent of global tea production (FAO, 2016). Kenya is the largest exporter of black CTC tea in the world accounting for 22 per cent followed by China, Sri-lanka, India and Vietnam, respectively. Vietnam is the third leading producer of black CTC tea in the world accounting for 10 per cent of the total world tea production (Wambui, Kubaison, & Mathias, 2016).

1.1.4 Regional Perspective of Tea Sector

Africa produces tea of high quality and excellent bright colour which is used for blending all over the world. Malawi is the pioneer of tea growing in Africa with commercial production starting in the 1880s. The major tea producing countries in Africa include Kenya, Malawi, Tanzania, Zimbabwe and South Africa with total production of about 30% of world exports amounting to some 514,742 tonnes of tea. In Africa, Kenya is the largest producer and exporter of black CTC tea (TBK, 2011). Smallholder tea growers in Kenya produce most of the tea in the region but receive low and fluctuating prices for their produce. Kenya has become more productive on the regional market because of increased smallholder tea production whereas in other countries, the majority of tea fields are owned by private companies and multinationals (Kagira, Kimani, & Githi, 2012).

Despite its importance in the region, the tea sector is faced with a number of constraints. Tea production is hindered by rising production costs (labour, fuel and electricity), mismanagement, age of tea bushes, high overhead costs, bad agricultural practices, low labour productivity, climate change and dilapidated infrastructure. In real terms, prices of tea have gone down by about 35% in the past 25 years (Mulder, 2009). Kenya is the largest tea exporter in the region but its top position is threatened by emerging producers. EATTA is the membership

organization that is fully in charge of this crucial sector in the region with a current membership of about 240 members from across the tea industry.

1.1.5 Local Perspective of Tea Sector

Kenya's economy is predominantly agrarian, with more than 70 percent of its people dependent on agricultural related farm and off-farm activities for their livelihoods (Sheahan, Ariga, & Jayne, 2016). In particular, the tea sub-sector has contributed significantly to the overall economic and social development of the country and, therefore, its importance cannot be underestimated (Kimathi & Muriuki, 2014). The tea industry contributes 4 per cent of GDP with the government of Kenya listing the sector as one of the pillars for realizing Vision 2030 (Ministry of Agiculture Livestock and Fisheries, 2015).

The tea industry is the leading foreign exchange earner accounting for 20% of the total agricultural export earnings in Kenya. Over 95 per cent of the tea produced in Kenya is exported while the rest is consumed locally. Tea exports amounted to about KShs 97 billion (US$ 1.2 billion) in 2010, followed by horticulture at KShs 78 billion (MOA, 2011). By the year 2008, the sector employed approximately 3 million people directly and indirectly; a figure which translated to about 10 per cent of the Kenya population (KHRC, 2008).The smallholder tea sector contributes immensely towards employment and improves the quality of life of rural families (Simbua & Loconto, 2010).

The history of Kenya's tea can be traced back to 1903 when Caine, a European settler introduced the first seedlings from India. The cultivation of tea for commercial purposes in Kenya commenced in 1924. The early settlers and colonial government restricted tea growing to large scale farmers and multinational companies in the country. Thereafter, the government recognized the potential of the smallholder tea growing as a vehicle for rural development and economic empowerment of the indigenous Africans. In 1963, the government passed various land reform bills through Parliament that had far reaching implications on agriculture in the country. Thereafter, tea growing has spread widely to several

parts of Kenya as a major economic activity for many smallholder farmers (Kagira, Kimani, & Githi, 2012).

The tea industry in Kenya depicts a supply chain comprising of a web of actors ranging from regulators, agencies, producers, collectors, traders/brokers and packers. The industry is well structured right from the apex regulatory body, through to the producers, the traders, the blending and packing establishments. The AFA Tea Directorate is the successor of the former regulatory institution, the Tea Board of Kenya and it is mandated to license tea factories, to register buyers, brokers, packers, management agents and promote Kenya's tea in the local and international markets.

AFA Tea Directorate Board has 16 members who represent all the key players in the industry (AFA Tea Directorate, 2017). Although the tea industry has been completely liberalized, government control still exists under the AFA Tea Directorate whose directors are directly elected by key stakeholders in the industry. According to Kariuki (2010), the main stakeholder groups in the smallholder tea sector in Kenya include the Government of Kenya, Tea factories, Foreign Diplomatic Missions, Kenya Diplomatic Missions, Tea Councils, Government Agencies, General Public, The Media, Tea Traders and Farmers. The tea industry operates under the auspices of the Ministry of Agriculture, Livestock and Fisheries (MALF) for technical and policy guidance.

1.1.6 Smallholder Tea Sector in Kenya

The tea growing industry in Kenya is unique because it has two separate sectors; plantations and smallholder tea growers. The plantation sector is owned by large scale tea producers and private companies, while the smallholder sector is owned by local small scale growers. The large plantations in Kenya are dominated by Unilever, James Finlays, George Williamson, Eastern Produce Kenya Limited, Sotik Tea Co and Sasini Limited. Smallholder tea farmers are defined as those farmers owning small parcels of land on which they grow subsistence crops and relying almost exclusively on family labour, with less than eight hectares (Nyangito & Kimura, 2009). KTDA holdings is a private company owned by smallholder tea

factories owned directly by the farmers as individual shareholders as shown in Figure 1.1.

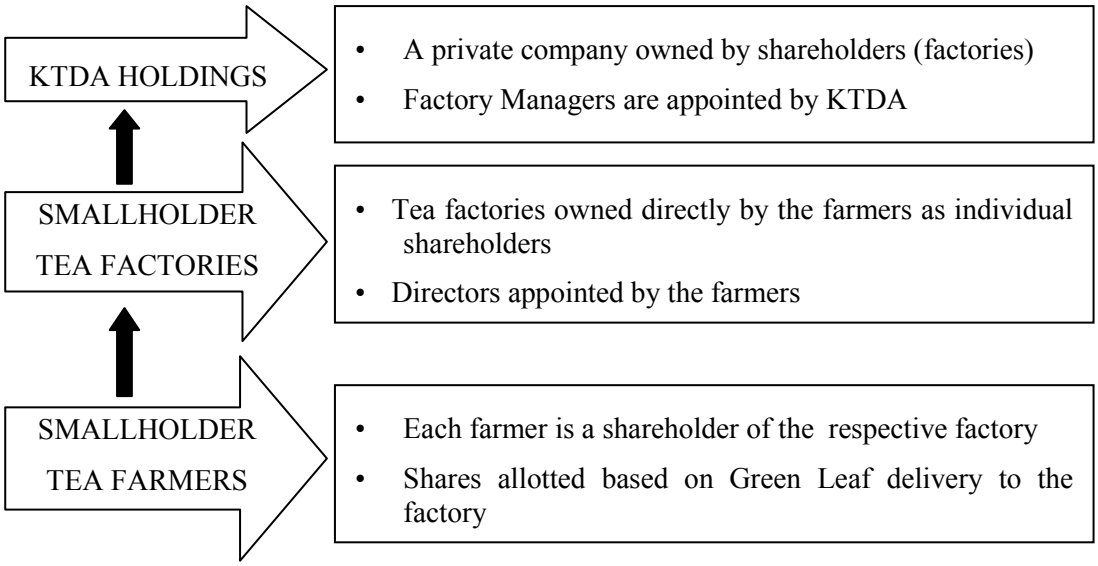

Figure 1.1: Structure of the Smallholder Tea Sector in Kenya

Source: AFA Tea Directorate, 2017

The smallholder tea sector constitutes 60% of the total tea production, the balance coming from the large tea estates. In 1960, the smallholders had 1,002 hectares (6.3%) of land under tea while the estates had 14,935 hectares (93.7%). By the year 2010 the smallholders had 115,023 hectares (69.9%) of tea while the estates had 56,893 hectares (30.1%). The smallholders produced 149 metric tons (1.1%) while the estates produced 13,627 metric tons (98.9%) of tea in 1960. As at 2010, the smallholders produced 224,980.9 metric tons while estates produced 174,255.2 metric tons. The estates produced 912 kg while the smallholder's production was 149 kg made tea per hectare in 1960. Both have steadily improved to 3,059 and 1,956 kg per hectare respectively, with a national average of 2,321 kg per hectare by 2010 (Owuor, 2011). The increase in production by smallholder farmers is mainly due to expansion in acreage rather than better agronomic and processing skills (Keraro, Mokamba, Cheluget, Kithitu, & Mbogo, 2012). KTDA has exclusive control over the provision of planting material and extension services to the

smallholder farmers, provision of fertilizers, inspection, collection of green leaf from farms, processing and marketing (Kimathi & Muriuki, 2014).

The tea industry is experiencing many challenges, chief among them being over production of black tea globally and declining tea prices (Kegonde, 2005). There are also challenges arising from new and emerging international standards on quality and consumer requirements (Chan, Marta, Mihretu, & Tamiru, 2010). The smallholder tea sector in Kenya is grappling with increased costs of factor inputs, exemplified by the labour costs that have gone up an average of 200 per cent between 2001 and 2015 (AFA Tea Directorate, 2017).The smallholder tea farmers face limitations in decision making on the processing and marketing of their tea through KTDA tea factories (Keraro et al., 2012).

The tea farmers, therefore, have shown increasing interest in production of horticultural crops for income and livelihoods as income from tea is insufficient to meet their needs (Kanyua, Ithinji, Muluvi, Gido, & Waluse, 2013). According to Kagira, Kimani and Githi (2012), there is an increase in tea hawking practices as small scale tea farmers prefer to sell their green leaves for immediate payment than wait for the monthly payment and annual bonus. Tea hawking has a negative impact on smallholder farmers' revenues. Recent developments indicate that the multinationals depend on the smallholder farmers for up to 50 per cent of their production. However, such practices should awaken the industry leaders which have a myriad of the challenges in the smallholder tea sub-sector (FAO, 2016).

The above challenges could emanate from lack of proper coordination and consultation between various stakeholders in the smallholder tea sector (EPZA, 2005). According to Blair, Payne, Rotarius, Whitehead and Whyte (2011), stakeholders exert an influence on firm performance. Effective stakeholder management strategies namely offensive, hold, defensive and swing strategies creates positive relationships with stakeholders through the appropriate management of their expectations and agreed objectives (Ackermann & Eden, 2011). Changwony(2012) opines that effective stakeholder management strategies in the tea sector can enhance performance of smallholder tea sector in Kenya. Thus,

failure to engage stakeholders, stakeholder management strategies may not be effective for an organization to achieve its objectives (Ventsislava & Sanela, 2017).

1.2 Statement of the Problem

Šmakalova (2012) stated that organizations addressing their stakeholders' interests will perform better than firms that fail to accommodate them in a proper manner. Changwony (2012) opines that strategic management of stakeholder relationships through adoption of effective stakeholder management strategies are crucial for improved firm performance. According to Ventsislava & Sanela (2017), ineffective stakeholder's engagement affect implementation of stakeholder management strategies meant to enhance performance of firms. The tea sector in Kenya is organized with diverse stakeholders playing different roles that complement each other to enhance perfomance of the sector (Kagira*et al*., 2012). Monroy, Mulinge and Witwer (2013) indicated that there were issues in regard to stakeholders' relationships which could have led to decreased performance of smallholder tea sector in Kenya.

AFA Tea Directorate (2017) report, indicated that smallholder tea sector has seen their revenue dwindling and operating profit growth hampered significantly in the past two decades. The smallholder tea sector in Kenya is still not making enough return on investment, or the returns to the stakeholders' expectations. World Bank (2018), stated that smallholder tea sub sector performance in Kenya over the last decade has not been impressive. The profitability and investment returns on average have been erratic. During the period under review, increases in Profits before Tax (PBT) were below 20% on average terms. In the year 2018, PBT of the sector decreased by 21.6% as compared to the year 2017 when PBT decreased by 14.6%. In the year 2015, PBT of the Kenyan smallholder tea sector decreased by 12.9% as compared to the year 2014 when PBT decreased by 11.4%. This trend is not impressive given that a lot of reforms have been done to enhance performance of small holder tea sector in the country (Atenya & Nzulwa, 2018).

In addition, over the last decade the smallholder tea sector, under management of Kenya Tea Development Agency (KTDA), have annually produced about 60% of Kenya tea. Consequently, KTDA reported a loss of about 40% of tea leaf to large plantations and private producers (FAO, 2016). Further, Tea Research Foundation (2016) established that the performance of the smallholder tea sector in terms of varieties of tea was greatly affected since 45 varieties developed were not adopted by the farmers due to poor stakeholder engagement. Ironically the returns to the smallholder tea farmers have historically remained lower than the plantations and other big producers despite stakeholder engagement (CPDA, 2008; Kenya, Republic of, 2007). Some of the strategic responses used by multinational firms to respond to competition in the sector include the use of stakeholder management strategies to improve their performance (Gachimu & Njuguna, 2017).

A number of studies have been done on the role of the stakeholder management strategies in different sectors. Chang, Fernando and Tripathy (2015) examined the relationship between strategic positioning of firms and their production efficiency. Firms pursuing stakeholder management strategies seek to be the lowest cost producer, primarily by minimizing inputs for a given level of output, thus concentrating on increasing the efficiency of their production processes. Williams (2017) conducted a study on effective stakeholder management strategies for Information Technology Projects. The study findings indicated that stakeholder management strategies improved performance of Information Technology Projects. Adiguzel and Zehir (2016) conducted a study of the effects of competitive strategies on stakeholders' relationship management and stakeholder behaviour. The study concluded that in order to ensure the continuity of the business and implementation of its activities, the businesses should evaluate and analyse the main stakeholders thoroughly and fulfil necessary responsibilities.

From the aforementioned studies, though the stakeholder management strategies has gained a lot of popularity as a tool for improving performance; it has its own challenges in its application which this study seeks to identify especially in the smallholder tea sector in the country. Further, due to the contextual, sectorial and managerial differences among organizations, the application of the stakeholder management strategies cannot be assumed to be similar, unless empirical studies demonstrate so. A gap this study sought to fill. It is on this premise the current study sought to investigate the relationship between stakeholder management strategies (offensive strategy, hold strategy, defensive strategy and swing strategy) and operational performance of smallholder tea sector in Kenya.

1.3 Objectives of the Study

The study was guided by the following general and specific objectives;

1.3.1. General Objective

The purpose of the study was to establish the role of stakeholder management strategies on operational performance of smallholder tea sector in Kenya.

1.3.2. Specific Objectives

The following were the specific objectives of the study:

i. To evaluate the role of offensive strategy on operational performance of smallholder tea sector in Kenya.
ii. To examine the role of hold strategy on operational performance of smallholder tea sector in Kenya.
iii. To establish the role of defensive strategy on operational performance of smallholder tea sector in Kenya.
iv. To investigate the role of swing strategy on operational performance of smallholder tea sector in Kenya.
v. To assess the moderating role of stakeholder engagement on the relationship between stakeholder management strategies and operational performance of smallholder tea sector in Kenya.

1.4 Research Hypotheses

The study tested the following five alternate hypotheses:

H_{a1}: There is a significant relationship between offensive strategy and operational performance of smallholder tea sector in Kenya.

H_{a2}: There is a significant relationship between hold strategy and operational performance of smallholder tea sector in Kenya.

H_{a3}: There is a significant relationship between defensive strategy and operational performance of smallholder tea sector in Kenya.

H_{a4}: There is a significant relationship between swing strategy and operational performance of smallholder tea sector in Kenya.

H_{a5}: Stakeholder engagement moderates the relationship between stakeholder management strategies and operational performance of smallholder tea sector in Kenya.

1.5 Justification of the Study

Despite the importance of agricultural sector in Kenya, smallholder tea sub-sector is facing a number of constraints. These include rising production costs (labour, fuel and electricity), mismanagement, age of tea bushes, high overhead costs, bad agricultural practices, low labour productivity, climate change and dilapidated infrastructure. Smallholder tea sector stakeholder's engagement is reported to have been affected by stakeholders relationships meant to enhance performance of the sector in Kenya (TBK, 2010).

1.5.1. Policymakers in the Agricultural Sector

This study will be of great value to policymakers in the Kenyan tea sector as it will provide concrete information on stakeholder management strategies that can be employed to improve performance of smallholder tea sector. Specifically, the findings of this study will benefit the Ministry of Agriculture, Livestock and

Fisheries. The ministry is responsible for promoting and assisting in the production of food and agricultural raw materials (tea included) for food security and incomes. The ministry will be more informed on policy development and mobilize resources towards investment on key areas that help improve on performance of the tea subsector.

1.5.2. Regulatory Institutions in the Tea Sector

The study will inform policy and regulatory agencies like AFA Tea Directorate and TRFK on how various stakeholders should relate with each other to enhance returns and sustainability of smallholder tea sector. Various stakeholders in the tea subsector will enjoy long term relationship from the benefit of higher returns that come with effective stakeholder engagement interventions and the right stakeholder management strategies. These institutions will be more informed on how to manage the various stakeholder groups depending on the stakeholders' level of power and interest and their relative level of threat or cooperation in the tea sector.

1.5.3. Kenya Tea Development Authority and Smallholder Tea Farmers

KTDA manages tea factories in the smallholder tea sector serving over five hundred thousand tea growers. KTDA shall greatly benefit from the study as it will appreciate the role of stakeholder management strategies in improving production volumes through discouraging tea hawking practices that could emanate from ineffective stakeholder engagement and poor stakeholder management strategies. The small scale tea farmers will benefit from the findings of the study as they are likely to receive more attention from KTDA and other stakeholders. Lack of involvement of smallholder tea farmers and poor pay translates to lower deliveries to KTDA tea factories. This denies the tea companies raw material, which end up increasing the cost of production per unit as firms use the same capacity to process less.

1.5.4. Scholars and Academicians

The study will also be of great benefit to scholars and academicians alike as they will identify gaps for further research which future researchers will seek to address. The study will contribute to the pool of knowledge in stakeholder management in the tea subsector by enhancing stakeholder strategies that can be used in managing various stakeholder groups. The study lays a theoretical framework for future empirical study on the influence of stakeholder management strategies on the performance of smallholder tea sector in Kenya.

1.6 Scope of the Study

The study focused on the role of stakeholder management strategies on operational performance of smallholder tea sector in Kenya. Stakeholder management strategy is essentially about managing the stakeholder relationship and not the actual stakeholder groups that are managed (Friedman & Miles, 2006). Therefore, the study focused on stakeholder management strategies namely offensive, hold, defensive and swing strategies since they are more inclined to relationship management and stakeholder engagement elicit stakeholders' views and arguably the most important ingredients for successful delivery of organization objectives (Ayuso, Rodriguez, Garcia-Castro, & Arino, 2011).The study focused on operational performance as it expresses a programme of change and improvement intended to align all business units within an organization to ensure that they are working together to achieve core business goals (Valenti, Luce, & Mayfield, 2011).

The study focused on smallholder tea sector contributing over 60% of tea production in Kenya. Many previous studies done on the tea sector concentrated on tea plantations and largely ignored the smallholder tea sector (Kagira et al., 2012). KTDA Holdings is a private company owned by the tea factories are owned directly by farmers as individual shareholders (KTDA, 2014). Smallholder tea farmers are only allowed to trade their tea leaves with tea factories that are managed by KTDA and, therefore, the unit of analysis comprised of smallholder tea factories in Kenya that are licensed by the AFA Tea Directorate (Omosa, 2003).

The study was conducted in the sampled smallholder tea factories in Kenya between March and August 2018.

1.7 Limitations of the Study

A large portion of the data used in this study was composed of primary data collected through questionnaires which were administered to the respondents and faced a number of challenges. The respondents were busy with their work schedules and, therefore, time spent answering the questionnaires were considered by some as waste of time. To overcome this challenge, the questionnaire was structured in such a way to avoid direct questions and presented in form of a matrix. The questionnaires were administered through a drop and pick later method so as to allow respondents to fill them at their free time.

Some tea factories felt that they were being investigated and some of the respondents felt that the required information was classified and, therefore, hesitated to release the information. To overcome this challenge, a covering letter accompanied each questionnaire explaining the objectives of the study and assuring the respondents of information confidentiality in order to get the required data. The respondents were assured that the name of the tea factories would not be mentioned in the study to enhance confidentiality. This also helped to assure the respondents that the study findings will be strictly used for study purposes only.

The tea factories licensed by the AFA Tea Directorate in Kenya are dispersed countrywide into different geographical areas of tea production. Therefore, there were some difficulties relating to travel and logistics to those regions in terms of giving orientations, following up the respondents and collecting responses. This was mitigated by use of emails and telephone calls to do follow-ups, collection and submission of completed questionnaires. At the same time, the regional managers came in handy in assisting the research assistants on follow-ups and submission of filled questionnaires.

The practical implications suggested in the study were based on theoretical and empirical findings requiring a holistic and comprehensive approach. It is difficult and sometimes impossible for management to undertake the whole task at one time due to limited resources of the institutions, especially in less developed country like Kenya. The researcher focused on the available empirical studies of relative importance to stakeholder management strategies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This research reviewed relevant literature on stakeholder management strategies and operational performance. This chapter developed theoretical review linking the variables to theories and objectives of this study. The literature review was undertaken to reveal the conceptual framework and empirical review in respect of each variable. A critical review was also discussed to collate important aspects of literature on the variables.

2.2 Theoretical Review

A theoretical review is a collection of interrelated concepts. It guides research to determine what to measure, and what statistical relationships to look for (Defee, Williams, Randall, & Thomasd, 2010). Creswell (2014) emphasised that a good research should be grounded in theory. This study was built on the underpinning theories including the following; Stakeholder Theory, Resource Based Theory, Corporate Social Responsibility Theory, Value Chain Theory and dynamic capability theory.

2.2.1. Stakeholder Theory

Researchers have attributed the fame of the stakeholder theory and literature in management domain to the book, "Strategic Management: Stakeholder Management Approach" by Edward Freeman in 1984 (Yang, 2010; Freeman &McVea, 2016). Stakeholder theory basically states that an organisation should take into account the views of a wider range of interested parties known as stakeholders (Minyu, 2012). Stakeholder theory has evolved out of the need to consider all stakeholders and is fundamentally about managing stakeholder relationships and their divergent interests (Preble, 2005). Stakeholder management is fulfilled by the managers to ensure the survival of the firm and to safeguard the long term stakes of each group (Locality, 2011). According to Freeman, Harrison,

Wicks, Permar and Colle (2010), stakeholders are “those groups who are vital to the survival and success of the corporation”.

The role of the stakeholder theory is seen to extend past the formulation of strategy to the establishment of performance goals (Phillips, Freeman, & Wicks, 2003). Maintaining close relationships and possible alliances with key stakeholders, a company can expect long-term cooperation that will lead to mutual benefits and, therefore, expect better performance of such a company in the future (Noland & Phillips, 2010). Firms that have good relationships with their stakeholders, on the basis of mutual trust and cooperation, will have a competitive advantage over firms that do not (Lukviarman, 2010).

To meet all stakeholders’ needs and satisfaction is an important project success factor (PMI, 2013). The interested parties deserve to be recognised as having a stake in the business because their performance will be impacted on by the operations of the organisation (Ackermann& Eden, 2011). Fassin (2008), stakeholders’ can be categorised into three: primary stakeholders are directly affected by the work of the organization and are usually project beneficiaries. Secondary stakeholders are indirectly affected by the work of the organization and include teams supporting the project and/or those impacted by its outcome. Key Stakeholders have a strong influence over the work of the organization and have a vested interest in its success. Each category of stakeholders has varying and competing interests, objectives, and agendas.

A generic stakeholder management strategy matrix model by Šmakalova (2012) can help to inform managers on the strategy to use on different stakeholder groups as shown in figure 2.1. In other words, a stakeholders' position in the two-dimensional matrix allows a firm to determine the most appropriate strategies for managing firm-stakeholder relationships (Ford, Peeper & Gresock, 2009). This is arrived at after stakeholder analysis is done to determine the relative cooperative potential and relative threatening potential of different stakeholders. Freeman, Harrison and Wicks (2007) suggests the need for analysing the actual behaviour of stakeholders, their cooperative potential and competitive threats in order to find the optimal

strategy for each category of stakeholder. The four generic stakeholder management strategies depending on the type of stakeholder relationship are; offensive, hold, defensive and swing strategies that informed the choice of the independent variables of this study. The organization can also change its behaviour to address stakeholder concerns and try to reinforce this stakeholder‘s beliefs (Savage, Whithead, & Blair, 2008).

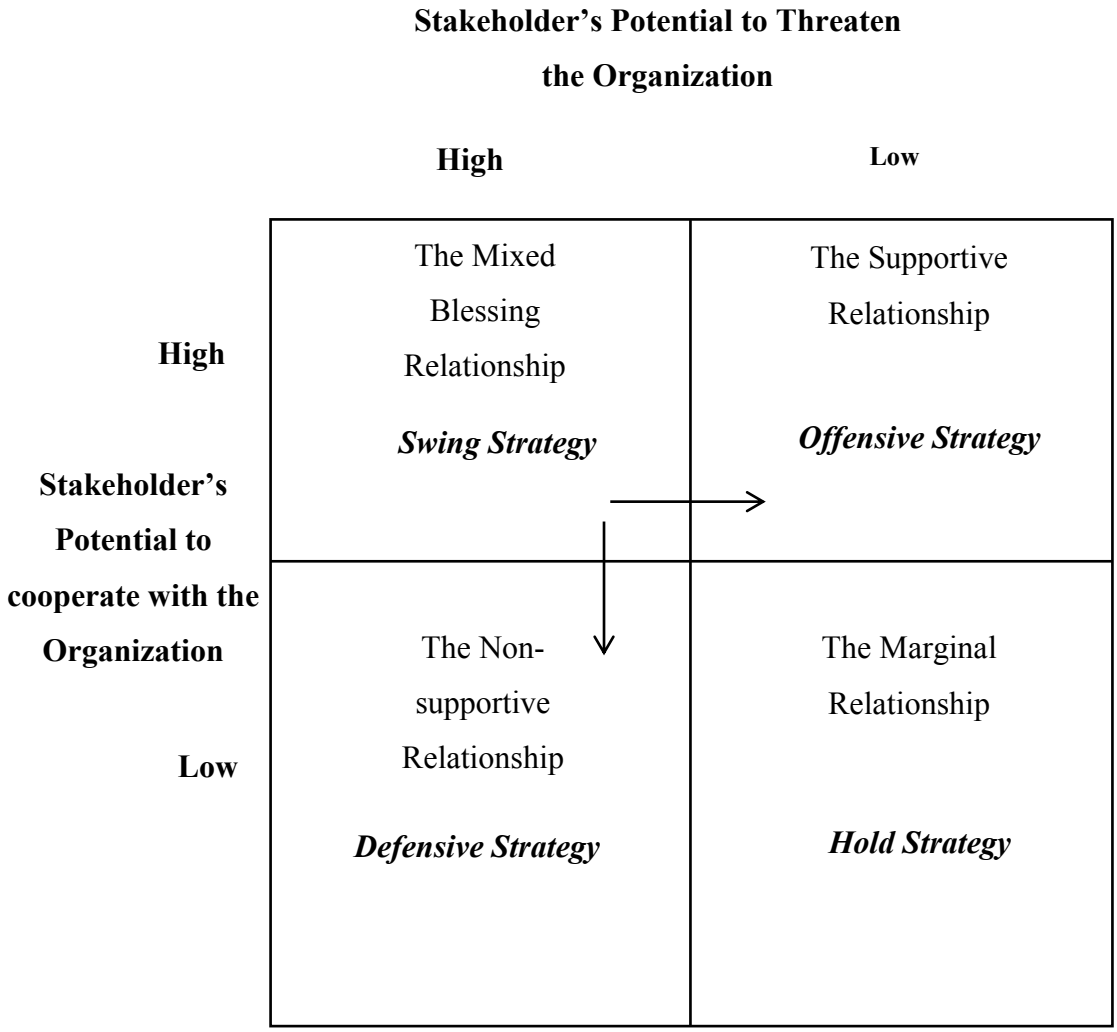

Figure 2.1: Stakeholder Management Strategies Matrix

Source: Šmakalova, 2012

The stakeholder approach has been described as a powerful means of understanding the firm in its environment (Oakley, 2013). Firms that share value with their stakeholders and involve them in their strategic decisions, could gain benefits such

as increased demand and efficiency, higher levels of innovation, and an increased capacity to deal with unexpected events which would further become the source of competitive advantage (Harrison, Bosse, & Phillips, 2010). Stakeholder engagement seek to extended support from stakeholders for success of a firm's strategic objectives. The process involves communicating and working with stakeholders to meet their needs and expectations, address issues as they occur, and build appropriate stakeholder engagement in firm activities (Noland & Phillips, 2010). The stakeholders, without their engagement, knowledge, skills, talent, loyalty, and the organization cannot achieve their objectives (Ventsislava & Sanela, 2017).

Stakeholder engagements influence a variety of outcomes through consultation, communication, negotiation, compromise, and relationship building (Amaeshi & Crane, 2009). A robust stakeholder engagement model is vital for companies to be able to understand and respond to legitimate stakeholder concerns (Newcombe, 2003; IIRC, 2014). Furthermore, the type of stakeholders engaged, and resources control strategy adopted has direct impact on an organization's corporate strategy (Ventsislava & Sanela, 2017).

2.2.2. Resource Based Theory

In the context of strategic management, Wernerfelt (1984) was the first person to develop the idea of resource based view concept. It is regarded as one of the most widely used theoretical frameworks in the management literature. However, the credits for the development of the Resource Based View were given to Jay Barney who transformed it into a complete theory. Resource-Based Theory (RBT) stems from the principle that the source of firms' competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. That is, rather than simply evaluating environmental opportunities and threats in conducting business, competitive advantage depends on the unique resources and capabilities that a firm possesses (Barney, 2001).

The resource-based view of the firm predicts that certain types of resources owned and controlled by firms have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin, Beamish, Hulland,

& Rouse, 2007). Thus, according to the resource-based theory, managing strategically involves developing and exploiting a firm's unique resources and capabilities and continually maintaining and strengthening those resources.

The theory has earned a reputation as a promising contemporary theory which integrates strategic insights on competitive advantage as well as organizational insights into the existence of the firm. Resource-Based View remains outstanding because of how it focuses on the internal forces of the firm. Barney (2001) stipulates that Resource-Based View (RBV) of a firm's internal strengths and weaknesses largely depends on two fundamental assumptions. First, it assumes that work firms can be described in terms of bundles of productive resources which are different for each specific firm. Each firm can be thought to possess different bundles of these resources. This assumption is termed as firm resource heterogeneity. The second assumption drawn from Ville and Wicken (2015), is such that one assumes that some of the organization's resources are either inelastic to supply or just very costly to copy, thus regarded as the assumption of resource immobility.

Barney (2001) argued that the value of particular resources depends on the market context in which they are applied. These valuable resources have to be described if they are going to be sources of sustained strategic advantage for firms. The main argument of Resource Based Theory (RBT) is that firm performance is determined by the resources it owns and that the firm with more valuable scarce resources is more likely to generate sustainable competitive advantage (Liang, You, & Liu, 2010).

It is on this basis that the Resource Based Theory is relevant to this study on the stakeholders and organizations. Firms are used as a vehicle for delivering services or goods to the customers and thus enhancing competitive advantage. Performance of smallholder tea sector benefits must be emphasized to achieve the desired outcome thus the relevance of Resource Based Theory to the study. Thus, according to the resource-based theory, managing stakeholder strategically involves developing and exploiting a firm's unique resources and capabilities and continually maintaining and strengthening those resources (Mishra & Suar, 2010). The theory asserts that it is advantageous for a firm to pursue a stakeholder strategy that is not currently being implemented by any other competing firm. Such strategic resources must either be rare, hard to imitate or not easily substitutable (Liang, You, & Liu, 2010).

The theory predicts that possession of stakeholder management as a strategic resource provides an organization with an opportunity to develop competencies over its rivals hence resulting in good performance. It further predicts that stakeholder management and capabilities enable organizations to enjoy excellent performance. The theory asserts that it is advantageous for a firm to pursue a strategy that is not currently being implemented by any other competing firm. Such strategic resources must either be rare, hard to imitate or not easily substitutable. The theory predicts that possession of stakeholders is a strategic resource which provides an organization with an opportunity to develop competencies over its rivals hence resulting in good performance. It further predicts that stakeholders can be seen as a resource and capability enable organizations to enjoy excellent performance.

2.2.3. Corporate Social Responsibility Theory

The phrase Corporate Social Responsibility was coined in 1953 with the publication of Bowen's 'Social Responsibility of Businessmen', which posed the question on what responsibilities to society can business people reasonably be expected to assume. This is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. The corporate social responsibility entails

managing effectively the company's actual and potential environmental and social impact on the communities in which the firm operates and on society as a whole (Gabrieth, 2009).

Corporate Social Responsibility actually has its origins in the ideology of early twentieth century religious thinkers, who suggested that certain religious principles could be applied to business activities. For example, Andrew Carnegie devised a classic two-fold statement of Corporate Social Responsibility based on religious thinking. First was the charity principle that required more fortunate individuals to assist less fortunate members of the society. However, by the 1920's community needs outgrew the wealth of even the most generous wealthy individuals, with the result that some people expected business organizations to contribute their resources to charities aiding the unfortunate in the society.

CSR is defined as operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business. CSR is seen by leadership companies as more than a collection of discrete practices or occasional gestures, or initiatives motivated by marketing, public relations or other business benefits (Kathata, 2011). Rather, it is viewed as a comprehensive set of policies, practices and programs that are integrated throughout business operations, and decision-making processes that are supported and rewarded by top management (Polonsky, 2009).

Corporate Social Responsibility (CSR) can be described as embracing responsibility and encouraging a positive impact through an organization's activities related to the environment, consumers, employees, communities, and other stakeholders (Gocejna, 2016). Carroll, a leading proponent, defined CSR as a form of corporate self-regulation integrated into a business model to contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large (Carroll & Buchholtz, 2011). CSR is an integral component of corporate governance, particularly when there is a conflict between the social goal of benefiting society and the corporate goal of maximizing profits (Garriga & Melé, 2014). CSR enables organizations to integrate social and environmental concerns in their business

operations and in their interaction with their stakeholders on a voluntary basis (Mishra & Suar, 2010).

Even though the main motive of business is to earn profit, organizations take initiative for the welfare of society and should perform activities within their framework of environmental and ethical norms. CSR affirms that corporations are entities with economic, legal, ethical, and philanthropic/discretionary obligations (Carroll & Buchholtz, 2011). CSR initiatives tend to improve a company's economic performance, allowing it to earn higher profits through enhanced brand reputation, more-productive employees, and insulation from regulatory penalties (Baden, 2010).

As the basic economic unit in society, a business is responsible for the provision of goods or services and make profit to create wealth (Ventsislava & Sanela, 2017). CSR activities facilitate development of good relationships with stakeholders and indirectly, create value for the organization (Post, Preston, & Saschs, 2009). The increasing attention to CSR in the recent years is based on its capability to influence organization performance. CSR results in an increase in corporate value, by increasing a firm's reputation (Gocejna, 2016). Social Identity theory (SIT) defines the conduct of a firm in ensuring its stakeholders' welfare is safeguarded by having an environment that is conducive. SIT proposes that individuals' view of themselves is influenced by their membership of social organizations, which influence customer and employee loyalty. SIT has been extensively used to explain customer and employee management (Chang et al., 2015).

Stakeholders are constituents who can affect or are affected by the organization's activities. They contribute to the firm's wealth-creating capacity and are potential beneficiaries and risk bearers (Sweeney, 2009). Firms possess both explicit (legal) and implicit (self-enforcing) contracts with various constituents. The key stakeholders in the firm's activities include; employees, suppliers, customers, media, local communities, government, NGOs and environmental activists (Freeman et al., 2010). CSR is most comprehensively studied through stakeholder theory (Chang, et al., 2015; Tilakasiri, 2012). In this study CSR framework was

based on selected stakeholders; employees, customers, communities and government.

Organizational reputation attracts stakeholders to identify with the organization which guarantees employee and customer loyalty and satisfaction, and also increases organizational commitment. This reduces the costs involved in employee and customer attraction and retention (Bremmer, 2016; Chang et al., 2015). The weakness of this theory is that firm reputation must first be formed to elicit employee and customer loyalty (Chang et al., 2015).

2.2.4. Value Chain Theory

The term value chain was originally introduced in Michael Porter's book "Competitive Advantage - Creating and Sustaining Superior Performance" (Haberberg & Rieple, 2008).Value chain shows how value is added to a product as it moves through each stage of production from raw materials to its purchase by the final consumer. Value chain analysis enables a firm to identify and concentrate on its core competences and outsource those functions and resources where it has no distinctive competence. An organization's operations have to be configured so that its outputs are produced efficiently and effectively. As tea is moved through the various stages to reach the ultimate consumer, value is created by various stakeholders in the value chain while they derive certain benefits from the product (Changwony, 2012).

An industry in any sector of operation is made of stakeholders whose number is determined by the attractiveness of the industry on the basis on sustainability in growth and profitability (Ikundo, 2007). Firm activities do not occur in a vacuum but require an infusion of enthusiasm and commitment powered by the full range of stakeholders that can develop a positive or negative trajectory. Stakeholders, along the chain should have an economic role to play and must include an adequate profit margin to ensure an acceptable return on their business activities (Haberberg & Rieple, 2008). The tea value chain, comprises those stakeholders involved in farming, delivery, converting the tea into a bulk packaged product available for blending and sale to consumers among others. At each stage along the chain, value is added to the product with associated costs (Wheelen & Hunger, 2008).

Studies review that a well-executed stakeholder management strategy results in value creation for the organization (Bolo, 2011). According to Yuanqiao (2008) "Value chain" is referred as "supply chain" from an organization's perspective. Lepak, Smith and Taylor(2007) referred to the term "use value" as relating to the quality of a product or service as perceived by the customer according to his or her needs. In a supply chain perspective, this implies that each actor in the chain creates use value offered to the downstream customer who exchanges a monetary sum based on perceived value of the offers. Value may be captured depending on the firm's ability to leverage its resources for building a competitive position.

Bolo (2011) noted that one major stream of research dominate the stakeholder management strategy literature with emphasis on the effect of competences, capabilities, strategy formulation and implementation on firms performance. This is based on the Porter's value chain model of 1985. The conclusion was that stakeholder management provides an environment where core competencies, strategy and strategy implementation process, core capabilities can be linked effectively within the value chain to enhance corporate performance.

Theory states that stakeholder management is the conduit through which value is created and delivered, thus a green strategy embedded in a firm's operations and stakeholder management ultimately minimizes a firm's total environmental impact from start to finish of the chain and from beginning to the end of the product life cycle (Rothaermel, 2017). Stakeholder management deals with total business process excellence and adding "performance" component involves addressing the influence and relationships of SM to the business environment (Waiganjo, Mukulu, & Kahiri, 2012) envisage that integrating the SM concept to chain concept to create a research agenda where SM has a direct relationship to the business environment.

Theoretically, value chain is a win-win solution on both limitations of environmental damages caused by a certain value chain and delivering benefits for companies along the value chain. Literature supports the theory that firms adopting stakeholder management strategies show positive correlation in lowering operational costs and improvement of its business performance (Liang, You, & Liu, 2010). The value chain theory supports the notion that perceived benefits may contribute to adoption of stakeholder management strategy.

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, 2011). This theory supports the study objective of swing strategy. 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 swing strategy could be extremely powerful in coping with the business environmental forces. It provides insulation against competitive rivalry because of customers' brand loyalty (Porter, 2011). 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 (Maina, 2018). 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.

Stakeholder management strategy is the key to achieving competitive advantage that will enable sustainable growth of economic value. All stakeholders may compete for the share of the value created by the rest whether they have contributed to creating it or not (Argandona, 2011). The activities that comprise a value chain can be contained within a single firm or divided among different firms. A supply chain is simply a transfer of a commodity from one stakeholder to another in a chained manner and value is added at different stages of transfer. Resources and systems have to be arranged in a manner that creates value at minimum cost or

reduce overall cost. This will allow firms to gain, maintain and improve competitive advantage. The purpose of a value chain is to attain a full and seamless interaction among stakeholders to create a win-win situation for all (Capon, 2008).

2.2.5. Dynamic Capability Theory

Dynamic capabilities was proposed by Helfat and Peteraf (2015) which is defined "the capacity of an organization to purposefully create, extend, or modify its resource base" and as such to reach a higher economic value than their competitors. In addition, dynamic capabilities are regarded as a transformer for converting resources into improved performance. Xie, et al. (2018) argues that dynamic capabilities are 'the foundation of enterprise-level competitive advantage in regimes of rapid (technological) change'. He further argues that dynamic capabilities are component capabilities that are 'necessary to sustain superior enterprise performance' in a highly dynamic environment.

Chowdhury and Quaddus (2017) refined this definition of dynamic capabilities to the ability to sense and then seize new opportunities, and to reconfigure and protect knowledge assets, competencies, and complementary assets with the aim of achieving a sustained competitive advantage. There is no broad consensus on an operational definition of dynamic capabilities and this makes it difficult to identify a generally acceptable scale for measuring dynamic capabilities.

More specifically, Fainshmidt, Pezeshkan, Lance Frazier, Nair and Markowski (2016) define dynamic capabilities as learned and stable patterns of collective activity through which the organization systemically generates and modifies operating routines in pursuit of improved effectiveness. Nieves and Haller (2014) later defines it as the ability to sense and then seize new opportunities and to reconfigure these to achieve strategy implementation.

Chowdhury and Quaddus (2017) expand this definition to the inimitable capacity firms have to shape, re-shape, configure and reconfigure the firm's asset base so as to respond to changing technologies and markets. With dynamic capabilities, sustained strategy implementation comes from the firm's ability to leverage and reconfigure its existing competencies and assets in ways that are valuable to the customer but difficult for other competitors to imitate. Dynamic capabilities help firm's sense opportunities and then seize them by successfully reallocating resources, often by adjusting existing competencies or developing new ones (Arend, 2015).

Dynamic capabilities can usefully be thought of as belonging to three clusters of activities and adjustments: identification and assessment of an opportunity (sensing); mobilization of resources to address an opportunity and to capture value from doing so (seizing); and continued renewal of core competencies (Cirjevskis, 2016). One key implication of the dynamic capabilities concept is that firms are not only competing on their ability to exploit their existing resources and organizational capabilities, firms are also competing on their ability to explore, renew and develop their organizational capabilities. Thus, dynamic capabilities allow a firm to sense opportunities and then to seize them by successfully allocation resources, by adjusting existing competencies or developing new ones. This is especially true for ITC companies competing in global changing markets

Dynamic capabilities refer to the firm's processes that use resources to match and even create market change; thus, the organizational and strategic routines by which firms achieve new resource configuration as markets emerge, collide, split, evolve, and die (Amui, Jabbour, de Sousa Jabbour, & Kannan, 2017). Dynamic capabilities are valuable in virtually all levels of environmental turbulence, implying that managers must continuously try to identify new opportunities and make decisions to reconfigure their existing operational capabilities, irrespective of the level of environmental turbulence (Takahashi, Bulgacov, & Giacomini, 2017).

Dynamic capabilities can be regarded as ultimate organizational capabilities that are conducive to long term performance (Barrales-Molina, Martínez-López, & Gázquez-Abad, 2014). The dynamic capabilities and, therewith, the

competitiveness of a company are determined by three factors: firstly, strategic paths, which refer to the availability of a spectrum of strategic options for a company and the path dependency of strategic options (Roberts, 2015). Secondly, the resource position of a company, which refers to tangible but especially intangible assets; finally, organizational processes in terms of management skills, patterns of behavior, thinking and learning (Makkonen, Pohjola, Olkkonen, & Koponen, 2014)

In general, dynamic capabilities enable stakeholder management strategies by focusing on strategy-relevant processes in organizations and trying to improve responsiveness in a fast-changing environment. According to Darawong (2018) these dynamic capabilities reflect an organization's ability to achieve new and innovative forms of swing strategy given path dependencies and market positions. In this view, the tea processing firms lies mainly in their dynamic capabilities, which refer to the capacity to build, renew and reconfigure capabilities and competences so as to achieve congruence with the changing business environment.

2.3 Conceptual Framework

A conceptual framework is a diagrammatic representation of the relationship between the variables in the study. It is a hypothesized model identifying the concepts under study and their relationships. It guides the reader to quickly see the proposed relationships. A conceptual framework is a diagrammatic model that explains the relationship between a set of variables. It is a scheme of concepts (or variables) which the research operationalizes in order to achieve set objectives (Chakraborty, 2009). A conceptual framework is made up of independent, dependent and intervening (or moderating) variables.

The independent variable, also known as the explanatory variable, is the presumed cause of the changes of the dependent variable. The dependent variable refers to the variable which the researcher wishes to explain (Kothari & Garg, 2014). A moderator variable alters the effect that an independent variable has on a dependent variable. The moderator thus changes the effect component of the cause-effect relationship between the two variables (Chakraborty, 2009). After a comprehensive review of the relevant theoretical literature and based on own rationale, a

conceptual diagram is presented showing the role of stakeholder management strategies on operational performance of smallholder tea sector in Kenya. In brief, it was conceptualized that: the dependent variable was operational performance; the independent variables were offensive, hold, defensive and swing strategies. The moderating variable was stakeholder engagement. Figure 2.2 represents the conceptual framework.

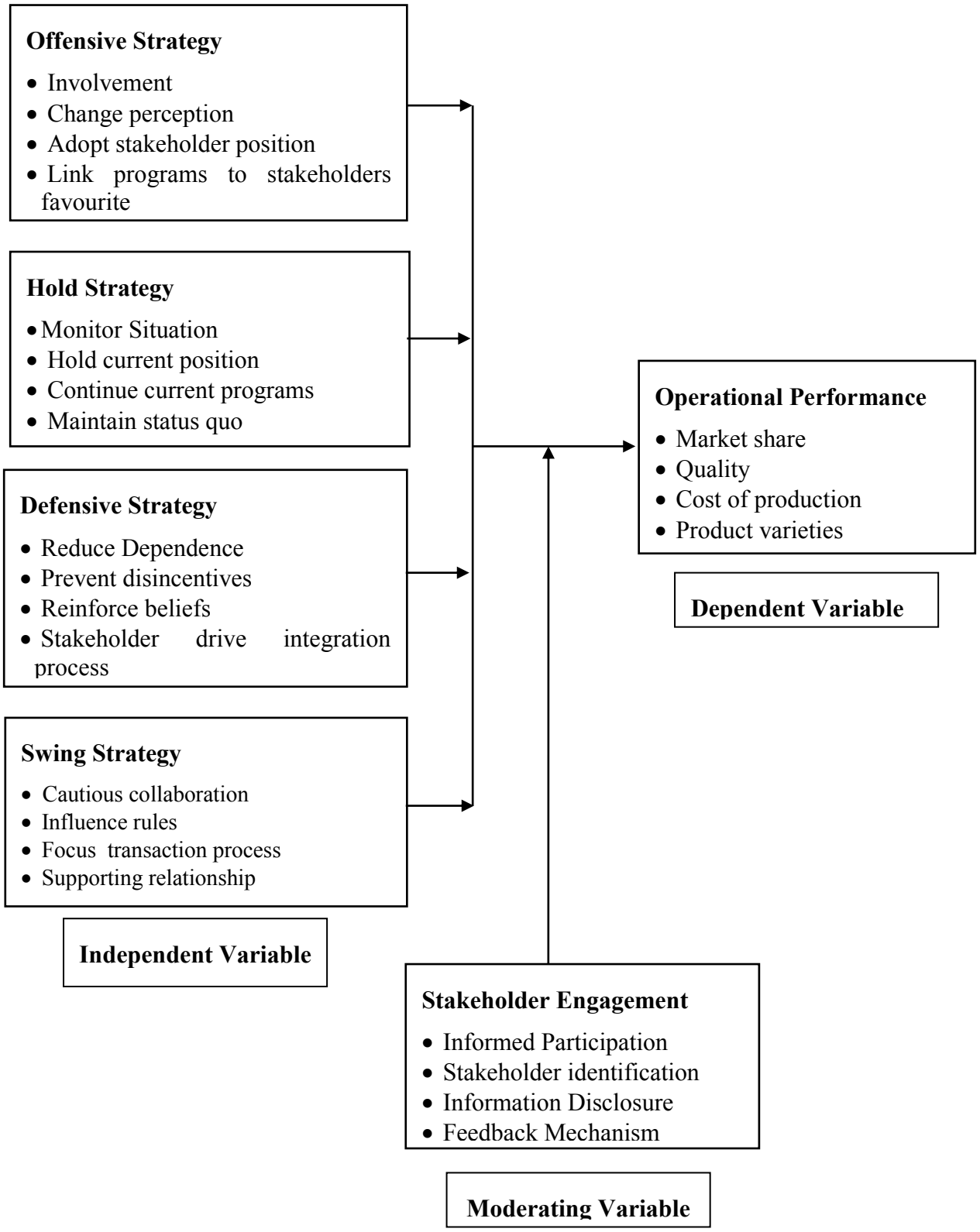

Figure 2.2: Conceptual Framework

2.3.1. Offensive Strategy

Offensive strategy leverages on stakeholder's support and advocate for stakeholders involvement (Gabrieth, 2009; Savage & Blair, 2009). Stakeholder involvement enhance the performance of the firm (Minyu, 2012; Fontain et al., 2010). Involvement can be operationalized by using participative management techniques, by decentralizing authority or by engaging in other tactics to increase decision making participation of stakeholders (Freeman, 2010). By involving supportive stakeholders in relevant issues, an organization can capitalize on these stakeholders'cooperative potential (Savage & Blair, 2009).

Offensive strategy includes trying to change stakeholder objectives or perceptions, to adopt the stakeholder position or to link the program to others that the stakeholder views more favourably (Fontain et al., 2010). Therefore, offensive strategy link programs to stakeholders favourite. Offensive strategy increase the market share performance of the firm (Šmakalova, 2012; Heriyati, Heruwasto& Wahyuni, 2010) and improve own position by taking away market share of the competitors (Spark, 2016;Khantimirov, 2017).

An Offensive strategy should be adopted when a group is supportive as observed by Šmakalova (2012). Stakeholders with a high cooperative potential and low threatening potential were classified as offensive by Ackermann and Eden (2011). He suggested that the firm should adopt offensive strategies to bring about the cooperative potential and, therefore, the stakeholder's positive orientation is exploited. Gabrieth (2009)focused on this stakeholder's supportive potential (supportive stakeholders) and suggested that by involving stakeholders in corporate activities their support could be leveraged.

Supportive stakeholders have great interest in the work of the organization and therefore critical to fully engage them to make sure they are satisfied; pay attention to their input and implement their ideas when possible. It also prudent to keep supportive stakeholders in the loop when someone else's ideas are chosen and let them knows why (Fassin, 2008). Supportive stakeholders of a firm include groups such as managers, employees, suppliers, and customers. Resource providing stakeholders are generally supportive as they have some common interest and firms

should involve these stakeholders to maximize their cooperative potential. Firms, for instance, view their employees as precious assets and show efforts to recruit and maintain employees with competitive salaries and other schemes. Employees do not pose a great deal of direct threat to the firm, although union activist can pose a challenge (Freeman, 2010).

If the leader's growth is not equal or higher than the average growth rate of the industry then the market shares and position can be easily taken over by its competitors (Mellahi & Wood, 2013). A firm that wants to lead the markets need to improve on cost reduction, improved customer relations, value added performance characteristics and quality. Offensive strategy can involve direct and indirect attacks by improving own position by taking away the market share of the competitors (Spark, 2016). Indirect attacks are difficult to detect and are less likely to elicit a competitive response, this is especially so if they are targeted towards non-core products or segment (Minyu, 2012).

Offensive strategy can take many forms. According to Lee (2014), frontal strategies involves going after the customers of the attacked firm with similar products, prices, promotion, and distribution. These involves challenging rivals with products that offer superior value or quality at competitive prices (Suchánek, Richter, & Králová, 2014).Strategic encirclement involves targeting and surrounding a competitor with the purpose of completely defeating it (Savage & Blair, 2009). Encirclement strategies aim to dominate the market by surrounding a competitor with several brands and forcing it to defend itself on many fronts at the same time. The defenders, by doing so, are most likely to spread their resources over many products and markets, making it harder to defend all of them successfully at the same time (Lee, 2014). A predatory strategy entails lowering prices selectively in markets with intense competition, and use profits from less competitive markets to finance the price cuts (Spark, 2016). Offensive strategy also includes direct and indirect attacks or moving into new markets to avoid incumbent competitors (Yannopoulous, 2011). Firms that possess superior resources may consider direct attack to their rival‘s market. However, if a firm faces superior rivals, indirect attacks would be more appropriate than direct, frontal attacks. Direct attacks invite retaliatory responses especially if they pose a serious threat to the defending firm

(Lee, 2014).Indirect attacks are difficult to detect and as such, they are less likely to elicit a competitive response, this is especially so if they are targeted towards non-core products or segment. Flanking attacks, bypassing the competition, or frontal attacks intended to defeat the competition with all available means at the attacker‘s disposal (Polonsky & Scott, 2009).

According to a case study done by Šmakalova (2012) on generic stakeholder strategy in the area of marketing, companies should adopt offensive strategy to supportive stakeholders like customers, employees,suppliers and managers. These stakeholders according to him can either help or defend activities of companies therefore strategy for treatment with these stakeholders (customers, suppliers) should be to lay in effort to change or at least influence decisions according to the way company cooperate with stakeholders. The organization should try to maximize positive influence of stakeholders and minimize their threat. The firm should make decisions to involve stakeholders in decision making (Mishra & Suar, 2010).

2.3.2. Hold Strategy

Hold strategy focuses on marginal stakeholders as firm decisions and most issues do not affect them (Šmakalova, 2012; Blair, Payne et al., 2011). The firm should monitor this group of stakeholder by proactively maintaining the status quo, while keeping the use of financial resources and management to a minimum (Šmakalova, 2012; Yannopoulous, 2011). If left unmonitored, the organization performance is affected (Savage & Blair, 2009); the firm minimize its costs (Minyu, 2012; Karakaya & Yannopoulous, 2011). Hold strategy makes a significant contribution to a firm performance (Hanna & Rowley, 2011). A hold strategy should be adopted when a stakeholder group is marginal. Such a stakeholder group has relatively low cooperative potential and relatively low threat to the organization (Argandona, 2011). These type of stakeholders are the least affected by the work of the organization and should take up little time and attention. Savage and Blair (2009), asserts that an organization can address issues in a marginal relationship on an ad hoc basis, and their general thrust is to maintain the status quo and continuously monitor the situation. In essence, marginal stakeholder relationships are unstable;

they can move into the other three types of relationships if the particular issue is of enough importance to the organization (Karakaya & Yannopoulous, 2011).

Marginal stakeholders of a firm include groups such as consumer interest groups and small shareholders. Literature has scantly reviewed this strategy probably because it involves doing little than just holding the position or program. However, as the adage in politics goes, silence is also a weapon. Your opponent may not know what you are planning by just monitoring the situation. Here, the opponent poses little threat and is not interested in collaboration (Šmakalova, 2012). Organizations need to assign specific responsibility for monitoring this relationship in order to avert disaster for the organization. However, an organization may be required to engage in on-going public relations activities and to be sensitive to issues that could make these groups an actual threat. The use of hold strategy by the firms to monitor such stakeholders can minimize their costs (Minyu, 2012).

Hanna and Rowley (2011) assert that hold strategy makes a significant contribution to a firm performance. Firstly, it clearly differentiates the place-branding process from product, service, and corporate branding processes, thereby offering a robust basis for the theoretical development of place branding. Secondly, it proposes a model of firm that integrates stakeholders into the firm process; this stance is firmly grounded in stakeholder and collaboration theory. Finally, as a holistic model, informed by earlier work in disciplines such as branding, marketing communication and regeneration it offers an opportunity to benchmark practice and integrate knowledge bases in place firm performance. The company should hold its current position and continue current strategic program (Fontain et al., 2010). The company should also monitor this group of stakeholder for changes in their position. The underlying philosophy for managing these marginal relationships is keeping the use of financial resources and management to a minimum by proactively maintaining the status quo (Blair et al., 2011).

2.3.3. Defensive Strategy

Defensive strategy prevents the stakeholder from imposing costs or other disincentives on the organization (Šmakalova, 2012). Defensive strategy reinforces current belief about the firm and maintains existing programs and letting the stakeholder drive the integration process (Fontain et al., 2010; Gabrieth, 2009). It involves making it difficult for the competitors to acquire the market share and the new entrants to access the market (Donaldson & Preston, 2011; Minyu, 2012). Afram (2011) established that defensive strategy leads to a considerable financial success in the firm operations.

Defensive strategy leads towards lower interest rates, quality customer service, tailored products, and there is also intensified competition. Defensive strategy involves building a brand image and customer loyalty thereby improving on the performance of the firm (Spark, 2016). Defensive strategy should be adopted when a group is non-supportive (Šmakalova, 2012). This is a stakeholder relationship with high threatening potential but low cooperative potential. The defensive strategy tries to reduce the dependence that forms the basis for the stakeholders' interests in the organization.

The primary purpose of the defensive strategy is intended to protect market share, position and profitability enjoyed by the incumbent firms. Defensive strategies work better when they take place before the challenger makes an investment in the industry, or if they enter the industry before exit barriers are raised, making it difficult for the challenger to leave the industry. Pre-entry defensive strategies are actions taken by firms intended to persuade potential entrants to believe that market entry would be difficult or unprofitable. Such actions include signalling, fortify and defend, covering all bases, continuous improvement, and capacity expansion (Lee, 2014).

Organizations can use signalling to alert their competitors about their intention to take an action in the industry. This is intended to pre-empt or deter competitors from attacking their market territories and showing the commitment they have in

the particular market. The purpose of defensive strategies is to lower the inducement to attack. These can be lowered by reducing the profit expectations of the entrant. The most common barriers to entry include economies of scale, switching costs, access to raw materials and other inputs, access to distribution channels and location (Karakaya & Yannopoulous, 2011).

Total quality management through continuous improvement is a sub-defensive strategy that calls for a relentless pursuit of improvements in costs, product quality, new product development, manufacturing processes, and distribution. A low cost competitor continuously tries to find ways of decreasing costs through economies of scale, cutting costs and being more innovative. The continuous improvement strategy do also involves innovation and improvement in the firm‘s marketing mix. Product innovation may involve offering superior features or benefits while price innovation could include offering better sales terms and other incentives (Blair, Payne et al., 2011).

According to a case study done by Šmakalova (2012) on generic stakeholder strategy in the area of marketing, companies and researchers emphasize mostly on the role of customers, points that the companies often realize that defensive strategy enhance decisive factors of company’s behaviour and performance. Attention to stakeholder concerns may help a firm avoid decisions that might prompt stakeholders to undercut or thwart its objectives. This possibility arises because it is the stakeholders who control resources that can facilitate or enhance the implementation of corporate decisions; in short, defensive strategy is a means to an end. The end or the ultimate result may have nothing to do with the welfare of stakeholders in general. Instead, the firm's goal is the advancement of the interests of only one stakeholder group, its shareholders.

A defensive strategy should be adopted when a stakeholder group is non-supportive; such a stakeholder group has relatively low cooperative potential and relatively high threat to the organization (Šmakalova, 2012).These stakeholders have little involvement or vested interest in an organization, but are very powerful. A firm should do it’s best to keep them satisfied, but don’t take up too much of

their time (Fassin, 2008). Non-supportive stakeholders of a firm include groups such as competitors, governments, and activists. The firm should pursue a strategy defending against this type of stakeholders by changing their status (Minyu, 2012). A defensive strategy involves making it difficult for the competitors to acquire the market share and the new entrants to access the market (Donaldson & Preston, 2011). It involves trying to defend the current position in the market by building brand image and customer loyalty by investing in the current markets. This can be achieved by making price cuts or adding new market offensives and thereby improving on firm performance (Spark, 2016).

2.3.4. Swing Strategy

Swing strategy adopts cautious collaboration (Šmakalova, 2012) through the collaboration efforts, the firm makes it more difficult for stakeholders to oppose the organization (Blair et al., 2011). The strategy maximizes the cooperative potential and thereby minimizes the potential threat (Minyu, 2012). This maximizes stakeholders' positive influencing abilities and minimizes threatening abilities (Friedman & Miles, 2006; Polonsky & Scott, 2009).These are potentially threatening stakeholders and cautious collaboration will make it more difficult for them to oppose the organization (Blair et al., 2011).If this type of stakeholder is not properly managed through using a collaborative strategy, it can easily become a non-supportive stakeholder. Non-supportive stakeholders impose costs or other disincentives on the organization (Šmakalova, 2012).

A swing strategy should be adopted when a stakeholder group is mixed blessing; such a stakeholder group is high on the dimensions of both potential threat and potential cooperation to the organization (Šmakalova, 2012). The best way to manage the mixed blessing relationship may be cautious collaboration. The goal of this strategy is to turn mixed blessing relationships into a supporting relationship. If an organization seeks to maximize their stakeholders' potential for cooperation, these potentially threatening stakeholders will find their supportive endeavours make it more difficult for them to oppose the organization (Blair et al., 2011).

Mixed blessing stakeholders include possible alliance partners, potential customers, or prospective suppliers. The firm should undertake a collaborative strategy to maximize the cooperative potential and thereby minimize the potential threat (Minyu, 2012). Firms should collaborate with mixed blessings stakeholders to maximize their positive influencing abilities and minimize threatening abilities (Friedman & Miles, 2006). Strategies for dealing with swing stakeholders seek to change or influence the rules of the game that govern stakeholder interactions (Polonsky & Scott, 2009).

2.3.5. Stakeholder Engagement

Stakeholder engagement is key in the implementation of value creation resulting in positive economic results (Smith, Ansett, & Erez, 2011; Baden, 2010; Gould, 2012; Freeman et al., 2010). It's beneficial for increased trust and loyalty (Kumar, 2010). Positively engaged stakeholders are important for organizational success (Vanquez, Plaza, Burgos, & Liston, 2010; Malbon, 2013); and brings the relationship on a more equal level (Coombs & Holladay, 2014). Stakeholder engagement refers to the process by which a company communicates or interacts with its stakeholders in order to achieve a desired outcome and enhance accountability. Companies have, to varying degrees, always engaged with stakeholders in one way or another. Historically, engagement tended to be more reactive or focused on risk mitigation. As the corporate social responsibility movement has grown, companies have become proactive under the assumption that stakeholder engagement can enhance the sustainability and profitability of the organization (Ibraimi, 2014).

Stakeholder engagement promotes the development of collaboration and shared goals rather than simply placating stakeholders and developing buffers to protect against the uncertainty of the complex external environment (Gould, 2012). Successful organizational leadership develops stakeholder networks and links with the range of external stakeholders (Maak, 2011). Regular feedback and updates should be incorporated in the plan to enable the process and create the necessary visibility (IIRC, 2014). Further, (Kenyoru, 2015) established that stakeholder engagement through customer and employee involvement strategies contributed

significantly to the performance of the organizations with the stakeholder recognition indicating more effect on the performance of the organization. Kimutai and Kwambai (2018)concluded that stakeholder engagement is and should always be an integral part of major decision-making processes in all cross-functional sections and/or departments of the organization leading to improved performance.

Stakeholder engagement is the process used by an organization to engage relevant stakeholders for a clear purpose to achieve agreed outcomes (Deverka, et al., 2012). It is now also recognized as a fundamental accountability mechanism since it obliges an organization to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and to report, explain and answer to stakeholders for decisions, actions, and performance. Stakeholder engagement is the process used by an organization to engage relevant stakeholders (Camden, Graham, Thomas, Sprung, & Russell, 2015).

2.4 Empirical Review

An empirical literature review is a comprehensive survey of previous inquiries related to a research question. Although it can often be wide in scope, covering decades, perhaps even centuries of material, it should be narrowly tailored, addressing only the scholarship that is directly related to the research question (Cooper & Schindler, 2011). The variables under study are; offensive, hold, defensive, swing and engagement strategies.

Kinyua, Amuhaya and Namusonge (2016) sought to establish the relationship between stakeholder management generic strategies and the financial performance of deposit taking Savings and Credit Co-operatives societies in Kenya. The objective of this study was to study the relationship between stakeholder management generic strategies and performance of SACCO societies in Kenya. Research findings were that all the five strategies individually and when combined have positive relationship with the performance of deposit taking SAACOs. Further, the study found that there was a significant positive relationship between defensive strategy and financial performance of DTSs individually. The study

concluded that stakeholder management generic strategies significantly influenced financial performance of DTSs.

Ouma (2016) sought to establish the relationship between offensive strategies and performance of insurance companies in Kenya. The questionnaire was the major too of enquiry that collected primary data while secondary data fromregulatory authorities was incorporated to supplement the data collected by questionnaires. The research findings were analyzed through regression analysis and it was established that competitive strategies adopted had a large influence on the firm performance as measured by both financial and non financial metricsand it wasalsoestablished that more companies are adopting offensive strategy in order to increase and maintain respective market shares.

Heriyati, Heruwasto and Wahyuni (2010) sought to establish the offensive competitive marketing strategy, the development of construct & measurements in Malaysia.A survey was conducted on 251 respondents using a survey instrument. The data collected was analyzed using a series of statistical techniques. The results of the analysis are discussed and the findings revealed that social status is an important factor associated with customers' behaviour. This factor is also associated with sales promotions. Findings also revealed that credits cards that create social admiration are preferred.

Velu and Jacob (2016) study explored that the relationship between business model design and competition-based strategies among competing firms. The reason for competition could be offensive depending on the relative threats and opportunities. Competition requires the ability of firms to design, implement and manage new business models. This study provided an overview of case vignettes in the bond trading market, electronic book retailing and flat-screen LCD television markets to illustrate the rationale for competition-based business model design. The study proposed a framework on how, when and why business model innovation is required for competition-based strategies in order to contribute to competitive advantage.

Ensign and Robinson (2016) study described an approach to corporate entrepreneurship using an outsider perspective learning to think like an outsider. Three propositions using this perspective are examined in the context of offensive corporate entrepreneurship. The impact of market conditions on entrepreneurship are used as a basis for developing these propositions. Finally, they investigated the factors that have a significant impact on the success of entrepreneurial efforts by the firm. These variables include: processes, values, resources, organizational structure, corporate culture, and leadership. They used examples of how mature corporations have responded, with particular attention to the changes confronted by Research In Motion (RIM). The study established that offensive corporate entrepreneurship enhance firm performance.

Stafford (2017) study focused on the private equity funds tend to select relatively small firms with low EBITDA multiples. Publicly traded equities with these characteristics have high risk-adjusted returns after controlling for common factors typically associated with value stocks. Hold-to-maturity accounting of portfolio net asset value eliminates the majority of measured risk. A passive portfolio of small, low EBITDA multiple stocks with modest amounts of leverage and hold-to-maturity accounting of net asset value produces an unconditional return distribution that is highly consistent with that of the pre-fee aggregate private equity index. The passive replicating strategy represents an economically large improvement in risk- and liquidity-adjusted returns over direct allocations to private equity funds, which charge average fees of 6% per year.

Ung, Brahmana and Puah (2018) study examined the relationship between defensive strategy and firm value for a sample of 596 listed firms in Malaysia over the period 2008 to 2015. For the sake of robustness, the institutional setting is considered in this research by gauging the ownership structure. More specifically, this study sought to determine whether a firm's ownership structure might have a significant contribution to the value of its defensive strategy. Additionally, the value creation of defensive strategy is compared among family firms, government-linked firms, and foreign firms. This study concluded that defensive strategy, especially retrenchment strategy, had a positive significance on a firm's excess

value. This implies that defensive strategy would improve the firm performance. Yannopoplous (2011) study focused on the several defensive strategies that managers can adopt for market success. Defensive strategies were divided into pre-entry and post-entry stretegies. Marketing managers should attempt to discourage would be entrants before entry has occurred. They can achieve this goal by engaging in pre-entry startegies. After entry is occurred it is more difficult to persuade new entrants to exit the industry. For this reason, it was established that the marketing managers should use different defensive strategies for defending their positions in pre-entry and post-entry situations.

Karakaya and Yannopoulos (2010) study intended to develop a conceptual framework for defensive strategy by integrating market entry modes and the typology of firms suggested by Day and Nedungandi (1994), and to attempt to propose how local incumbent firms utilize their mental models in order to react against market entry of new competition in global markets. The theoretical perspective adopted in the study is how mental models used by incumbent firms influence their reaction to market entry of new competition in developing defensive strategies to defend their markets. The study findings indicated that the mental models of incumbent firms, categorized as self-centered, competitor-centered, customer-oriented, and market-driven firms, impact their reaction and the development of defensive marketing strategies against market entrants using a variety of market entry modes in global markets. Ibraimi (2014) focused on the swing business strategies of firms to their performances by studying largest manufacturing firms. The strategic concept is presented, then two other major concepts competition and performance and their linkage to strategy is discussed in detail. This is followed by the analysis of empirical studies on the determinants of firm financial performance. One of the key empirical observations made by traditional swing strategy case research was that firms within the same industry differ from one another, and that there seems to be an inertia associated with these differences.

A study by Kagira et al., (2012) on sustainable methods of addressing challenges facing smallholder tea sector in Kenya observed that small scale tea farmers are not well represented in KTDA, AFA Tea Directorate and EATTA, or their representatives are compromised. Relationship between farmers and their tea factories need to be strengthened, so as to increase ownership and their participation, this is important so that farmers can stop feeling disfranchised. The study concludes that if the various stakeholders in the Kenya tea industry operate with proper coordination and consultation, this would greatly improve on quality control, competitiveness and bottom-line performance.

A study by Kathata (2011)of tea factories in Thika district on factors affecting the quality of tea made in factories managed by KTDA revealed that other than the forces of demand and supply, the quality of tea determines the prices of tea in the market, with higher quality teas commanding higher prices than lower quality teas. The study established that the adoption of swing strategy encourage collaboration. Thus, according to Owuor and Kwach (2012), the declining trends in quality is due to lack of collaborative mechanisms, and inappropriate laws and policies, bad governance and management in tea controlling/regulating bodies, poor husbandry practices by farmers, mismanagement of tea factories and poor stakeholder management.

Christian Partners Development Agency (2008) undertook a study on stakeholder mapping to determine every player in the tea industry in Kenya. Further analysis of the stakeholders was done to single out those with the greatest impact on the growth and sustainability of small-scale tea farming. The study acknowledges that current low market prices of tea negatively affect the working conditions and livelihoods of plantation workers and small-scale farmers in tea producing countries (CPDA, 2008). The study argues that smallholder tea farmers are at the bottom of the Supply Chain, relegated and neglected with no say in decision making and therefore little share in profits. The study advocates for stakeholder's engagement including civil society as the presence of these organizations facilitate exposing malpractices thereby enhancing transparency as well as empowering smallholder tea farmers in Kenya.

There is need to emphasize the importance of interacting with secondary stakeholders when accessing information to the organization (Ayuso et al., 2011). In unpredictable business environments, organizations often look for stakeholder support, yet simultaneously have to prepare for opposition (McDonald & Cokley, 2013). Stakeholders engage with brands and organizations matters in an environment where social media have become the most trusted sources for information and experiences (Vilma, 2015). An organization should endavour to understand the legitimate concerns of stakeholders by adopting a proper two-way communication (Amaeshi & Crane, 2009). The value of the stakeholder engagement process can be greatly enhanced by clearly defining, articulating and communicating the scope and boundary of the stakeholder engagement policy (Gould, 2012).

Lewrick and Schanz (2017) study sought to examine how effective are available policy tools in managing liquidity risks in the mutual fund industry. They assessed one such tool swing pricing strategy – which allows funds to adjust their settlement pricein response to large net flows. The empirical analysis exploited the fact that swing pricing strategy was available to Luxembourg funds, but not yet to U.S. funds. They showed that swing pricing strategy dampened outflows in reaction to weak fund performance, but had a limited effect during stress episodes.Furthermore, swing pricing strategy supported fund returns, while raising accounting volatility, and led to lower cash buffers.

Lop, Ismail, Isa and Khali (2017) sought to determine the factors affecting the operational performance of PPP projects in Malaysia. A qualitative approach of semi-structured interviews from selected case studies was adopted. A purposive sampling technique has been chosen which involves PPP experts as a sample population. From the findings, it was revealed defects occurrence, lack of competency among staff or person in charge in PPP, service delivery failure, lack of strategy in assessing performance, lack of monitoring, lack of experience and understanding of PPP among stakeholders, and poor management affected contributed to operational performance of PPP projects in Malaysia.

Chirchir and Kengere (2018) sought to establish how operational performance of insurance companies was affected by quality management was the main objective of this study. All the quality management practices (topmanagement support, strategic planning, supplier management, process management, and customerfocus and employee involvement) were found to havea positive effect on the operationalperformance of insurance firms. The study further concluded thatinsurance companies facechallenges when implementing quality management practicesto a moderate extent. The challenges faced often by the insurance firms are resistance to change by the staff; lack of adequate experience in implementationand inadequate implementation personnel while the less often faced challenges were inadequate leadership and direction from managers; lack of understanding of the strategy by implementersand absence of the appropriate structures.

Kiprotich, Njuguna and Kilika (2018) sought to investigate the influence of Total Quality Mangement practices and operational performance of Kenya Revenue Authotity. The study established thatthere is a positive relationship between employee training, continous improvement and system automation andoperational performance of KRA. Relatedly, Kairu and Rugami (2017) study sought to establish the effect of staff training on the operational performance of Kenya Revenue Authority. From the study findings, conclusions made were that staff training is effective in determining performance and proper execution of the same leads to improved productivity and increases employee knowledge as well as their morale to work.

Jin, Kacperczyk, Kahraman and Suntheim (2019) study focused on how to prevent runs on open-end mutual funds In recent years, markets have observed an innovation that changed the way open-end funds are priced. Alternative pricing rules (known as swing pricing strategy) adjust funds' net asset values to pass on funds' trading costs to transacting shareholders. Using unique data on investor transactions in U.K. corporate bond funds, they showed that hat swing pricing eliminates the first-mover advantage arising from the traditional pricing rule and significantly reduces redemptions during stress periods. The positive impact of

alternative pricing rules on fund flows reverses in calm periods when costs associated with higher tracking error dominate the pricing effect.

Jooste (2010) objective of the study was to research the influence of stakeholder engagement on business performance and value creation, and to identify factors that impact on stakeholder engagement in the selected SMEs in Guateng. The processes that are in place to engage with employees and how values were created through employee engagement were also investigated. Studies proved that successful employee engagement had a positive influence on how businesses perform.

Lehtinen, Aaltonen and Rajala (2019) study explored how and why firms engaged and disengage external stakeholders in their value-creating activities in complex product systems over time. From the existing research on stakeholder management, the actor roles, strategies, reasons and challenges of engaging external stakeholders in innovation and business activities vary across contexts. However, additional research was needed to construct a more comprehensive understanding of the practices as well as their rationales by which firms engage or disengage external stakeholders in complex product systems. The empirical study of a European district development megaproject improves the current understanding of stakeholder management in complex product systems contexts. They derived the nine practices and four rationales that timely described the engagement and disengagement of external stakeholders. The study developed a model of stakeholder management in complex product systems with implications for both stakeholder management literature and managerial practice.

2.5 Critique of the Existing Literature Relevant to the Study

In developing the conceptual model, the factors affecting strategic management, as evidenced in the previous sections of the chapter, have been drawn on. Research that studied the link between stakeholder management and organizational performance were also taken into account. The Stakeholder Management Strategies Model proposed by Šmakalova (2012) has been found to be the most used (Kinyua, Amuhaya & Namusonge, 2019; Ouma, 2016; Heriyati, Heruwasto & Wahyuni, 2010, Ung, Brahamann & Puah, 2018). Although the Stakeholders Management

Strategies Model proposed by Šmakalova (2012) is not without criticism (Ung, Brahamann & Puah, 2018), its applicability and potentiality is still upheld (Kinyua, Amuhaya & Namusonge, 2019).

The model has also been used in the current study but stakeholder engagement added as a moderating variable. This section has justified the selection of the factors and their usage as the building blocks to the conceptual model in its applicability in the agricultural firms (smallholder tea sector) which has not been examined by other researchers. There is no a universal definition of stakeholder management strategies and is as a result of the way the concept of stakeholder management has been developed. The concept of stakeholder management has been considered from different points of view in different bodies of literature. Stakeholder management in strategic management as a discipline uses overlapping terminologies that is drawn from multiple-disciplinary bases (Kinyua, Amuhaya, & Namusonge, 2016). Lee (2014) showed that the generic stakeholder management strategies combines concepts from disciplines such as project management and theory of the formation of the company, logistics, production and inventory management, accounting management, scientific forecasting, marketing, and operations research.

There are no specific elements that are conventionally accepted as best generic stakeholder management strategies. Amaeshi and Crane (2009) assert that many authors studied stakeholder management strategies have used various elements and dimensions to measure the stakeholder management. Kinyua, Amuhaya and Namusonge (2016) considered offensive strategy, hold strategy, defensive strategy, swing strategy and CSR strategy as the stakeholder management elements in their study of a structural model of stakeholder management on firm performance. Their study added corporate social responsibility as a stakeholder management strategy deviating from the four generic strategies Šmakalova (2012) proposed model. The current study maintained the four stakeholder management generic strategies (offensive, hold, defensive and swing strategies) and introduced stakeholder engagement as the moderator on the relationship between stakeholder management strategies and operational performance of the small holder tea sector in Kenya.

Yonnopoulous (2011) also identified the four stakeholder management strategies but the challenge is the application of the same in different fields. There is also little consensus regarding how stakeholder management actually should be implemented and measured (Lee, 2014). Amaeshi and Crane (2009), argue that stakeholder management is more difficult to operationalize in practice than some academics or consultants seem to claim. Stakeholder management studies have mostly concentrated on normative branch of stakeholder management theory. It is however important to extend the study to smallholder tea sub-sector. Kinyua, Amuhaya and Namusonge (2016) study focused on the stakeholder management generic strategies and financial performance of deposit taking Saccos in Kenya. The study focused on the financial performance of the Saccos. The study findings cannot be generalized to other sectors such as tea sector which have different stakeholders not similar with the Saccos. Additionally, the current study focused on the operational performance of the small holder tea sector.

Blair, Payne et al., (2011) stresses the importance of key stakeholder relationships for an organization's overall business strategy with emphasis on healthcare industry. When determining the stakeholder's orientation, organizations should account for factors such as control of resources, relative power, likelihood and supportiveness of potential stakeholder action, and coalition formation. These factors should be interpreted in light of the specific context and history of the organization's relations with key stakeholders.Freeman (2010) suggested the use of a 'Power-Interest Grid' to assist in balancing the need to take a broad definition of stakeholders. Incorrectly categorizing a stakeholder relationship into the wrong classification type is, in itself, indicative that the chosen strategy for managing that relationship will be wrong and also detrimental to an organization.

In his study to establish whether primary stakeholder management positively affected bottom line, Galbrieth (2009) looked at the specific stakeholder management strategies but the management aspect of it. Kagira et al., (2012) observed that proper coordination and consultation by various stakeholders in the Kenya tea industry would greatly improve on quality control, competitiveness and bottom-line performance but no specific stakeholder management strategies are

discussed. There is need to think about the firm as a social actor that allows for heterogeneity of interests without simply seeing the firm as a shell to be controlled by varied interests of stakeholders. Most studies fail to offer a solution in case there is heterogeneity between the corporate interests and that the interests of stakeholders are not necessarily mutually exclusive. The shareholder value maximization interest is not always incompatible with the goal to promote environment-friendly policies (Smith, Ansett, & Erez, 2011). Freeman et al., (2007) postulate that stakeholders' influence over firm decision-making is a function of the firm's dependence on them for critical resources. Most studies would argue that the interests of the firm would change accordingly with a change in those relations (Freeman & McVea, 2001; Ackermann & Eden, 2011; Šmakalova, 2012). The interests of the firm are almost entirely determined by its relations with stakeholders. In this view, the firm may be constituted by stakeholder interests, but only in as much as they help it achieve its own predetermined ends.

From the foregoing review, there exists past studies on influence of stakeholder involvement on project performance but most studies focus on developed countries (Ackermann & Eden, 2011; Šmakalova, 2012). Developed nations have embraced stakeholder involvement and participation for improved organizational performance (Yang, 2010).It is evident that effective and efficient stakeholder management strategy is crucial for long term business sustainability according to many empirical studies conducted in developed countries. Scholars have also noticed that literature on stakeholder generic strategies is very scanty and need further development; empirical study in developing countries is lacking (Lee, 2014; Šmakalova, 2012).

The absence of a comprehensive stakeholder management strategies definition makes it more difficult for firm managers to claim authority and responsibility for the right combination of functions and processes in regard to the stakeholders. It also makes it more difficult to benchmark against other firms on stakeholder management metrics, job responsibilities and other human resource issues because of the differences that exist from one firm to the next (Šmakalova, 2012). Spark (2016) argues that if stakeholder management has to mature as a discipline there

need to further the progress in clarifying its domain, its central problems, its core components, its theories and its theoretical map

In Kenya, empirical study is lacking on the relationship between stakeholder management strategies and performance. Most of the studies on the tea sector in Kenya focus on challenges and sustainability of the tea sector (Kagira et al., 2012; CPDA, 2008; Owuor & Kwach, 2012). Most studies highlight poor representation of stakeholders' in regulatory bodies and lack of involvement in decision making. However, some stakeholder's especially smallholder tea farmers and multinationals contribute to lowering returns in the tea sector. Tea hawking, for example, is threatening the survival of KTDA managed tea factories and the entire tea sector faces uncertainty as multinationals processors intensify their efforts to source the commodity directly from farmers (TBK, 2010). Tea hawking have a negative impact on tea earnings as the vice translates to lower deliveries and therefore deny the tea companies raw material, which end up increasing the cost of production per unit as firms use same capacity to process less (Mwaura & Muku, 2017).

2.6 Summary of Literature Reviewed

A critical review of strategic alignment showed various observations. Section 2.3, 2.4 and 2.5 suggests that although researchers have explored the relationships between stakeholder management strategies and the factors influencing it, measures and firm performance, and the relationships between management strategies, need to be further examined. Studies suggest that stakeholder management strategies, enablers and dimensions of measures have an impact on firm performance in an independent way. Ironically, most have focused mainly on business strategies' integration consequences, whilst few studies were focusing on how firms can be strategic, as well as what factors could drive or hinder stakeholder management strategies, as recognized by Smakalova (2012). Second, anomalous evidence has accumulated concerning the direct and indirect influence of stakeholder management strategies on organizational performance and the inconsistency of the findings. This inconsistency can be justified to the cultural dimensions and individuals' beliefs and behaviors towards stakeholder engagement may influence

this alignment on organizational performance (Ibraim, 2014). By investigating the common factors affecting stakeholder management and accordingly establishing appropriate enablers to enhance an organization's ability to strategically align business strategies (Freeman, 2010), which can be measured using different types of measurement tool, in this study, the researcher has selected Stakeholder Management Model (Smakalova, 2012). Firm performance, as an output to stakeholder management, can be assessed through organizational profitability or any other non-financial benefits in stakeholder management strategies (Polonsky & Scott, 2009).

Stakeholder management strategies can add a competitive value to organizations (Kathata, 2011), and it is also hypothesized to have a positive influence on business performance terms of effectiveness (Gabrieth, 2009). Although a considerable number of studies of the above relationships have been carried out, few public organizations were able to link stakeholder management strategies and organizational performance (Ung, Brahmanna & Puah, 2018). Linking Stakeholder management strategies to organizational performance is not a simple task when considering that many factors influence this relationship (Yannopolous, 2011). Moreover, many factors influence organizational performance (Karakaya & Yannopolous, 2010). Hence, it is important to select a comprehensive and multidimensional performance measure when measuring stakeholder management strategies and organizational performance of public organizations (that is performance prism).

The challenge is to identify the appropriate elements and relationships describing stakeholder management strategies within an organization in relation to firm performance, and accordingly to identify those factors impacting the use of models, such as Šmakalova, (2012) stakeholder management model; hence, there is the need to investigate the implications of firm performance on small holder tea sector as a result. Based on this rationale and the literature review, a conceptual model has developed. The theoretical underpinnings are embedded based on these elements. This also acknowledges the importance of linking acceptance with social norms and behaviors across cultures (Heriyati, Heruwasto & Wahyuni, 2010), and where the

mediation fit (stakeholder engagement) perspective is used to link the strategic stakeholder management strategies with the firm performance of the small holder tea sector as highlighted that if executives and management develop and sustain the stakeholder management strategies, their organizational performance will be enhanced (Ouma, 2016).

This chapter serves as a foundation to the development of the conceptual model presented in this chapter. The studies on stakeholder management strategies reviewed the concepts and theories discussed from stakeholder management and strategic management literature assisted in improving the general understanding of stakeholder management strategies. A conceptual model provides the foundation for the encompassing research hypotheses for this study, is illustrated in the following chapters.

2.7 Research Gaps

The factors such as stakeholder orientation, control of resources, relative power, likelihood and supportiveness and coalition formation should be interpreted in light of the specific context and history of the organization's relations with key stakeholders (Blair, Payne et al., 2011). Most studies fail to offer a solution in case there is heterogeneity between the corporate interests and that the interests of stakeholders; the interests are not necessarily mutually exclusive (Smith et al., 2011). According to Kagira et al., (2012), proper coordination and consultation by various stakeholders in the Kenya tea industry would greatly improve on quality control, competitiveness and bottom-line performance. This will highlight specific stakeholder management strategies in context of tea industry in Kenya.

Most studies argue that the interests of the firm would change accordingly with a change in stakeholder relations (Freeman & McVea, 2001; Ackermann & Eden, 2011; Šmakalova, 2012). The interests of the firm are almost entirely determined by its relations with stakeholders. In this study, instrumental view is widely held aimed at maximising shareholder value paying attention to stakeholder relationships. Stakeholders control resources that can facilitate the implementation of strategies

and therefore must be managed to create competitive advantage. The study views the firm and stakeholders as mutual beneficially of the stakeholder relationship.

It is evident that effective and efficient stakeholder management is crucial for long term business sustainability according to many empirical studies conducted in developed countries(Yang, 2010; Kinyua, et al., 2016).Literature on generic stakeholder management strategies is very scanty and need further developmentwhilenoting that empirical study in developing countries is lacking (Ackermann & Eden, 2011; Šmakalova, 2012). In Kenya, most of the studies on the tea sector focus on challenges and sustainability of the tea sector and highlight poor representation of stakeholders' in regulatory bodies and lack of involvement in decision making(Kagira et al., 2012; CPDA, 2008; Owuor, 2011). However, some stakeholder's especially multinationals contribute to lowering returns in the smallholder tea sector (Mwaura & Muku, 2007).The study focused on stakeholder management strategies whose purpose was to increase the support and minimize the negative impacts of the stakeholders on the operational performance of smallholder tea sector in Kenya.

Although the studies carried out by Kinyua, Amuhaya and Namusonge (2016) addressed some variables in this study, this study was not carried out in deposit taking Saccos in Kenya. The studies carried out in tea sector, were either done in developed countries or in the plantations sector (Ibraim, 2014; Lehtinien, Aaltonene & Rajala, 2019). Most of studies done in Kenya concentrate on tea plantations do not specifically address the smallholder tea sector and the variables used as stakeholder management strategies were different from the one used in this study. Hence there was need for an empirical study to be carried out in smallholder tea sector in Kenya. The study adopted the generic stakeholder management strategies developed by Šmakalova (2012) that identified offensive strategy, hold strategy, defensive strategy and swing strategy.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter documents the methods and procedures that were used to gather and analyze data on the role of stakeholder management strategies on operational perfomance of smallholder tea sector in Kenya. It presents the research designs adopted, the population of interest, sampling frame, sample size determination and sampling techniques, data collection instruments and procedures, pilot test and data processing and analysis. Also presented in this chapter are the research models that this study utilized to analyze and test various hypotheses developed in chapter one.

3.2 Research Design

Research design is a plan that guides research in the process of collecting, analyzing and interpreting observations; the researcher's blueprint for the methods and instruments used to gather information and to evaluate it, in order to respond to the research questions of the study (Cooper & Schindler, 2011). The study adopted a survey research design because it provides a quantitative description of trends, attitudes, or opinions of a population by studying a sample of that population. Survey research design includes cross-sectional and longitudinal studies using questionnares for data collection with the intent of generalizing from a sample to a population (Creswell, 2014). Survey research design is concerned with addressing the particular characteristics of a specific population of subjects, either at a fixed point in time or at varying times for comparative purposes (Zikmund, 2010).

A survey research design includes a process of collecting data in order to answer questions concerning the current status of the subjects under study and that it uses a preplanned design for analysis.This results into the collection of both quantitative and qualitative data appropriate to test the independent variables; offensive, hold, defensive, swing strategies and the moderating variable; stakeholder engagement. A survey research design is the appropriate design for investigating the behaviour under study that is, a social unit, be it a person, family, institution or even an entire community (Mugenda, 2008).

3.2.1. Research Philosophy

The study was anchored on positivist philosophy since it is directly associated with the idea of objectivism. A positivist research philosophy involves manipulation of reality with variations in only a single independent variable so as to identify regularities in, and to form relationships between some of the constituent elements of the social world. Predictions can be made on the basis of the previously observed and explained realities and their inter-relationships (Babbie, 2010). The Positivist's approach is to test a theory or describe an experience through observation and measurement in order to predict and control forces that surround us (Cooper & Schindler, 2011). Positivists place high priority on identifying causal linkages between and amongst variables (Creswell & Creswell, 2017). They believe that reality is stable and can be observed and described from an objective viewpoint without interfering with the phenomena being studied (Nachmias & Nachmias, 2008). In this kind of philosophical approach, scientists give their viewpoint to evaluate social world with the help of objectivity in place of subjectivity (Cooper & Schindler, 2011).According to this paradigm, researchers are interested to collect general information and data from a large social sample instead of focusing details of research.

3.3 Target Population

Target population refers to the research universe or the entire group of individuals or objects to which researchers are interested in generalizing the conclusions. Target population consists of all members of a real or hypothetical set of people, events or objects from which a researcher wishes to generalize the results of their research (Mugenda & Mugenda, 2012). Study population consists of all the individuals who realistically could be included in the sample (Borg & Gall, 2007). It is a group of individuals, items or objects from which a sample of study was obtained and to which the results were inferred (Kombo & Trom, 2006).The study population comprised of all the smallholder tea factories in Kenya. The unit of analysis was the KTDA (smallholder) tea factory.

Stakeholder relationship management issues are handled by managers of an organization (Friedman & Miles, 2006). The target population included the directors, production managers, field officers and the factory unit managers as shown in Table 3.1. The unit of observation comprised of 708 managers including the directors, production managers, field officers and the factory unit managers in the smallholder tea sector in the different tea regions in Kenya. The tea regions include Region 1: Aberdare Ranges I; Region 2: Aberdare Ranges II; Region 3: Mt Kenya; Region 4: Mt Kenya & Nyambene Hills; Region 5: Kericho Highlands; Region 6: Kisii Highlands; Region 7: Nandi Hills & Western Highlands (KTDA, 2018).

Table 3.1: Target Population

Tea Region	Category	Population
Region 1	Directors	68
	Unit managers	12
	Field Officers	46
	Production Managers	12
	Sub Total	138
Region 2	Directors	58
	Unit managers	10
	Field Officers	40
	Production Managers	10
	Sub Total	118
Region 3	Directors	32
	Unit managers	8
	Field Officers	36
	Production Managers	8
	Sub Total	84
Region 4	Directors	32
	Unit managers	13
	Field Officers	54
	Production Managers	13
	Sub Total	112
Region 5	Directors	34
	Unit managers	8
	Field Officers	38
	Production Managers	8
	Sub Total	88
Region 6	Directors	30
	Unit managers	9
	Field Officers	36
	Production Managers	9
	Sub Total	84
Region 7	Directors	36
	Unit managers	8
	Field Officers	32
	Production Managers	8
	Sub Total	84
Total		708

Source: KTDA (2018)

3.4 Sample and Sampling Techniques

Sampling is the process of selecting units (people, organizations) from accessible population so as to fairly generalize results to the target population (Orodho, 2009). According to Mugenda (2008) sampling technique is used to allow the researcher to use cases that have the required information with respect to the objectives of the study.

3.4.1. Sampling Frame

The sampling frame can be described as the list of all population units from which the sample is selected (Cooper & Schindler, 2011). A sampling frame is a list of all the items in the study population. It is the list of elements from which the sample may be drawn (Zikmund, 2010). The sampling frame for this study consists of a list of 68 KTDA tea factories licensed by AFA Tea Directorate as of 29 May 2018 as shown in Appendix VI.

3.4.2. Sample Size Determination

A sample is a subset of the population that is representative with relevant characteristics (Creswell, 2014). Sampling refers to the process of obtaining information about an entire population by examining only a part of it (Kothari & Garg, 2014). The sample size of this study was calculated from the Slovin's formula given as:

$$n = \frac{N}{1 + N\,(e)^2}$$

Where: n = Sample size, N = Total population and e = Error tolerance (confidence level). Since the population N =708, Error tolerance (e) = 0.05, the sample size is determined as:

$$n = \frac{708 = 256}{1 + 708\,(0.05)^2}$$

This study used stratified random sampling. The method involves the division of a population into smaller mutually exclusive groups known as strata. A random sample from each stratum was taken in a number proportional to the stratum's size

when compared to the population (Kothari, 2004). The choice of the technique was influenced by the fact that factory units are categorized into seven regions. Tea grown in certain regions attain higher quality due to ecological and climatic features and tea hawking practices are more prevalent in certain regions (KTDA, 2014). The 256 respondents were drawn proportionately from the target population as illustrated in Table 3.2.

Table 3.2: Sample Size Distribution

Tea Region	Category	Population	Sample Size
Region 1	Directors	68	25
	Unit managers	12	4
	Field Officers	46	17
	Production Managers	12	4
Region 2	Directors	58	22
	Unit managers	10	4
	Field Officers	40	15
	Production Managers	10	4
Region 3	Directors	32	12
	Unit managers	8	3
	Field Officers	36	13
	Production Managers	8	3
Region 4	Directors	32	12
	Unit managers	13	5
	Field Officers	54	14
	Production Managers	13	5
Region 5	Directors	34	12
	Unit managers	8	3
	Field Officers	38	14
	Production Managers	8	3
Region 6	Directors	30	11
	Unit managers	9	3
	Field Officers	36	13
	Production Managers	9	3
Region 7	Directors	36	14
	Unit managers	8	3
	Field Officers	32	12
	Production Managers	8	3
Total		**708**	**256**

3.5 Data Collection Instruments

Cooper and Schindler (2011) defined data collection instruments as the tools and procedures used in the measurement of variables in research. The main objective of this study was to establish the role of stakeholder management strategies on operational performance of smallholder tea sector in Kenya. The study analysed primary data collected from the respondents in the selected tea factories in Kenya. The study relied on questionnaires, supplemented with interview guides in the collection of the primary data.

3.5.1. Questionnaires

Various scholars views questionnaire as a collection of questions or statements that assesses attitudes, opinions, beliefs, biographical information or other forms of information (Cooper & Schindler, 2011;Babbie, 2010). According to researchers, questionnaires are preferred for primary data collection because they are less costly, especially when the population is large and widely spread geographically. They ensure anonymity, permit use of standardized questions and ensure uniform procedures. Besides, questionnaires provide time for respondents to think about responses and are easy to administer (Kothari & Garg, 2014).

Therefore, it was appropriate to use questionnaires as an important tool for collection of primary data due to their many positive attributes. The tool was useful in the interest of time and given the wider spread of the smallholder tea factories involved in the study. The study adopted likert scales in the questionnaires. According to Zikmund (2010), Likert scales are widely used in business research. Likert scale types of questions were designed in the questionnaire and were balanced between the quantity and the quality of data to be collected. The responses were anchored on a five-point scale ranging from strongly agree to strongly disagree (a scale of 1-5, where1 = strongly disagree, 2= Disagree, 3= Neutral, 4 = Agree and 5= strongly agree).

3.5.2. Interview Guide

According to Kothari (2004), the interview method of collecting data involves asking questions, listening to individuals and recording their responses. The method can be used through personal or telephone interviews. The main advantages of the interview method are; more and detailed information can be obtained, the method can be made to yield an almost perfect sample of the general population, there is greater flexibility as the opportunity to restructure questions is always available to the researcher. The researcher can usually control which respondents answered the questions and personal information also obtained easily under this method. The interview schedules were used to collect data in this study because they targeted other stakeholders who were key informants and who could not have time for the questionnaires. Besides, interview schedules were considered quite flexible and adaptable by the researcher. Information collected through this method greatly enhanced the drawing of inferences and conclusions relating to the study.

3.6 Data Collection Procedure

The researcher obtained necessary authorization and clearance from relevant authority before commencing the study. The researcher obtained authorization letter from NACOSTI and an introduction letter from the University. A cover letter was attached to each questionnaire to assure the participants that the information given will be anonymous and confidential. The research study made use of three research assistants who were recruited on the basis of their familiarity with the study area and had previous data collection experience. The researcher further trained the research assistants and properly briefed them of what was expected of them. The research assistants also participated in the pilot testing of the questionnaire as part of practical training.

Data collection included completion of the questionnaires by respondents and interviews with the respodents. The instruments were administered by the researcher and three research assistants. Data were collected from 20th April 2018 to 15th June 2018. Before administering the questionnaire, researcher and research assistants visited the respondents, explained the purpose of research and data

collection procedures and made appointment for data collection. On the day of appointment, the researcher or research assistants personally delivered the questionnaire and waited as the respondent completed it, giving an opportunity to provide additional information to the respondent when required.

After completion, the researcher and research assistants collected the questionnaire. High level of accuracy was achieved by field and central editing (Kothari & Garg, 2014). In field editing, the researcher or research assistants reviewed the completed questionnaires at the point of data collection. At the end of each day, the collected questionnaires were re-examined before being filed. Any unclear and incomplete responses were sorted out with the respondent immediately.

Regarding the interview, the researcher visited the respodents. After introduction and explanation of the purpose of the study, an interview appointment was made. On the day of appointment, the researcher conducted a face to face interview. The researcher asked questions and gave the respodents sufficient time to respond. The researcher wrote down the responses. At the end of the interview, the researcher read the responses to the respodents. Any unclear responses were clarified as others were deleted or added. After collecting data from the respondents through the questionnaire, data was then edited to check for completeness, consistency and reliability of data. The next step involved coding the responses in the coding sheets by transcribing the data from questionnaire by assigning characters the numerical symbols. This was be followed by screening and cleaning of data to make sure there no errors. After these data was transferred to SPSS for analysis.

3.7 Pilot Study

A pilot study is the first phase in data gathering of the research process (Marczyk, Dematteo, & Festinger, 2005). It is a small experiment designed to test reliability and validity and gather information prior to a large study in order to improve the latter quality and efficiency. Pilot test enhanced the training of field staff, review of the questionnaire and prevented wasteful expenditure on full blown survey. Determining reliability and validity was called for in order to determine whether the relationships in the conceptual framework were stable and accurate, and whether

they truly measured what they set out to measure (Kimutai, Gachunga, Wanjau, & Gichuhi, 2004). It is recommended that 10% of the sample size can be used for pilot study (Kothari &Garg, 2014).The researcher therefore selected 25 respondents using simple random sampling.

3.7.1 Validity of Research Instruments

According to Mugenda and Mugenda (2012), validity is the accuracy and meaningfulness of inferences, which are based on the research results. In other words validity is the degree to which results obtained from the analysis of the data actually represent the phenomenon under study. Validity refers to the appropriateness, meaningfulness and usefulness of evidence that is used to support the interpretations (Cooper & Schindler, 2011). Content validity addresses how well the items developed to operationalize a construct provide an adequate and representative sample of all the items that might measure the construct of interest. There is no statistical test to determine whether a measure adequately covers a content area or adequately represents a construct, content validity usually depends on the judgment of experts in the field (Kimberlin & Winterstein, 2008). The validity of the questionnaire was therefore established based on the judgment of experts in the field. The questionnaires were presented to AFA Tea Directorate Managers to enhance content validity. Participants were invited to comment on the clarity of the language and logical organization of the questionnaire items. They were encouraged to provide recommendations and endorsements for the final version of the questionnaire. Their comments were reviewed and incorporated to enhance the validity of the questionnaire.

Construct validity concerns whether the measurement items actually measure the construct they are supposed to measure (Nachmias & Nachmias, 2008; Zikmund, Babin, Carr, & Griff, 2010). Construct validity was used to determine how well the questionnaire measured what it is supposed to measure by comparing the list of items in the questionnaire to the conceptual framework. The existence of a construct is manifest by observing the collection of related indicators.

3.7.2. Reliability of Research Instruments

Reliability is the consistency of measurement, or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects. A measure is considered reliable if a person's score on the same test given twice is similar (Creswell & Creswell, 2017). Test-retest reliability refers to the degree to which test results are consistent over time (Borg and Gall, 2007; Sekaran & Bougie, 2011). In order to measure test-retest reliability, questionnaires were administered to the same individuals on two occasions and scores correlated. The questionnaires were coded and responses input into SPSS which were used to generate the reliability coefficient known as Cronbach's alpha. The Cronbach's alpha is a measure used to assess the reliability, or internal consistency of a set of scale or test items (Quansah, 2017; Zikmund, 2010). The resulting alpha (α) coefficient of reliability ranges from 0 to 1 in providing this overall assessment of a measure's reliability. Pallant (2011) advises that where Cronbach's alpha coefficient is used for reliability test, the value should be above 0.7. Cronbach's alpha (α) was computed as follows:

$$\alpha = K/(K-1)\,[(1-(\sum \sigma_k^2/\sigma_{total}^2)] \quad \text{Equation (1)}$$

Where;

K is the number of items

$\sum\sigma k^2$ is the sum of the k item scores variances and

σ_{total}^2 is the variance of scores on the total measurement (Creswell & Creswell, 2017).

If all of the scale items are entirely independent from one another (not correlated), then alpha (α) = 0; and, if all of the items have high covariance's, then alpha (α) will approach 1. In other words, the higher the alpha (α) coefficient, the more the items have shared covariance and probably measure the same underlying concept (Cooper & Schindler, 2011). If alpha is greater than or equal to 0.8, then the items

are considered unidimensional for confirmatory purposes and may be combined in an index or scale. Some researchers consider the 0.7 <= alpha (α) < 0.8 range to be suitable while others only use the less stringent cut-off of 0.7 (Garson, 2012). Acceptable value of 0.7 was used as a cut-off of reliability for this study.

3.8 Data Analysis and Presentation

Collected data was edited, coded and classified to facilitate a better and efficient analysis. The primary and secondary data were harmonized and moderated to eliminate response bias. Data consisted of both qualitative and quantitative data, where qualitative data was transformed into quantitative data for analysis. Quantitative data was analysed using descriptive statistics and inferential statistics used to make predictions from the sample and make generalizations about the population. The statistics generated were frequencies, descriptive and inferential statistics. Qualitative data was analysed through content analysis. Microsoft excel was used to complement SPSS especially in production of tables.

Descriptive statistics show the summary of variable measurements presented in terms of central tendency, variability, frequency distribution (dispersion) and symmetry (normality). Central tendency measures include the mode, mean and median. Variability is expressed in terms of range, variance and standard deviation, while frequency distribution is expressed in terms of tables, graphs, bar charts and percentages, and symmetry is denoted by skewness and kurtosis (Kothari & Gaurav, 2014). In order to establish the relationship between the independent and dependent variables, correlation and multiple regression analysis were carried out. Multiple linear regression analysis was preferred because it has ability to show whether there is a positive or a negative relationship between independent and dependent variables (Castillo, 2009). In addition, regression would show whether the identified relationship is significant or not. Pearson correlation was used to measure the degree of association between the independent and dependent variables. The study model allowed for inputs, or exogenous variables, which do not need to be explained by the model. These include variables, such as government

policy, or non-policy variables, like the weather denoted by ε and defined as the disturbance error term.

3.8.1. Statistical Tests for the Assumptions

The statistical assumptions relate to Classical Linear Regression Model (CLRM). These assumptions are required to show that the estimation technique, Ordinary Least Squares (OLS), has a number of desirable properties (Manikandan, 2014). These assumptions gave an indication that the hypothesis tests regarding the coefficient estimates could validly be conducted. When these assumptions are violated the results of the analysis could be misleading.

a) Linearity Assumption

There must be a linear relationship between the outcome variable and the independent variables. Prior to performing linear regression analysis, researcher tested the data for linearity to find out whether data that was sampled from a population that relates the variables of interest was in a linear fashion. Based on the ANOVA, value sig. deviation from linearity of p-value greater than 0.05 it can be concluded that there is a linear relationship between the dependent and in independent variables.

b) Multicollinearity Assumption

Multicolinearity occurs in the data when two or more independent variables are highly correlated. From the perspective of this study this problem was solved by collecting data from the entire population. Two major methods were used in helping detect the presence of multicolinearity: tolerance test and Variance Inflation Factor (VIF). 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, Black, Babin, & Anderson, 2012). 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).

c) Autocorrelation Assumption

Autocorrelation problem occurs when error term observations in a regression are correlated making: the coefficient estimates unbiased, variance of coefficient estimates to increase hence suppressing the estimated standard errors given by ordinary least square. 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 (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.

d) Heteroscedasticity Assumption

Heteroscedasticity problem arises in the data when the variance of the residuals is not constant across all observations. This may be as a result of sub-population differences, the model being not correctly specified or if there are any other intervention effects in the data or an omission of very important variables from the model. This assumption asserts that the error term has a constant variance. Homoscedasticity means the relationship under investigation is the same for the entire range of the dependent variable. In regression analysis, heteroscedasticity refers to unequal variances of the random error terms. Homoscedasticity was tested through the Breusch-Pagan test where the BP Lagrange multiplier (LM) statistic was computed for the residuals. A p-value for the BP-LM test of less than 0.05 implied that we reject H_0 (residuals are homoscedastic) and therefore conclude that the residuals exhibit heteroscedasticity. A p-value for the BP-LM test > 0.05 implied that we fail to reject H_0 andtherefore conclude that the residuals do not exhibit heteroscedasticity (Gogtay & Thatte, 2017).

e) Normality Assumption

Test for normality was used to determine if the data set was well-modelled by a normal distribution. In statistical hypothesis testing, data is tested against the null hypothesis that it is normally distributed. The Kolgomorov-Smirnov test is a non-parametric test that can be used to test the underlying distribution of a given random variable. This was used to test whether the dependent variable and independent variables followed a normal distribution. If the P-values are less than 0.05 at 95% confidence, the study will conclude that the dependent variable and independent variables follow a normal distributed and hence fitting a linear model to the data was justified. Normality was tested through Shapiro-Wilk test. The Shapiro-Wilk's (W) is recommended for small and medium samples up to n = 2000. W ranges between 0 and 1 where W = 1, implies that the given data set is perfectly normal in distribution. When W is significantly smaller than 1, the assumption of normality is not met (Creswell, 2014).

f) Sampling Adequacy Tests

Kaiser-Mayor-Oklin measures of sampling adequacy (KMO) and Bartlett's test of sphericity were applied to test whether the relationship among the variables was significant. The test measures sampling adequacy for each variable in the model and for the complete model. Sampling adequacy test was done to test the relevance and suitability of the factors. Kaiser-Meyer-Olkin Measure (KMO) of sampling adequacy and Bartlett's Test of Sphericity tests were conducted to establish data's sampling adequacy. KMO measure varies between 0 and 1, and values closer to 1 are better with a threshold of 0.5. Williams, Onsman and Brown (2012) stated that KMO of 0.50 is acceptable degree for sampling adequacy. Bartlett's Test of Sphericity tests the null hypothesis that the correlation matrix is an identity matrix; that is, it analyses if the samples are from populations with equal variances. The formula for the KMO test is:

$$KMO_j = \frac{\sum_{i \neq j} r_{ij}^2}{\sum_{i \neq j} r_{ij}^2 + \sum_{i \neq j} u_{ij}^2}$$

Where:

r=[r_{ij}] is the correlation matrix and

u = [u_{ij}] is the partial covariance matrix

(i = 1,….,n).

The Bartlett's Test of Sphericity is the test for null hypothesis that the correlation matrix has an identity matrix. Taking this into consideration, these tests provide the minimum standard to proceed for Factor Analysis.

Test hypothesis regarding interrelationship between the variables.

H_0: There is no statistically significant interrelationship between variables influencing the performance of small scale tea sector in Kenya.

H_1: There may be a statistically significant interrelationship between variables influencing the performance of small scale tea sector in Kenya

Normally, 0 < KMO < 1. If KMO > 0.5, the sample is adequate.

3.8.2. Correlation Analysis

Correlation is the degree of relationship existing between economic variables. Both correlation and regression analysis can be used to examine the presence of a linear relationship between two variables. The correlation analysis was carried out between the variables of the study using Pearson correlation coefficient. This was to test whether there existed interdependency between independent variables and also to examine if there exist significant relationship between the independent variables offensive strategy, hold strategy, defensive strategy, swing strategy and the dependent variable that is performance of small holder tea sector in Kenya.

Mugenda and Mugenda (2008) assert that correlation technique is used to analyze the degree of relationship between two variables. They measure the strength and direction of a relationship between variables. The correlation coefficient values

ranges from negative (-1) to positive (+1). When the value is zero, it means there is no relationship between two variables. The direction of the relationship is also important such that when the correlation coefficient (r) is positive (+) it means that when one variable increases, the other variable increases or when one variable decreases the other variable also decreases also when correlation coefficient (r) is negative (-), it means that when one variable decreases, the other variable increase and vice versa. The correlations have different strengths, when $0.10 \leq r \leq 0.29$, it means there is weak relationship, when $0.30 \leq r \leq 0.49$, there is moderate relationship and when $0.50 \leq r \leq$ above , the relationship is strong.

3.8.3. Regression Analysis

Regression analysis is a form of predictive modelling technique used to find the causal effect relationship between the variables (Porzio, 2013). One is able to understand how the typical values of the dependent variable change when one of the independent variable is varied, while the other variables are held constant/fixed. Bivariate Models determine the relationship between two variables (dependent and independent variable) while multivariate models determine the relationship between more than two variables (dependent and more than one independent variable).

a) Bivariate Models

Bivariate regression models were fitted to determine the relationship between each independent variable and operational performance of smallholder tea sector in Kenya. Bivariate models consider the relationship between two variables at a time without considering the combined joint relationships (Gujarati & Porter, 2010). The study used the following models to determine the influences of each independent variable on operational performance of smallholder tea sector in Kenya.

$$OP = \beta_0 + \beta_1 X_1 + \varepsilon$$

$$OP = \beta_0 + \beta_2 X_2 + \varepsilon$$

$$OP = \beta_0 + \beta_3 X_3 + \varepsilon$$

$$OP = \beta_0 + \beta_4 X_4 + \varepsilon$$

$$OP = \beta_0 + \beta_5 X_5 + \varepsilon$$

OP - Operational performance of smallholder tea sector in Kenya

β_0 - The intercept of the equation (Constant term)

$\beta_1, \beta_2, \beta_3, \beta_4$ and β_5 are the regression coefficients of the predictors in the model.

X_1 - Offensive Strategy

X_2 - Hold Strategy

X_3- Defensive Strategy

X_4 - Swing Strategy

X_5 - Stakeholder Engagement

ε - The Error term

b) Multivariate models

To test the combined effect of stakeholder management strategies (offensive strategy, hold strategy, defensive strategy and swing strategy) on the dependent variable, multiple regression models was fitted. The model sought to estimate the joint influence of the independent variables on operational performance of smallholder tea sector in Kenya. The multiple regression model was expressed by the equation below;

$$\mathbf{OP = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon} \quad \text{.....} \quad \text{Equation 3.1}$$

To test whether stakeholder engagement moderates the relationship between stakeholder management strategies and operational performance of smallholder tea sector in Kenya, Moderated Multiple Regression (MMR) statistical tool will be used (Zikmund, Babin, Carr, & Griff, 2010). MMR enabled the slope of one or more of the independent variables to vary across values of the moderator variable, thereby facilitating the investigation of an extensive range of relationships and function forms (Hair, Black, Babin, & Anderson, 2012).

The second equation, the Moderated Multiple Regression (MMR) model is formed by creating a new set of scores for the two predictors (i.e. X_i*Z), and including it as a third term in the equation, which yields the following model:

$$\mathbf{OP} = \boldsymbol{\beta_0} + \boldsymbol{\beta_1 X_1} * \mathbf{Z} + \boldsymbol{\beta_2 X_2} * \mathbf{Z} + \boldsymbol{\beta_3 X_3} * \mathbf{Z} + \boldsymbol{\beta_4 X_4} * \mathbf{Z} + \boldsymbol{\varepsilon} \ldots \text{Equation 3.2}$$

Where:

β_i are the regression coefficients of the predictors in the model.

OP – Operational performance of smallholder tea sector in Kenya

β_0 – The intercept of the equation (Constant term)

X_1 – Offensive Strategy

X_2 – Hold Strategy

X_3 – Defensive Strategy

X_4 – Swing Strategy

$X_i * Z$ Are the interaction terms between the independent variables and the moderator ($for\ i = 1\ to\ 4$);

ε – The error term

The moderating effect was the joint role of stakeholder engagement and stakeholder management strategies. The significance of moderating effect was evaluated for significance at a p value of 0.05. If reported p value was less than 0.05, then the moderating effect was considered to be significant.

3.8.4. Hypotheses Testing

A hypothesis is a statement or assumption concerning a population. Hypothesis testing is a statistical method that uses sample data to evaluate a hypothesis about a population and enable the researcher to decide whether a hypothesis is to be accepted or rejected (Monga, 2007). The null hypothesis was tested by use of F-ratio using a two way Fisher's Analysis of Variance (ANOVA) on assumption of the homogeneity of the variance of the sample that is normally distributed at 95% confidence interval. The level of significance is the statistical standard that is specified for the purpose rejecting the null hypothesis (Namusonge, 2010). Mugenda and Mugenda (2008) argue that the analysis of variance is used because it makes use of the F – test in terms of sums of squares residual. According Sawilowsky (2002), F test is useful in ANOVA to assess whether the expected values of a quantitative variable within several pre-defined groups differ from each other. The F statistic tends to be greater when the null hypothesis of independence is not true.

The hypothesis to be tested is called the null hypothesis and is denoted by H_0. This is tested against other possible states of nature called alternative hypothesis H_a. The null hypothesis (H_0) implies that there is no relationship between the independent variable and the dependent variable. Alternative Hypothesis (H_a) implies that there is a relationship between the independent variable and the dependent variable. The study level of significance was set at 5% (p-value denoted by $\alpha = 0.05$). Level of significance refers to a criterion of judgment upon which a decision is made regarding the value stated in a null hypothesis. When the probability of obtaining a sample statistic is less than 5% if the null hypothesis were true, then we reject the value stated in the null hypothesis (Bryman & Bell, 2015). The criterion is based on the probability of obtaining a statistic measured in a sample if the value stated in

the null hypothesis were true. If the p-value is less than (or equal to) α, then the null hypothesis is rejected in favour of the alternative hypothesis. And, if the p-value is greater than α, then the researchers fail to reject the null hypothesis. This helped in determining the relationship between stakeholder management strategies and the performance of small holder tea sector in Kenya. Table 3.3 summarises the hypotheses decision rule.

Table 3.3: Hypotheses Testing Decision Rule

Hypothesis Statement	Hypothesis Test	Decision Rule
H_{a1}: Offensive Strategy has a significant role on performance of small holder tea sector in Kenya.	Pearson's correlation coefficient -F-test (ANOVA) - $H_{01} : \beta_1 = 0$	Reject H_{01} if p-value <0.05 otherwise fail to reject H_{01} if p-value ≥ 0.05
H_{a2}: Hold strategy has a significant role on performance of small holder tea sector in Kenya.	Pearson's correlation coefficient - F-test (ANOVA) - $H_{02} : \beta_2 = 0$	Reject H_{02}if p-value <0.05 otherwise fail to reject H_{02}if p-value ≥ 0.05
H_{a3}: Defensive strategy has a significant role on performance of small holder tea sector in Kenya.	Pearson's correlation coefficient - F-test (ANOVA) - $H_{03} : \beta_3 = 0$	Reject H_{03}if p-value <0.05 otherwise fail to reject H_{03}if p-value ≥ 0.05
$H_{a4:}$ Swing strategy has a significant role on performance of small holder tea sector in Kenya.	Pearson's correlation coefficient - F-test (ANOVA) - $H_{04} : \beta_4 = 0$	Reject H_{04}if p-value <0.05 otherwise fail to reject H_{04}if p-value ≥ 0.05
$H_{a5:}$Stakeholder Engagement significantly moderates stakeholder management strategies and performance of small holder tea sector in Kenya	Pearson's correlation coefficient - F-test (ANOVA) - $H_{05} : \beta_5 = 0$	Reject H_{05}if p-value <0.05 otherwise fail to reject H_{05}if p-value ≥ 0.05

3.8.5. Operationalization of the Variables

The study used 5 points Likert scale. According to Zikmund, Babin, Carr and Griff (2010), Likert scales are good because they show the strength of the person's feelings to whatever is in the questions, they are easy to analyse, are more expansive and easy to collect data. Each closed-ended question has a 5-point scale ranging from 5 = Strongly Agree, 4 = Agree, 3 = Indifferent, 2 = Disagree, and 1 = Strongly Disagree. Similar studies have used questionnaires with Likert scale with satisfactory results (Kinyua et al., 2016; Opiyo, Guyo, Moronge, & Odhiambo, 2017; Gitonga, 2013). Measurements of variables in this study are conceptualized as provided in Table 3.4.

Table 3.4: Measurement of Variables

Variables	Indicators	Measurement
Offensive Strategy	– Involvement – Change perception – Adopt stakeholder position – Link programs to stakeholders' favourite	Overall, on a scale of 1 to 5, where 5 is the scale of the highest level use of offensive strategy and 1 is the lowest.
Hold Strategy	– Monitor changes – Hold current position – Continue current programs – Maintain status quo	Overall, on a scale of 1 to 5, where 5 is the scale of the highest level use of hold strategy and 1 is the lowest.
Defensive Strategy	– Reduce Dependence – Prevent disincentives – Reinforce beliefs – Stakeholder drive integration process	Overall, on a scale of 1 to 5, where 5 is the scale of the highest level use of defensive strategy and 1 is the lowest.
Swing Strategy	– Cautious collaboration – Influence rules – Change transaction process – Positively engage	Overall, on a scale of 1 to 5, where 5 is the scale of the highest level use of swing strategy and 1 is the lowest.
Stakeholder Engagement	– Informed Participation – Stakeholder identification – Information Disclosure – Feedback Mechanism	Overall, on a scale of 1 to 5, where 5 is the scale of the highest level use stakeholder engagement and 1 is the lowest.
Operational Performance of Smallholder Tea Sector in Kenya	– Cost of production – Product varieties – Quality of tea – Market share	Overall, on a scale of 1 to 5, where 5 is the scale of the highest level use of operational performance indicators and 1 is the lowest.

3.8.6 Data Presentation

Analyzed data was presented using tables, figures, charts, equations and text. Tables and figures were used to present descriptive data while equations were used to present inferential statistics. Explanations and discussions of both descriptive and inferential statistics were done using text.

3.8.7 Qualitative Analysis

Qualitative analysis provided in-depth information of the study while quantitative analysis enables the use of statistics to give better understanding of data collected. Qualitative data which is non-numerical gathered by interviewing respondents and was presented in from of short lists of responses and applied in order to analyze data qualitatively by, summarizing meanings, categorizing of meanings, structuring of meanings using narrative, coded the meaning into themes. Thematic analysis was applied to present the findings gathered from interviews.

3.9 Ethical Considerations

The study put into consideration ethical issues in order to avoid the loss of credibility in the study. First, all ideas borrowed from other authors were acknowledged in an effort to avoid plagiarism. In addition, only the personnel who showed willingness to participate in the study were given questionnaires to fill. Those who were not willing to take part in the study, for whatever reasons, were not forced to participate. The research also adhered to strict confidentiality and no information whatsoever was provided to any unauthorized person. To enhance the anonymity of the respondents, assurance was given to the respondents on the integrity of their confidentiality and also the respondents were not required to give their names. The researcher also applied for a research permit from the National Council of Science and Technology Council (NACOSTI).

CHAPTER FOUR

RESEARCH FINDINGS, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis, discussion and results of the data gathered from the respondents. The study sought to establish the role of stakeholder management strategies on operational performance of smallholder tea sector in Kenya. The study targeted directors, unit managers, field officers and production managers in the smallholder tea factories to provide vital and useful information regarding the role of stakeholder management strategies on the operational performance of smallholder tea sector in Kenya. The study was conducted in Kenya where respondents were selected on the basis of the sampling frame discussed in chapter three.

In this chapter, the empirical data was analysed, presented, interpreted and discussed. The preliminary analysis contained information on analysis of the response rate, respondent's background information and pilot test results. The study presented descriptive analysis results, diagnostic tests, inferential analysis and optimal model results. The chapter is organized as per the study objectives and variables.

4.2 Response Rate

Response rate is the percentage of people who responded to the survey. According to Orodho (2009), response rate is the extent to which the final data sets include all sampled members and is calculated as the number of respondents with whom interviews were completed and divided by the total number of respondents of the entire sample including non-respondents. The study targeted a sample size of 256 respondents from which 203 filled in and returned the questionnaires, making a response rate of 79% as shown in Table 4.1. According to Mugenda and Mugenda (2012), a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent. Based on the assertion, the response rate was excellent and, therefore, representative and satisfactory to make conclusions for the study. This collaborates with the assertion by Bryman and Bell (2015) that a response rate of 50% is adequate, while a response rate greater than

70% is very good. The analysis of the results is based on the 203 questionnaires and according to Yin (2017), a minimum sample size of 30 to a maximum of 500 is sufficient and acceptable for a scientific investigation. Therefore, this response rate was considered very good to make conclusions for the study.

Table 4.1: Response Rate

Category	Frequency (n)	Percentages (%)
Administered questionnaires	256	100
Unusable, unreturned & disqualified questionnaires	53	21
Completed usable questionnaires	203	79

4.3 Background Information

The study sought to find out the demographic characteristics of the respondents based on questions 1-6 of section one in the questionnaire. The distribution of the respondents was per gender, age categories, duration of service, level of education, region of operation and variety of tea processed by the factory unit.

4.3.1. Gender of the Respondents

The study sought to find out the gender distribution of the respondents in order to establish if there was fair gender representation in the smallholder tea sector in Kenya. The results are presented in Table 4.2. The majority of the respondents (64.5%) were male while female accounted for 35.5%. This shows that both male and female were represented in the study though male gender was most dominant. The distribution represents a fair gender balance, an indication of successful efforts of various gender mainstreaming campaigns by various stakeholders in the smallholder tea sector.

Table 4.2: Gender of the Respondents

Gender Categories	Frequency (n)	Percentage (%)
Male	131	64.5
Female	72	35.5
Total (N)	203	100.0

4.3.2. Age of the Respondents

The respondents were asked to indicate their age brackets. The results in Table 4.3 revealed that 27% of the respondents were below 30 years of age, 51% of the respondents were aged between 30 and 40 years, 15% of the respondents were aged between 41 and 50 years and 7% of the respondents were aged above 50 years. The findings of the study imply that a majority of the respondents were within the age category of 30 to 40 years. This implies that most respondents were fairly young hence energetic to perform the tasks ahead. At the same time, the results indicate that the smallholder tea sector in Kenya is managed by a youthful workforce with over 90% being below 50 years of age.

Table 4.3: Age of the Respondents

Age Categories(years)	Frequency (n)	Percentage (%)
Less than 30	54	27
Between 30-40	104	51
Between 41-50	31	15
Above 50	14	7
Total (N)	203	100

4.3.3. Respondents Experience

The study sought to find out the work experience of the respondents with the aim of ascertaining the extent to which their responses could be relied upon to make conclusions. Table 4.4 shows that 17% of the respondents indicated they had worked in the tea sector for less than 5 years, 22% of the respondents indicated they had worked in the tea sector between 5 to 10 years, 16% between 11 to 15 years

and 45% above 15 years. This shows that most respondents were experienced in the small holder tea sector and therefore knowledgeable with the information sought in the study. The study findings are in accordance with observations made by Karangi and Mwangangi (2017) that respondents with high working experience assist in providing reliable data since they have technical experience on the problem being investigated by the study.

Table 4.4: Respondents Experience

Categories	Frequency (n)	Percentage (%)
Less than 5 years	35	17
5-10 years	44	22
11-15 years	32	16
Above 15 years	92	45
Total (N)	203	100

4.3.4. Respondents Level of Education

The study sought to determine the respondents' highest level of academic qualification. The results in Table 4.5 show that most respondents' joined the sector at diploma level of education, thus accounting for 63%. The primary education accounted for 5% while secondary level accounted for 14% of the respondents. The university degree holders accounted for 17%. This shows that most respondents joined the tea sector at diploma level of education and this is highly expected since the respondents are at different management level (top and middle) where the skills, knowledge and competencies needed is supposed to be high. This indicates that the respondents were well educated and quite informed and therefore furnished this study with better information which added value.

Table 4.5: Respondents Level of Education

Categories	Frequency (n)	Percentage (%)
Primary	2	0.09
Secondary	5	2.46
Diploma	160	78.82
Degree	36	17.73
Total (N)	203	100

4.3.5. Respondents Region of Operation

The study sought to find out the region of operation of the respondents with the aim of ascertaining that all regions are represented in the study. The results in Table 4.6 indicate that respondents from Region 1 accounted for 7.39%, Region 2 accounted for 39.90%, Region 3 had 13.30%, Region 4 accounted for 17.73%, Region 5 had 5.91%, Region 6 had 10.84% and Region 7 had 4.93%. These findings generally show that the study gathered responses from diverse categories of the respondents within the smallholder tea regions in the country.

Table 4.6: Respondents Region of Operation

Categories	Frequency (n)	Percentage (%)
Region 1	15	7.39
Region 2	81	39.90
Region 3	27	13.30
Region 4	36	17.73
Region 5	12	5.91
Region 6	22	10.84
Region 7	10	4.93
Total (N)	**203**	**100**

4.3.6. Varieties of Tea Grown

The study sought to find out the varieties of tea grown by different tea factories. The results in Table 4.7 shows that black CTC tea accounted for 90%, green teas accounted for 5%, orthodox teas accounted for 3% and purple teas accounted for 2%. This implies that a majority of smallholder tea factories grow black CTC tea. These findings agree with TRF (2011) that the the varieties developed by the research foundation were not adopted by the smallholder tea farmers.

Table 4.7: Varieties of Tea Grown

Categories	Frequency (n)	Percentage (%)
Black CTC tea	183	90
Green tea	10	5
Orthodox tea	6	3
Purple tea	4	2
Total (N)	**203**	**100**

4.4 Results of the Pilot Study

A pilot test was done before embarking on actual data collection activity. Anastasiadou (2011) describes a pilot test as a replica and rehearsal of the main survey. Sekaran and Bougie (2016) states that pilot testing assists researchers to see if the questionnaire would obtain the required results. Creswell and Creswell (2017) describe a pilot study as a small scale version done in preparation for a major study. The purpose of a pilot test was to determine validity and reliability of research instruments.

The number for the pilot study should be small, about 1% to 10% of the sample population (Silver, Stevens, & Clow, 2012). The targeted sample population was 256 (directors, production managers, field officers and factory managers), out of which 26 (10%) questionnaires were distributed. Seventeen questionnaires were obtained from targeted respondents of the sample tea firms used for pilot testing

which is 7% of the sample population. This was drawn from Region 1 (Aberdare Ranges) and Region 6 (Kisii Highlands) selected using a simple random sampling technique.

4.4.1. Reliability Test

In evaluating the survey constructs, reliability test was done. Reliability tests examine the degree to which individual items used in a construct are consistent with their measures (Al-Osail, et al., 2015). In this study, the reliability of the instrument (questionnaire) was tested using Cronbach alpha (α). Cronbach's alpha reliability coefficient ranges between 0 and 1 where 0 (zero) implies that there is no internal reliability while 1 indicated perfect internal reliability (Panayides, 2013).

Cronbach's alpha reliability coefficient value of 0.7 or higher is considered sufficient (Tavakol & Dennick, 2011). Further, a Cronbach alpha of more than 0.7 indicates that the data collection instrument is reliable (De-Veth, 2016). Reliability of all constructs representing the dependent variable (performance of smallholder tea sector) and the independent variables (offensive strategy, hold strategy, defensive strategy, and swing strategy) and moderating variable (stakeholder engagement) attracted a Cronbach alpha statistic of more than 0.7.

Opiyo, Guyo, Moronge and Odhiambo (2017) tested for reliability which attracted a Cronbach alpha statistics of more than 0.7 in their study on role of conflict management as an essential element of public participation in enhancing performance of devolved governance systems in Kenya. Therefore, based on the coefficient values, the items tested were deemed reliable for this study. Reliability results for all the set of variables in the questionnaires gave a Cronbach alpha statistics of more than 0.7. All the alpha coefficients ranged between 0.753 and 0.859 and therefore retained as shown in Table 4.8.

Table 4.8: Reliability Test Results

Variable	No. of Items	Cronbach's Alpha	Conclusion
Offensive Strategy	6	.753	Reliable
Hold Strategy	6	.765	Reliable
Defensive Strategy	6	.786	Reliable
Swing Strategy	6	.768	Reliable
Stakeholder Engagement	6	.759	Reliable
Performance of Smallholder Tea Sector	16	.859	Reliable

Factor analysis was used to summarize data to be more manageable without losing any important information and, therefore, making it easier to test hypothesis (Pedace, 2013). According to Field (2009), there are three main reasons for using factor analysis including to develop a scale to measure variables, reduce the variables to a manageable size and to have a better understanding of the variables. According to Cooper & Schindler (2011), factor analysis is a technique used for specific computational techniques. These factors, also called latent variables, aim to measure things that are usually hard to measure directly, such as attitudes and feelings (Field, 2009). It is a way of explaining the relationship among variables by combining them into smaller factors (Zikmund, 2010).

The scales usually start with many questions, and then by using factor analysis are reduced to smaller number (Pallant, 2011). The reduced results are then used for other analysis such as multiple regression analysis. Factors are a smaller set of underlying composite dimensions of all the variables in the data set while loadings are the correlation coefficients between the variables and the factors (Mugenda & Mugenda, 2012). Factor loading assume values between zero and one of which loadings of below 0.30 are considered weak and unacceptable (Nachmias &Nachmias, 2008). A more stringent conditions and cut offs were provided by Tavakol and Dennick (2011) from 0.32 (Poor), 0.42 (fair), 0.55 (good), 0.63 (very

good) and from 0.71 (excellent).Variables that have a factor loading of 0.4 or greater within a particular factor are considered to be its major components and has been used by other researchers such as Kline (2015) and Field (2009). The method has been widely accepted as reliable for factor analysis (Byrne, 2016; Kline, 2014; Field, 2009).

In their study on Public Procurement and Disposal Regulations (2006) Implementation and Performance of Kenyan State Corporations, Getuno, Awino, Ngugi and Ondieki (2015) described factor loading values that are greater than 0.4 as acceptable and values below 0.4 should lead to collection of more data to help researcher to determine the values to include. Values between 0.5 and 0.7 are commonplace, values between 0.7 and 0.8 are good, values between 0.8 and 0.9 are great, and values above 0.9 are superb. The pilot study therefore, assumed factor loading of 0.7 as acceptable.To be able to determine this, factor analysis was carried out for all the variables in the study.

a) Factor Analysis for Operational Performance

There were 16 sub variables under the operational performance. The highest had a factor loading of 0.867 while the lowest had 0.784 indicating that all the 16 indicators were retained for further analysis in the study. Table 4.9 presents the factor loadings for each indicator.

Table 4.9: Factor Loadings for Operational Performance

Component	Factor Loadings
Market Share	
Percentage of market share	.786
Product availability in the market	.823
Competitiveness of your products	.843
Loyalty of your customers	.796
Quality of Tea	
Size of tea shoots plucked	.796
Post-harvest handling of the shoot	.847
Use of agrochemicals	.836
Factory processing procedures	.851
Cost of Production	
Embracing technology	.834
Telecommute to reduce costs	.784
Pay invoice early or on time	.834
Go green to reduce operating costs	.839
Product Varieties	
Varieties of tea grown	.843
Number of customized tea grades	856
Volumes of standardized products	.867
Differentiated packaging methods	.841

b) Factor Analysis for Offensive Strategy

There were 6 sub variables under the independent variable offensive strategy. The highest had a factor loading of 0.876 while the lowest had 0.765 indicating that all the 6 indicators were retained for further analysis in the study. Table 4.10 indicates the factor loadings for each indicator.

Table 4.10: Factor Loadings for Offensive Strategy

Component	Factor Loadings
We involve our stakeholder in planning and decision making to enhance product varieties	.876
We communicate to the stakeholders on the objectives or perceptions to keep them informed and motivated	.765
We adopt the stakeholders interests in order to keep our market share	.851
We match the rival products in terms of features and qualities at a lower price	.786
We produce products which are of superior value or quality to enhance our market share	.799
We link our promotion programs according to the stakeholders interests	.863

c) Factor Analysis for Hold Strategy

There were 6 sub variables under the independent variable hold strategy. The highest had a factor loading of 0.880 while the lowest had 0.736 indicating that all the 6 indicators were retained for further analysis in the study. Table 4.11 indicates the factor loadings for each indicator.

Table 4.11: Factor Loadings for Hold Strategy

Component	Factor Loadings
We monitor the stakeholder changes in regard to their positions	.880
We hold our current position and continue with the current with current strategic programs	.823
We change and avoid the status quo according to the changes in the market	.874
We minimize the firm resources to enhance the cost of production	.788
We reinforce the stakeholders interests in regard to the performance	.824
We engage an ongoing stakeholders forums so as to enhance firms reputation	.736

d) Factor analysis for Defensive Strategy

There were 6 sub variables under the independent variable defensive strategy. The highest had a factor loading of 0.890 while the lowest had 0.721 indicating that all the 6 indicators were retained for further analysis in the study. Table 4.12 indicates the factor loadings for each indicator.

Table 4.12: Factor Loadings for Defensive Strategy

Component	Factor Loadings
We reduce the dependence on stakeholder that form the basis for the stakeholder interest in the organization	.761
We prevent stakeholder from imposing costs or other disincentives on the organization	.890
We reinforce the current beliefs about the firm	.828
We let the stakeholder drive the integration process to maintain the existing programs	.790
We build a brand image and customer loyalty than our competitors to enhance our market share	.873
We ensure that there is a continuous integration with our competitors to enhance our market share	.721

e) Factor analysis for Swing Strategy

There were 6 sub variables under the independent variable swing strategy. The highest had a factor loading of 0.832 while the lowest had 0.756 indicating that all the 6 indicators were retained for further analysis in the study. Table 4.13 indicates the factor loadings for each indicator.

Table 4.13: Factor Loadings for Swing Strategy

Component	Factor Loadings
We cautiously collaborate with our stakeholders to maximize their positive influencing abilities	.762
We change or influence the rules of the game that govern the stakeholders interactions	.756
We positively engage with the stakeholders to nature their positive cooperative potential	.825
We maintain communication with the stakeholders to keep them satisfied with the firm performance	.772
We change decision forum and transaction process to enhance market share	.768
We continuously find ways to decrease costs by cutting costs, innovation , economies of scale	.832

f) Factor analysis for Stakeholder Engagement

There were 6 sub variables under the moderating variable stakeholder engagement. The highest had a factor loading of 0.842 while the lowest had 0. 761 indicating that all the 6 indicators were retained for further analysis in the study. Table 4.14 indicates the factor loadings for each indicator.

Table 4.14: Factor Loadings for Stakeholder Engagement

Component	Factor Loadings
Our organization has a formal structure or process of engagement with the stakeholders	.842
Our organization has a list of key stakeholders	.762
Our organization lists legitimate concerns of stakeholders	.761
Our organization incorporates feedback on the engagement process	.769
Our organization hold dialogue, consultation and seek participation of its stakeholders in the strategic decision making	.780
Our organization disclose of relevant information to the stakeholders including potential risks and impacts	.762

4.4.2. Validity Test

Validity refers to whether a measurement tool (questionnaire) measures what it claims to measure. The study used content validity to test the questionnaire ability to include or represent all of the content of a particular construct. These elements are crucial if the aims and objectives of the entire study are to be achieved (Creswell, 2014). There is no easy way to determine content validity aside from expert opinion (Zeng, 2016). There is also no statistical test to determine whether a measure adequately covers a content area or adequately represents a construct and therefore content validity was tested based on the judgment of experts in the field. The questionnaire was pilot tested in five tea factories randomly selected from the target population, which did not form part of the sample to establish if the respondents could answer the questions without difficulty. The questionnaires were also presented to AFA Tea Directorate managers and KTDA senior managers for feedback to enhance content validity. They were encouraged to provide recommendations and endorsements for the final version of the instrument. Their comments were reviewed and incorporated to enhance the validity of the questionnaire.

4.4.3. Sampling Adequacy Tests

The Kaiser-Meyer Olkin (KMO) and Bartlett's Test measure of sampling adequacy was used to examine the appropriateness of Factor Analysis as indicated in Table 4.15. Sampling adequacy test was done to test the relevance and suitability of the factors. The following hypothesis was formulated regarding interrelationship between the variables.

H_0: There is no statistically significant interrelationship between variables influencing the performance of small scale tea sector in Kenya.

H_1: There may be a statistically significant interrelationship between variables influencing the performance of small scale tea sector in Kenya

The approximate of Chi-square is1987.876 - 2683.540 with 202 degrees of freedom, which is significant at 0.05 level of significance. Bartlett’s Test of Sphericity (0.05 level of significance $\alpha = 0.05$).The p-value (Sig.) of $0.000 < 0.05$

for all variables, therefore the Factor Analysis is valid as $p < \alpha$, we therefore reject the null hypothesis $H_0$and accept the alternate hypothesis (H_1) that there was statistically significant interrelationship between the variables.

Normally, KMO measure varies between 0 and 1 and values closer to 1 are better with a threshold of 0.5 ($0 < KMO < 1$). If $KMO > 0.5$, the sample is adequate. The results indicate a KMO statistic between0.754 and 0.843 whichis greater than 0.50 for all variables. The results therefore indicate that the sample was adequate and may proceed with the Factor Analysis.

Table 4.15: KMO and Bartlett's Test

Variables	KMO and Bartlett's Test		
Offensive Strategy	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.754
	Bartlett's Test of Sphericity	Approx. Chi-Square	2683.540
		df	202
		Sig.	.000
Hold Strategy	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.822
	Bartlett's Test of Sphericity	Approx. Chi-Square	2076.324
		df	202
		Sig.	.000
Defensive Strategy	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.815
	Bartlett's Test of Sphericity	Approx. Chi-Square	2087.678
		df	202
		Sig.	.000
Swing Strategy	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.832
	Bartlett's Test of Sphericity	Approx. Chi-Square	1987.876
		df	202
		Sig.	.000
Stakeholder Engagement	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.789
	Bartlett's Test of Sphericity	Approx. Chi-Square	2098.989
		df	202
		Sig.	.000
Operational Performance	Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.843
	Bartlett's Test of Sphericity	Approx. Chi-Square	2345.876
		df	202
		Sig.	.000

4.5 Descriptive Statistics of the Study Variables

Descriptive statistics help to describe, show or summarize data in a meaningful way such that patterns might emerge from the data. Descriptive statistics simply describe the data and do not allow making conclusions beyond the analysed data to reach conclusions regarding any hypotheses made. Descriptive statistics, therefore, enable data to be presented in a more meaningful way allowing simpler interpretation of the data (Creswell, 2014).

4.5.1. Descriptive Statistics for Operational Performance

The dependent variable (operational performance of smallholder tea sector) was measured using market share, quality of tea processed, product varieties and cost of production indicators in the opinion statements given. The respondents were asked to indicate the extent to which they measured performance of the firm based on listed statements. A five point Likert scale comprising of strongly disagree, disagree, neutral, agree and strongly agree was used and the findings presented for each indicator.

Table 4.16 summarizes the results of the study. The study found out that 30% of the respondents strongly agreed, 26% agreed, 26% indicated neutral, 14% disagreed and 4% strongly disagreed that they used percentage of their market share to measure performance of the firm. The study found out that there was a mean of 3.7622 with a standard deviation of 1.1924. A low standard deviation indicates that the data points tend to be very close to the mean responses; whereas high standard deviation indicates that the respondents widely differed on their opinions regarding the various statements. These results therefore indicates that majority of the respondents (56%) agreed though the sentiments were very much contested as shown by a standard deviation above 1.0. With regard to product availability in the market, 20% of respondents strongly agreed, 38% agreed, 16% indicated neutral, 24% disagreed and 2% strongly disagreed that they used the index to measure performance of the firm. The mean was 3.6764 with a standard deviation of 1.5432. The results show that the majority of the respondents (58%) agreed but widely differed on their opinions as shown by a standard deviation above 1.0. On competitiveness of tea products, 10% strongly agreed and 34% agreed that they

used competitiveness to measure performance of the firm while 25% of respondents indicated neutral and 31% of respondents disagreed that they used competitiveness of the products to measure performance of the firm. The study established that there was a mean of 3.5432 with a standard deviation of 1.2341. The sentiments were very much contested as shown by a standard deviation above one. Concerning loyalty of customers, 62% of respondents agreed that they used the index to measure performance of the firm whereas 16% of respondents indicated neutral and 22% of respondents disagreed that they used loyalty of their customers to measure performance of the firm. The study established that there was a mean of 3.5482 with a standard deviation of 1.2431.These shows that the respondents widely differed on their opinions as shown by a standard deviation above 1.0.

On whether the quality of tea processed determine the operational performance of the firm, the result showed that 57% of respondents agreed (21% strongly agreed and 36% agreed) that they used size of tea shoots plucked to measure performance of the firm whereas 16% of respondents indicated neutral and 27% of respondents disagreed that they used size of tea shoots plucked to measure performance of the firm. The study results indicated that there was a mean of 3.5636 with a standard deviation of 1.1324. These results shows that the sentiments were very much contested as shown by a standard deviation above one though majority of the respondents agreed on the statement.

Based on the post-harvest handling of the shoot, 56% of respondents agreed (16% strongly agreed and 40% agreed) that they used post-harvest handling of the shoot to measure performance of the firm while 20% of respondents indicated neutral and 24% of respondents disagreed that they used post-harvest handling of the shoot to measure performance of the firm. The study results indicated that there was a mean of 3.6527 with a standard deviation of 1.1328. These shows that the sentiments were very much contested as shown by a standard deviation above 1.0. On use of agrochemicals, 51% of the respondents agreed that they used the index to measure the performance of the firm while 15% of respondents indicated neutral and 34% of respondents disagreed with the statement. The study findings indicated that there was a mean of 3.4523 with a standard deviation of 1.1435. These shows that the sentiments were very much contested as shown by a standard deviation above one.

Further, the result showed that 74% of respondents agreed (34% strongly agreed and 40% agreed) that they used factory processing procedures to measure performance of the firm whereas 10% of respondents indicated neutral and 16% of respondents disagreed with the statement. The study findings indicated that there was a mean of 3.6351 with a standard deviation of 1.2462 indicating that the sentiments were very much contested as shown by a standard deviation above 1.0.

On cost of production, the result showed that 56% of the respondents agreed that they used reduction of operating costs by embracing technology to measure performance of the firm whereas 12% of respondents indicated neutral and 32% of respondents disagreed with the statement. The study findings found out that there was a mean of 3.4256 with a standard deviation of 1.2462. These shows that the respondents widely differed on their opinions as shown by a standard deviation above one. Based on telecommute to cut down on costs, 20% of respondents strongly agreed, 32% agreed that they used telecommute to cut down on costs to measure performance of the firm while 22% of respondents indicated neutral and 26% of respondents disagreed with the statement. The study results show that there was a mean of 3.4562 with a standard deviation of 1.5423. These shows that the respondents widely differed on their opinions as shown by a standard deviation above 1.0.

On the pay invoices early or on time, 52% of respondents agreed that they used pay invoices early or on time to measure their performance of the firm while 18% of respondents indicated neutral and 30% of respondents disagreed that they used pay invoices early or on time to measure performance of the firm. The study results show that there was a mean of 3.2541 with a standard deviation of 1.6321. These results show that the sentiments were very much contested as shown by a standard deviation above one. Finally, on the statement go green to reduce the operating costs, 52% of respondents agreed that they used go green to reduce the operating costs to measure performance of the firm while 25% of respondents indicated neutral and 23% of respondents disagreed that they used go green to reduce the operating costs to measure performance of the firm. The study results show that there was a mean of 3.3265 with a standard deviation of 1.1413. These show that the sentiments were very much contested as shown by a standard deviation above

1.0. On whether the product varieties determine the performance of the firm, the result showed that 66% of respondents agreed that varieties of teas grown as measure of performance whereas 15% of respondents indicated neutral and 19% of respondents disagreed with the statement. According to the study results, there was a mean of 3.2541 with a standard deviation of 1.5243. These show that the sentiments were very much contested as shown by a standard deviation above one. Based on the number of customised tea grades, 51% of respondents agreed that they used the number of customised tea grades to measure performance of the firm while 10% of respondents indicated neutral and 39% of respondents disagreed that they used number of customised tea grades to measure performance of the firm. The study results show that there was a mean of 3.3265 with a standard deviation of 1.3643. These shows that the sentiments were very much contested as shown by a standard deviation above 1.0.

On the volume of standardized products, 54% of respondents agreed, 25% of respondents indicated neutral and 21% of respondents disagreed that they used volume of standardized products to measure the performance of the firm. The study findings show that there was a mean of 3.4361 with a standard deviation of 1.6523. This shows that the sentiments were very much contested as shown by a standard deviation above one. Further, the result showed that 50% of respondents agreed that they used differentiated packaging methods to measure performance of the firm whereas 16% of respondents were neutral and 32% of respondents disagreed. The study findings show that there was a mean of 3.5421 with a standard deviation of 1.5421. These shows that the respondents widely differed on their opinions as shown by a standard deviation above 1.0.

From the study, it was observed that performance of the firm would be enhanced by improving and retaining market share, reduction on cost of production, offering a variety of products and attaining high quality standards. These results are in harmony with the study by Fullerton and Wempe, (2016)which noted that although performance has been traditionally conceptualized in terms of financial measures, some scholars have proposed a broader performance concept that incorporates non-financial measures including among others market share, product quality and company image.

The findings are also in tandem with the findings by Onduru, Jager, Hiller, & Bosch (2012) who indicated that performance of smallholder tea sector is affected by high cost of production. Mwaura and Muku (2007) also indicated that smallholder tea sector is losing its market share to private factories and plantations due to tea hawking. Poor quality tea produced affects performance of smallholder tea sector as their products are neglected by output markets while lack of varieties has greatly affected the performance of the smallholder tea sector (TRF, 2011).

Table 4.16: Dependent Variable Firm Performance Descriptive Statistics

Statement	SD %	D %	N %	A %	SA %	Mean	Std. Dev.
Market Share							
Percentage of the market share	4	14	26	26	30	3.7622	1.1924
Availability of the product in the market	2	24	16	38	20	3.6764	1.5432
Competitiveness of the products	3	28	25	34	10	3.5432	1.2341
Loyalty of the customers	4	18	16	42	20	3.5482	1.243
Quality of tea							
Size of tea shoots plucked	5	22	16	36	21	3.5636	1.1324
Post-harvest handling of the shoot	8	16	20	40	16	3.6527	1.1328
Use of agrochemicals	6	28	15	28	23	3.4523	1.1435
Factory processing procedures	2	14	10	40	34	3.6531	1.2462
Cost of Production							
Reduce operating costs by embracing technology	10	22	12	26	30	3.4256	1.2462
Telecommute to cut down costs	11	15	22	32	20	3.4562	1.5423
Pay invoice early or on time	13	17	18	34	18	3.2541	1.6321
Go green to reduce operating costs	8	15	25	42	10	3.3265	1.1413
Product varieties							
Varieties of tea grown	9	10	15	36	30	3.2541	1.5243
Number of customized tea grades	14	25	10	30	21	3.3265	1.3643
Volume of standardized products	5	16	25	29	25	3.4361	1.6523
Differentiated packaging methods	12	20	16	27	23	3.5421	1.5421

SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA= Strongly Agree, Std. Dev. = Standard Deviation

4.5.2. Descriptive Statistics for Offensive Strategy

The first objective of the study sought to determine the role of offensive strategy on operational performance of smallholder tea sector Kenya. To assess this, the respondents were presented with various statements and were asked to rate the extent to which they agreed or disagreed with the listed statements. A five point Likert scale comprising of strongly disagree, disagree, neutral, agree and strongly

agree was used and the findings presented as shown in Table 4.17.The findings show that majority of the respondents agreed with the fact that they involve their stakeholder in planning and decision making to enhance product varieties (66.5% strongly agreed and 29.1% agreed) while 1.1% strongly disagreed, 0.2% of the respondents disagreedwhile3.1% were neutral. The study results show a mean of 3.5432 with a standard deviation of 0.9729. This shows that the sentiments were very much a consensus as shown by a standard deviation below 1.0.The findings on whether the respondents communicate to the stakeholders on the objectives or perceptions to keep them informed and motivated, 0.4% of the respondents strongly disagreed, 2.0% disagreed, 5.7% were neutral, 51.3% agreed and 40.6% strongly agreed. The study results show a mean of 3.2122 with a standard deviation of 0.4321. The results show that majority of the respondents agreed on the statement and the sentiments were very much a consensus as shown by a standard deviation below 1.0.

On the statement whether the respondents adopt the stakeholder's interests in order to keep their market share, 2.2% of the respondents strongly disagreed, 2.9% disagreed, 16.3% were neutral, 52% agreed and 26.6% strongly agreed. The study results show a mean of 3.5432 with a standard deviation of 0.5455. The results shows that the sentiments were very much a consensus as shown by a standard deviation below 1.0.On whether respondents match the rival products in terms of features and qualities at a lower price, 5.4% of the respondents strongly disagreed, 12% disagreed, 16.8% were neutral, 32% agreed and 33.8% strongly agreed. The study findings show a mean of 3.1211 with a standard deviation of 0.8756. The results show that the sentiments were very much a consensus as shown by a standard deviation below 1.0. Further, on whether they produce products which are of superior value or quality to enhance their market share, 1.5% of the respondents strongly disagreed, 1.5% disagreed, 1.8% were neutral, 22.1% agreed and 73.1% strongly agreed. The study results indicate a mean of 3.8987 with a standard deviation of 0.4322. The results indicate that the sentiments were very much a consensus as shown by a standard deviation below 1.0.

The study results on whether the respondents link their promotion programs according to the stakeholders' interests, 6.7% strongly disagreed, 12.0% disagreed, 7.1% were neutral, 33% agreed while a 41.2% strongly agreed. The study results indicate a mean of 3.4523 with a standard deviation of 0.5653. The results shows that majority link their promotion programs according to the stakeholders' interests and the sentiments were very much a consensus as shown by a standard deviation below 1.0.

The study results imply that majority of the respondents agreed that offensive strategy plays a role when the stakeholders are involved in decision making to enhance operational performance of smallholder tea sector Kenya. This concurs with findings byMellahi and Wood (2013) that the offensive strategy can be operationlized by using, involvement and participative management techniques, by decentralizing authority or by engaging in other tactics to increase decision making participation of stakeholders. A firm that wants to lead the markets need to improve on cost reduction, improved customer relations, value added performance characteristics and quality. Offensive strategy can involve direct and indirect attacks by improving own position in the market and by taking away the market share of the competitors (Spark, 2016).

Table 4.17: Offensive Strategy Descriptive Statistics

Statement	SD %	D %	N %	A %	SA %	Mean	Std. Dev.
We involve our stakeholder in planning and decision making to enhance product varieties	1.1	0.2	3.1	29.1	66.5	3.5432	.9729
We communicate to the stakeholders on the objectives or perceptions to keep them informed and motivated	.4	2.0	5.7	51.3	40.6	3.2122	.4321
We adopt the stakeholders interests in order to keep our market share	2.2	2.9	16.3	52.0	26.6	3.5432	.5455
We match the rival products in terms of features and qualities at a lower price	5.4	12.0	16.8	32.0	33.8	3.1211	.8756
We produce products which are of superior value or quality to enhance our market share	1.5	1.5	1.8	22.1	73.1	3.8987	.4322
We link our promotion programs according to the stakeholders interests	6.7	12.0	7.1	33.0	41.2	3.4523	.5633

SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA= Strongly Agree, Std. Dev. = Standard Deviation

4.5.3. Descriptive Statistics for Hold Strategy

The second objective of the study sought to examine the role of hold strategy on operational performance of smallholder tea sector Kenya. The respondents were presented with various statements and were asked to rate the extent to which they agreed or disagreed with the listed statements. A five point Likert scale comprising of strongly disagree, disagree, neutral, agree and strongly agree was used and the findings were as presented in Table 4.18. The findings indicates that majority of the respondents agreed (70.4% strongly agreed and 21.7% agreed) that they monitor the stakeholder changes in regard to their positions. The study findings show a mean of 3.7862 with a standard deviation of 0.4562. The results shows that the sentiments were very much a consensus as shown by a standard deviation below 1.0.The study established that 45.5% of the respondents agreed and 23.5% strongly agreed that they hold their current position and continue with the current with the current strategic programs. The study findings show a mean of 3.1230 with a standard deviation of 0.5427. The results indicate that the sentiments were very much a consensus as shown by a standard deviation below 1.0. The study findings

indicate that 41.4% agreed and 30.1 strongly agreed that they maintain the status quo when necessary to avoid unnecessary cost. The study findings show a mean of 2.8976 with a standard deviation of 0.5278. These results show that the sentiments were very much a consensus as shown by a standard deviation below 1.0.

The study indicated that 43.8% agreed and 29.3% strongly agreed that they minimize the firm resources to enhance the cost of production. The study findings show a mean of 3.2161 with a standard deviation of 0.7235. The results shows that majority of the respondents minimize the firm resources to enhance the cost of production and the sentiments were very much a consensus as shown by a standard deviation below 1.0.Further, the study results indicated that 34.7% agreed and 18.5% strongly agreed that they reinforce the stakeholders' interests in regard to the performance. The study findings show a mean of 2.8765 with a standard deviation of 0.6789. The results therefore indicate that the sentiments were very much a consensus as shown by a standard deviation below 1.0. Finally, according to the study findings 61.2% strongly disagreed and 21.9% disagreed that they engage an on-going stakeholders' forums so as to enhance firms' reputation. The study findings show a mean of 1.6534 with a standard deviation of 0.8765. These results show that majority engage an on-going stakeholders forums so as to enhance firms' reputation and the sentiments were very much a consensus as shown by a standard deviation below 1.0.

The study findings are in line with literature review by Šmakalova (2012) that hold strategy should be adopted when a stakeholder group is marginal whereby the group has relatively low cooperative potential and relatively low threat to the organization. The company should hold its current position and continue current strategic programs (Fontain et al., 2010). It should also monitor this group of stakeholder for changes in their position. According to Blair et al., (2011), the underlying philosophy for managing these marginal relationships is proactively maintaining the status quo, while keeping the use of financial resources and management to a minimum.

Savage and Blair (2009), asserts that an organization can address issues in a marginal relationship on an ad hoc basis, and their general thrust is to maintain the status quo and continuously monitor the situation. Organizations need to assign specific responsibility for monitoring this relationship in order to avert disaster for the organization. However, an organization may be required to engage in on-going public relations activities and to be sensitive to issues that could make these groups an actual threat (Minyu, 2012).

Table 4.18: Hold Strategy Descriptive Statistics

Statement	SD %	D %	N %	A %	SA %	Mean	Std. Dev.
We monitor the stakeholder changes in regard to their positions	1.5	1.4	5.0	21.7	70.4	3.7862	.4562
We hold our current position and continue with the current with current strategic programs	2.4	8.9	19.7	45.5	23.5	3.1230	.5427
We maintain the status quo when necessary to avoid unnecessary cost	3.3	7.3	17.9	41.4	30.1	2.8976	.5278
We minimize the firm resources to enhance the cost of production	5.3	7.4	14.2	43.8	29.3	3.2161	.7235
We reinforce the stakeholders interests in regard to the performance	9.7	17.4	19.6	34.7	18.5	2.8765	.6789
We engage an on-going stakeholders forums so as to enhance firms reputation	61.2	21.9	6.3	5.1	5.6	1.6534	.8765

SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA= Strongly Agree, Std. Dev. = Standard Deviation

4.5.4. Descriptive Statistics for Defensive Strategy

The third objective of the study sought to establish the role of defensive strategy on operational performance of smallholder tea sector in Kenya. The respondents were presented with various statements and were asked to rate the extent to which they agreed or disagreed with the listed statements. Five point Likert scale comprising of strongly disagree, disagree, neutral, agree and strongly agree was used and the findings presented in Table 4.19.

From these findings, a majority of the respondents agreed (44.5% agreed and 25.7% strongly agreed) on the statement that they reduce the dependence on stakeholder that form the basis for the stakeholder interest in the organization. The study findings show a mean of 3.5623 with a standard deviation of 0.4321. These results indicate that the sentiments were very much a consensus as shown by a standard deviation below 1.0. Further, the study results show that 51.7% agreed and 23.1% strongly agreed that they prevent stakeholder from imposing costs or other disincentives on the organization. The study findings show a mean of 3.2316 with a standard deviation of 0.5429. The results indicated that the sentiments were very much a consensus as shown by a standard deviation below 1.0.

According to the study findings 38.6% agreed and 18.4% strongly agreed that they reinforce the current beliefs about the firm to improve on performance. The study findings show a mean of 3.5431 with a standard deviation of 0.2312. The results shows that the sentiments were very much a consensus as shown by a standard deviation below 1.0.The study established that 27.9% agreed and 17.1% strongly agreed that they let the stakeholder drive the integration process to maintain the existing programs. The study findings show a mean of 3.5623 with a standard deviation of 0.6921. The results shows the sentiments were very much a consensus as shown by a standard deviation below 1.0.

Further, the study results indicated that 31.7% agreed and 13.5% strongly agreed that they build a brand image and customer loyalty than competitors to enhance market share. The study findings show a mean of 2.8753 with a standard deviation of 0.5237. These results shows that the sentiments were very much a consensus as shown by a standard deviation below 1.0.Finally, the study results show that43.9% agreed and 31.2% strongly agreed that they ensure that there is a continuous integration with competitors to enhance market share. The study findings show a mean of 3.5134 with a standard deviation of 0.6156. The results show that the sentiments were very much a consensus as shown by a standard deviation below 1.0.

The study findings are in consistent with literature review by Minyu (2012) state that firm should pursue a defensive strategy by changing their status. It involves making it difficult for the competitors to acquire the market share and the new entrants to access the market (Donaldson & Preston, 2011). It involves trying to defend the current position in the market by building brand image and customer loyalty by investing in the current markets. This can be achieved by making price cuts or adding new market offensives and thereby improving on the performance of the firm (Spark, 2016). Defensive strategies work better when they take place before the challenger makes an investment in the industry, or if they enter the industry before exit barriers are raised, making it difficult for the challenger to leave the industry. Such actions include signalling, fortify and defend, covering all bases, continuous improvement, and capacity expansion (Yannopoulous, 2011).

Table 4.19: Defensive Strategy Descriptive Statistics

Statement	SD %	D %	N %	A %	SA %	Mean	Std. Dev.
We reduce the dependence on stakeholder that form the basis for the stakeholder interest in the organization	6.7	7.2	15.9	44.5	25.7	3.5623	.4321
We prevent stakeholder from imposing costs or other disincentives on the organization	3.8	7.8	13.7	51.7	23.1	3.2316	.5429
We reinforce the current beliefs about the firm	11.8	13.5	17.7	38.6	18.4	3.5431	.2312
We let the stakeholder drive the integration process to maintain the existing programs	14.9	18.0	22.1	27.9	17.1	3.5623	.6921
We build a brand image and customer loyalty than our competitors to enhance our market share	14.9	20.6	19.3	31.7	13.5	2.8753	.5237
We ensure that there is a continuous integration with our competitors to enhance our market share	5.1	8.2	11.6	43.9	31.2	3.5134	.6156

SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA= Strongly Agree

4.5.5. Descriptive Statistics for Swing Strategy

The fourth objective of the study sought to investigate the role of swing strategy on operational performance of smallholder tea sector Kenya. The respondents were presented with various statements and were asked to rate the extent to which they agreed or disagreed with the listed statements. Five point Likert scale comprising of strongly disagree, disagree, neutral, agree and strongly agree was used and the findings presented in Table 4.20.The findings show that a majority of the respondents agreed (25.80% agreed and 9.0% strongly agreed) on the statement that they cautiously collaborate with stakeholders to maximize their positive influencing abilities. The study findings show a mean of 3.5235 with a standard deviation of 0.3421. These results shows that the sentiments were very much a consensus as shown by a standard deviation below 1.0. The study findings further show that 44.4% agreed, 31.3% strongly agreed that they change or influence the rules of the game that govern the stakeholders' interactions. The study findings show a mean of 3.7865 with a standard deviation of 0.5327. The results show that the sentiments were very much a consensus as shown by a standard deviation below 1.0.

On the statement that they positively engage with the stakeholders to nature their positive cooperative potential, 57.10% of the respondents strongly agreed and 37% agreed. The study results show a mean of 3.7890 with a standard deviation of 0.6235. The results shows that the sentiments were very much a consensus as shown by a standard deviation below 1.0.On whether the respondents maintain communication with the stakeholders to keep them satisfied with the firm performance, majority of the respondents (39.5%agreed and 23.1% strongly agreed) on the statement. The study results show a mean of 3.7631 with a standard deviation of 0.5238. The results shows that the sentiments were very much a consensus as shown by a standard deviation below 1.0.The study results show that majority of the respondents agreed (47.10% agreed and 35.1% strongly agreed) that they change decision forum and transaction process to enhance market share. The study results show a mean of 3.7863 with a standard deviation of 0.5625. The results shows that the sentiments were very much a consensus as shown by a standard deviation below 1.0.The study findings indicate that 20.1% strongly

agreed, 18.3% agreed that they continuously find ways to decrease costs by cutting costs, innovation, economies of scale. The study results show a mean of 2.5451 with a standard deviation of 0.7845. These results show that the sentiments were very much a consensus as shown by a standard deviation below 1.0.

The study results are in agreement with literature review by Blair et al., (2011) that indicated that through collaboration efforts, the firm can make it more difficult for stakeholders to oppose the organization. The strategy suggests maximising the cooperative potential of stakeholders and thereby minimizes the potential threat (Minyu, 2012). Swing stakeholder management strategy should be adopted when a stakeholder group is mixed blessing (Šmakalova, 2012). The best way to manage the mixed blessing relationship, high on the dimensions of both potential threat and potential cooperation, may be cautious collaboration. The goal of this strategy is to turn mixed blessing relationships into a supporting relationship. If an organization seeks to maximize their stakeholders' potential for cooperation, these potentially threatening stakeholders will find their supportive endeavours and make it more difficult for them to oppose the organization (Blair et al., 2011).

Table 4.20: Swing Strategy Descriptive Statistics

Statement	SD %	D %	N %	A %	SA %	Mean	Std. Dev.
We cautiously collaborate with our stakeholders to maximize their positive influencing abilities	21.5	23.1	20.6	25.8	9.0	3.5235	.3421
We change or influence the rules of the game that govern the stakeholders interactions	5.5	6.3	12.5	44.4	31.3	3.7865	.5327
We positively engage with the stakeholders to nature their positive cooperative potential	1.1	2.2	2.6	37.0	57.1	3.7890	.6235
We maintain communication with the stakeholders to keep them satisfied with the firm performance	3.5	10.4	23.5	39.5	23.1	3.7631	.5238
We change decision forum and transaction process to enhance market share	1.8	1.5	14.5	47.1	35.1	3.7863	.5625
We continuously find ways to decrease costs by cutting costs, innovation , economies of scale	19.2	26.6	15.8	18.3	20.1	2.5451	.7845

SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA= Strongly Agree

4.5.6. Descriptive Statistics for Stakeholder Engagement

The fifth objective of the study sought to assess moderating role of stakeholder engagement on the relationship between stakeholder management strategies and operational performance of smallholder tea sector Kenya. The respondents were presented with various statements and were asked to rate the extent to which they agreed or disagreed with the listed statements. Five point Likert scale comprising of strongly disagree, disagree, neutral, agree and strongly agreed was used and the findings presented in Table 4.21.From these findings, a majority of the respondents agreed (40.4% agreed and 35.8% strongly agreed) on the statement that the organization has a formal structure or process of engagement with the stakeholders. The study results show a mean of 3.6543 with a standard deviation of 0.6742. The results shows that the sentiments were very much a consensus as shown by a standard deviation below 1.0.The study results show that 27.5% agreed and 16.1% strongly agreed that their organization has a list of key stakeholders. The study results show a mean of 3.5234 with a standard deviation of 0.2468. The results shows that majority of respondents indicated that their organization has a list of key stakeholders and sentiments were very much a consensus as shown by a standard deviation below 1.0.

The study established that 26.0% of the respondents agreed and 12.4% strongly agreed with the statement that their organization lists legitimate concerns of stakeholders. The study results show a mean of 3.7231 with a standard deviation of 0.3217. These results shows that the sentiments were very much a consensus as shown by a standard deviation below 1.0. The study further indicates that 44.7% agreed and 36.8% strongly agreed that their organization incorporates feedback on the engagement process. The study results show a mean of 3.5632 with a standard deviation of 0.6532. The results therefore indicate that the sentiments were very much a consensus as shown by a standard deviation below 1.0.The study results established that the majority of the respondents agreed (43.8% agreed and 25.3% strongly agreed) that their organization hold dialogue, consultation and seek participation of its stakeholders in the strategic decision making. The study results show a mean of 3.4231 with a standard deviation of 0.6423. The results indicates

that the sentiments were very much a consensus as shown by a standard deviation below 1.0.According to the study results 51.10% strongly agreed and 11.2% agreed that their organization disclose relevant information to the stakeholders including potential risks and impacts. The study results show a mean of 3.8732 with a standard deviation of 0.5423. The results shows that majority of the respondents disclose relevant information to the stakeholders including potential risks and impacts and the sentiments were very much a consensus as shown by a standard deviation below 1.0.

The study results are in line with Baden (2010) stated that stakeholder engagement is key in the implementation of value creation resulting in positive economic results. Further, Nyandika and Ngugi, 2014 asserts that stakeholders engagement through their participation influence performance of road projects implementation at KeNHA. Positively engaged stakeholders are important for organizational success (Vanquez, Plaza, Burgos, & Liston, 2010; Malbon, 2013); and brings the relationship on a more equal level (Coombs & Holladay, 2014). Stakeholder engagement is beneficial for increased trust and loyalty (Kumar, 2010). Stakeholder engagement strategy promotes the development of collaboration and shared goals rather than simply placating stakeholders and developing buffers to protect against the uncertainty of the complex external environment (Gould, 2012). Successful organizational leadership develops stakeholder networks and links with the range of external stakeholders (Maak, 2011). There is need to emphasize the importance of interacting with secondary stakeholders when accessing information to the organization (Ayusoet al., 2011). In unpredictable business environment, organizations often look for stakeholder support, yet simultaneously have to prepare for opposition (McDonald & Cokley, 2013).

Table 4.21: Stakeholder ngagement Descriptive Statistics

Statement	SD %	D %	N %	A %	SA %	Mean	Std. Dev.
Our organization has a formal structure or process of engagement with the stakeholders	6.2	5.5	12.1	40.4	35.8	3.6543	.6742
Our organization has a list of key stakeholders	25.6	20.3	10.6	27.5	16.1	3.5234	.2468
Our organization lists legitimate concerns of stakeholders	22.1	20.1	19.4	26.0	12.4	3.7231	.3217
Our organization incorporates feedback on the engagement process	4.8	4.4	9.2	44.7	36.8	3.5632	.6523
Our organization hold dialogue, consultation and seek participation of its stakeholders in the strategic decision making	8.1	5.3	17.4	43.8	25.3	3.4231	.6423
Our organization disclose relevant information to the stakeholders including potential risks and impacts	7.3	24.0	6.4	11.2	51.1	3.8732	.5423

SD = Strongly Disagree, D = Disagree, N = Neutral, A = Agree, SA= Strongly Agree

4.6 Diagnostic Tests

The study used classic linear regression model due to its ability to show relationships between the independent and the dependent variables (Castillo, 2009). Classic linear regression model has important underlying assumptions that must be tested before it can be utilized as a model of data analysis and hence the researcher embarked on the exercise. The key assumptions affecting the study are discussed herein.

4.6.1. Normality Test

Normality tests are done to determine whether the sample data has been drawn from a normally distributed population. Normality assessment can be done by using a graphical or numerical procedure. The numerical procedures include inferential statistics such as Kolmogorov-Smirnov and Shapiro-Wilk. The Kolmogorov-Smirnov test is considered appropriate for samples larger than 2000 while Shapiro-Wilk test is deemed appropriate for samples ranging from 50 to 2000. In this study, the response rate was 203 and therefore, the normality test was done using the Shapiro-Wilk test which also has power to detect departure from normality due to

either skewness or kurtosis or both. Shapiro-Wilk statistic ranges from zero (0) to one (1) and figures higher than 0.05 indicate the data is normally distributed (Razali & Wah, 2011).Shapiro-Wilk test assesses whether data is normally distributed using hypothesis:

H_0: Sample follows a Normal distribution.

The criterion is to reject the null hypothesis if the p-value of the Shapiro-Wilk statistic is less than 0.05. The results in Table 4.22shows the distribution of data on Offensive Strategy (p-value 0.834>0.05), Hold Strategy (p-value 0.921>0.05), Defensive Strategy (p-value 0.095>0.05), Swing (p-value 0.092>0.05), Stakeholder Engagement (p-value 0.850>0.05) and Operational Performance of smallholder tea sector (p-value 0.61>0.05). Therefore, according to Shapiro-Wilk test we fail to reject the null hypothesis and conclude that the sample data was normally distributed.

Table 4.22: Normality Tests

Variable	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Offensive Strategy	0.152	202	0.078	0.944	202	0.834
Hold Strategy	0.209	202	0.092	0.918	202	0.921
Defensive Strategy	0.154	202	0.32	0.956	202	0.095
Swing Strategy	0.214	202	0.233	0.892	202	0.092
Stakeholder Engagement	0.166	202	0.992	0.942	202	0.850
Operational Performance	0.164	202	0.731	0.913	202	0.610

4.6.2. Test for Multicollinearity

In statistics, multicollinearity refers to the predictors that are correlated with other predictors in the model. Severe multicollinearity can cause problems because it increases the variance of coefficient estimates which makes the estimates very sensitive to minor changes in the model. This hence makes the coefficient estimates unstable and difficult to interpret (Gujarati & Porter, 2010). In this study,

multicollinearity was tested by computing the Variance Inflation Factors (VIF) and its reciprocal, the tolerance. It is a situation in which the predictor variables in a multiple regression analysis are themselves highly correlated making it difficult to determine the actual contribution of respective predictors to the variance in the dependent variable. The Variance Inflation Factor (VIF) quantifies the severity of multicollinearity in a regression analysis. VIF's greater than 10 are a sign of multicollinearity; the higher the value of VIF's, the more severe the problem. Results in table 4.23 shows that all the variables had a variance inflation factors (VIF) of less than 10: Offensive Strategy (1.269), Hold Strategy (2.725), Defensive Strategy (2.590), Swing Strategy (1.851) and Stakeholder Engagement (1.842). This implies that there was no severe collinearity with the variables thus all the variables were maintained in the regression model.

Table 4.23: Test for Multicollinearity

		Collinearity Statistics	
Model		**Tolerance**	**VIF**
1	Offensive Strategy	0.788	1.269
	Hold Strategy	0.367	2.725
	Defensive Strategy	0.386	2.590
	Swing Strategy	0.540	1.851
	Stakeholder Engagement	0.543	1.842

a. Dependent Variable: Performance of Smallholder Tea Sector

4.6.3. Test for Heteroscedasticity

Heteroscedasticity refers to non-constant variance while homoscedasticity refers to constant variance. A classical assumption in linear model estimation is that the residual term is homoscedastic. A statistical test of heteroscedasticity was carried out to confirm homoscedasticity with statistical significance. The Breusch-Pagan test was carried out where the BP Lagrange multiplier (LM) statistic was computed for the residuals. The BP and Koenker tests the hypothesis:

H_0: residuals do not exhibit heteroscedasticity (residuals are homoscedastic).

The P-value of the BP-LM test as shown in Table 4.24 were greater than 0.05 implying that we fail to reject H_0andtherefore conclude that the residuals do not exhibit heteroscedasticity thus meeting the homoscedasticity assumption.

Table 4.24: Test for Heteroscedasticity

	LM	Sig	Conclusions
BP	5.998	0.320	Fail to reject H_0
Koenker	1.986	0.654	

4.6.4. Test for Autocorrelation

The study used Durbin-Watson test to test whether the residuals from the multiple linear regression models are independent. The null hypothesis (H_0) of Durbin-Watson test is that the residuals from multiple linear regression model are independent. According to Zeng (2016) rule of thumb, values of Durbin-Watson values close to 2 indicate rejection of the alternative hypothesis. The finding shows that the Durbin-Watson of 1.765 and is close to 2. This implies that the residuals from the regression model are independent. Pedace (2013) looked at autocorrelation as the relationship between members of a series of observations ordered in time or space suggests using Durbin-Watson test to check for the presence of autocorrelation between variables. According to Zeng (2016), Durbin-Watson statistic ranges from 0 to 4. A value near 0 indicates presence of positive autocorrelation while a value close to 4 indicates presence of negative autocorrelation. A value ranging from 1.5 to 2.5 indicates that there is no presence of autocorrelation between the variables. The results presented in Table 4.25 indicates that there was no autocorrelation between the variables since the Durbin-Watson coefficient was 1.765.

Table 4.25: Autocorrelation Statistics

Model	Durbin-Watson
1	1.765

a. Predictors: (Constant), Offensive, Hold, Defensive, Swing strategies
b. Dependent Variable: Operational Performance of smallholder tea sector

4.6.5. Test for Linearity

Linearity Assumption of linear estimation is that the dependent variable has a linear relationship with the independent variables. Computation of ANOVA statistics was used to test for the linearity assumption. The study hypothesize that: H_0: the dependent variable has no linear relationship with the independent variables. The study results as shown in Figure 4.26 indicate that the F-statistic (4,198=24.564, p-value <0.05). The ANOVA results indicates the model is significant and therefore we reject the null hypothesis and conclude that the dependent variable has a linear relationship with the independent variables.

Table 4.26: Test for Linearity ANOVA Statistics

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1234.120	4	308.530	24.564	.000[b]
	Residual	2486.880	198	12.560		
	Total	3721.000	202			

a. Dependent Variable: Operational Performance of smallholder tea sector

b. Predictors: (Constant), Offensive, Hold, Defensive, Swing strategies

4.7 Inferential Analysis

Inferential statistics allow you to make predictions (inferences) from samples and make generalizations about a population. Inferential statistics examine the relationships between variables within a sample and then make generalizations or predictions about how those variables relate to a larger population. Inferential statistics includes methods like point estimation, interval estimation and hypothesis testing (Monga, 2007). The study used correlation analysis and regression analysis to measure the strength of the association between dependent and independent variable(s) and the direction of the relationship. Regression analysis was also used as a form of predictive modelling technique.

4.7.1 Correlation Analysis

According to Gogtay and Thatte(2017), Pearson (*r)* correlation is the most widely used correlation statistic to measure the degree of the relationship between linearly related variables and adopted in this study. To measure thestrength of the

relationship, the value of the correlation coefficient varies between +1 (positive one) and -1 (negative one). When the value of the correlation coefficient lies around ± 1, then it is said to be a perfect degree of association between the two variables. As the correlation coefficient value goes towards 0, the relationship between the two variables will be weaker (Gujarati & Porter, 2010).Pearson Product moment correlation was used to determine the relationship between independent variables (offensive, hold, defensive and swing strategies) and dependent variable performance as shown in Table 4.27.

Table 4.27: Correlation Matrix for Independent and Dependent Variables

		P	OS	HS	DS	SS	SE
Performance	Pearson Correlation	1					
	Sig.(2-tailed)						
	N						
Offensive Strategy	Pearson Correlation	.229	1				
	Sig.(2-tailed)	.000					
	N	203					
Hold Strategy	Pearson Correlation	.301	.324	1			
	Sig.(2-tailed)	.000	.003				
	N	203	203				
Defensive Strategy	Pearson Correlation	.287	.216		1		
	Sig.(2-tailed)	.000	.004				
	N	203	203	203			
Swing Strategy	Pearson Correlation	.241				1	
	Sig.(2-tailed)	.000	.004	.006			
	N	203	203	203			
Stakeholder Engagement	Pearson Correlation	.311	.324	.312	.432		1
	Sig.(2-tailed)	.000	.000	.004	.008	.006	
	N	203	203	203	203	203	

*. Correlation is only significant at the 0.05 level (2-tailed);P = Performance; OS = Offensive Strategy; HS = Hold Strategy; DS = Defensive Strategy; SS = Swing Strategy; SE = Stakeholder Engagement

a) Correlation Analysis for Offensive Strategy and Operational Performance

The study sought to establish the relationship between offensive strategy and performance of smallholder tea sector. A Pearson Correlation was performed and the result of the Pearson correlation test as presented in Table 4.27 show a correlation ($r(203) = 0.229$; $p<0.05$) between the offensive strategy and performance of smallholder tea sector. This implies that the offensive strategy is positively correlated to the performance of smallholder tea sector. In addition, the

correlation between these two variables was significant, that is $p<0.05$ implying a linear relationship between the offensive strategy and the performance of smallholder tea sector. This shows that offensive strategy played a significant role on performance of smallholder tea sector.

These findings agree with earlier studies that confirm that offensive strategy is key in the implementation of value creation resulting in positive economic results (Smith et al., 2011; Baden, 2010; Gould, 2012; Freeman et al., 2010). It's beneficial for increased trust and loyalty (Kumar, 2010). Positively engaged stakeholders are important for organizational success (Vanquez, Plaza, Burgos, & Liston, 2010; Malbon, 2013); and brings the relationship on a more equal level (Coombs & Holladay, 2014). Offensive strategy promotes the development of collaboration and shared goals rather than simply placating stakeholders and developing buffers to protect against the uncertainty of the complex external environment (Gould, 2012). Successful organizational leadership develops stakeholder networks and links with the range of external stakeholders (Maak, 2011). There is need to emphasize the importance of interacting with secondary stakeholders when accessing information to the organization (Ayuso et al., 2011). In unpredictable business environment, organizations often look for stakeholder support, yet simultaneously have to prepare for opposition (McDonald & Cokley, 2013).

b) Correlation Analysis for Hold Strategy and Operational Performance

The study sought to examine the relationship between hold strategy and performance of smallholder tea sector. A Pearson Correlation was performed and the result of the Pearson correlation test as presented in Table 4.27 show a correlation ($r(203) = 0.301$; $p<0.05$) between the hold strategy and performance of smallholder tea sector. This implies that the hold strategy is positively correlated to the performance of smallholder tea sector. In addition, the correlation between these two variables was significant, that is $p<0.05$ implying a linear relationship between the hold strategy and the performance of smallholder tea sector. This shows that hold strategy played a significant role on performance of smallholder tea sector.

These results are consistent with previous studies investigating the influence of hold strategy on firm performance. Hanna and Rowley (2010) assert the hold strategy makes a significant contribution to a firm performance. Firstly, it clearly differentiates the place-branding process from product, service, and corporate branding processes, thereby offering a robust basis for the theoretical development of place branding. Secondly, it proposes a model of firm that integrates stakeholders into the firm process; this stance is firmly grounded in stakeholder and collaboration theory. Finally, as a holistic model, informed by earlier work in disciplines such as branding, marketing communication, regeneration, and tourism, it offers an opportunity to benchmark practice and integrate knowledge bases in place firm

c) Correlation Analysis for Defensive Strategy and Operational Performance

The study sought to examine the relationship between defensive strategy and performance of smallholder tea sector. A Pearson Correlation was performed and the result of the Pearson correlation test as presented in Table 4.27 show a correlation ($r(203) = 0.287$; $p<0.05$) between the defensive strategy and performance of smallholder tea sector. This implies that the defensive strategy is positively correlated to the performance of smallholder tea sector. In addition, the correlation between these two variables was significant, that is $p<0.05$ implying a linear relationship between the defensive strategy and the performance of smallholder tea sector. This shows that defensive strategy played a significant role on performance of smallholder tea sector. These results are consistent with previous studies investigating the influence of defensive strategy on firm performance.

Afram (2011) established that defensive strategy leads to a considerable financial success in the firm operations. It leads towards lower interest rates, quality customer service, tailored products, and there is also intensified competition. It is recommended that, firms continues to find ways of differentiating itself by changing its strategic direction to also focus on the middle and low earning customers and incorporate a refocus on superior customer service. Kinyua, Amuhaya and Namusonge (2016) sought to establish the relationship between

stakeholder management strategies and the financial performance of deposit taking SACCOs in Kenya. Research findings were that: there was a significant positive relationship between defensive strategy and financial performance of DTSs individually. The combined model had a significant positive relationship with the performance of firms.

d) Correlation Analysis for Swing Strategy and Operational Performance

The study sought to establish the relationship between swing strategy and performance of smallholder tea sector. A Pearson Correlation was performed and the result of the Pearson correlation test as presented in Table 4.27 show a correlation ($r(203) = 0.241$; $p<0.05$) between the swing strategy and performance of smallholder tea sector. This implies that the swing strategy is positively correlated to the performance of smallholder tea sector. In addition, the correlation between these two variables was significant, that is $p<0.05$ implying a linear relationship between the swing strategy and the performance of smallholder tea sector. This shows that swing strategy played a significant role on performance of smallholder tea sector. The study findings agree with the findings by Kagira et al., (2012) carried out a study on sustainable methods of addressing challenges facing smallholder tea sector in Kenya. The study concludes that if the swing strategy in the Kenya tea industry enhances operations with proper coordination and consultation, this would greatly improve on quality control, competitiveness and bottom-line performance.

e) Correlation Analysis for Stakeholder Engagement and Operational Performance

Further, the study sought to investigate the relationship between stakeholder engagement and performance of smallholder tea sector. A Pearson Correlation was performed and the result of the Pearson correlation test as presented in Table 4.27 show a correlation ($r(203) = 0.311$; $p<0.05$) between the stakeholder engagement and performance of smallholder tea sector. This implies that the stakeholder engagement is positively correlated to the performance of smallholder tea sector. In addition, the correlation between these two variables was significant, that is $p<0.05$

implying a linear relationship between the stakeholder engagement and the performance of smallholder tea sector.

The study findings are in line with previous studies by CPDA (2008) shows that stakeholder engagement played a significant role on performance of smallholder tea sector. This group, the study argues that smallholder tea farmers are at the bottom of the Supply Chain, relegated and neglected with no say in decision making and therefore little share in profits. The study undertook stakeholder mapping to determine every player in the tea industry in Kenya. Further analysis of the stakeholders was done to single out those with the greatest impact on the growth and sustainability of small-scale tea farming. The study advocates for stakeholder's engagement including civil society as the presence of these organizations facilitate exposing malpractices thereby enhancing transparency as well as empowering stakeholders.

4.7.2 Regression Analysis

Regression analysis is a form of predictive modelling technique which investigates the relationship between a dependent and independent variable(s). This technique is used for forecasting, time series modelling and finding the causal effect relationship between the variables (Porzio, 2013). With this analysis, one is able to understand how the typical values of the dependent variable change when one of the independent variable is varied, while the other variables are held constant/fixed. This study applied a multiple regression model to identify the role of offensive strategy, hold strategy, defensive strategy, swing strategy, stakeholder engagement and their impact on performance of smallholder tea sector. All the four independent variables were measured using the responses on each of the variables obtained from the respondents. The collected data satisfied the assumptions for multiple linear regressions as established in the diagnostics tests. The initial effort to examine the relationships proposed by the research model involved conducting a bivariate analysis between each independent variable and the dependent variable. The second step is conducting a multiple regression analysis by examining the relationship between all independent variables and the dependent variable. The study used

moderated multiple regression analysis to estimate the interaction effect and test the moderating effect of stakeholder engagement on the relationship between stakeholder management strategies and performance of tea sector.

Bivariate regression analysis is used to analyse the relationship between a single dependent variable and single predictor variable (Hair, Black, Babin, & Anderson, 2012). It is used to find out if there is a relationship between two variables X_i and Y (X_i = independent variables) and (Y = dependent variable). The F-test was used further to determine the validity of the model while R squared was used as a measure of the model goodness of fit. The regression coefficient summary was then used to explain the nature of the relationship between the dependent and independent variables.

a) Regression Analysis for Offensive Strategy and Firm Performance

The first study objective sought to establish whether offensive strategy has a significant role on operational performance of smallholder tea sector in Kenya. The study hypothesized that offensive strategy plays a significant role on operational performance of smallholder tea sector in Kenya as follows: Hypothesis one (H_{a1}):Offensive strategy plays a significant role on operational performance of smallholder tea sector in Kenya.According to the study results in Table 4.28, R=0.229, R-square=0.052, adjusted R-square=0.047 and SE=0.453. Further, the F – statistic (1,201=11.025, p-value<0.05). The β=0.225 and t=8.654); p-value <0.05.

The coefficient of determination (R-squared) measures the proportions of total variance of the dependent variable that is contributed by independent variable in the model. Therefore, R-squared of 0.052 shows that 5.2% of operational performance of smallholder tea sector can be explained by offensive strategy. The remaining percentage can be explained by other factors excluded from the model. The adjusted R-square of 0.047 indicates that offensive strategy in exclusion of the constant variable explained the change in operational performance of smallholder tea sector by 4.7%.The R of 0.229 shows that there is positive correlation between offensive strategy and operational performance of smallholder tea sector. Variability of the dependent variable around the prediction line is measured by

standard error of the estimate (Kothari & Garg, 2014). The standard error of estimate (SE=0.453) shows the average deviation of the dependent variable firm performance from the line of best fit.

The result of the Analysis of Variance (ANOVA) indicated F(1,201=11.025, p-value<0.05), revealed that there exists a significant relationship between offensive strategy and performance of smallholder tea sector. The results further indicate that the model was significant since p-value<0.05.The study findings indicated that there was a positive significant relationship between offensive strategy and operational performance of smallholder tea sector in Kenya (β=0.225 and t=8.654) which has a (p-value <0.05). Further, the linear regression analysis coefficients show that the model $Y= \beta_0 + \beta_1 X_1$, is significantly fit. The general form of the equation was to predict operational performance of smallholder tea sector in Kenya; X_1= Offensive Strategy; $Y= 2.876 + 0.225X_1$. This indicates that Operational performance of smallholder tea sector in Kenya = 2.876 + 0.225 * Offensive Strategy. Therefore, a unit increase in use of offensive strategy index led to an increase in operational performance of smallholder tea sector in Kenya index by 0.225.

The results confirm that there is a positive linear relationship between offensive strategy and operational performance of smallholder tea sector in Kenya. Since the p-value < 0.05, the null hypothesis was rejected and then concluded that offensive strategy played a significant role on operational performance of smallholder tea sector in Kenya. The Pearson product moment correlation coefficient revealed a positive and significant correlation between offensive strategy and performance of small holder tea sector (r = 0.229, p-value < 0.05) significant at 0.05 level of significance. These results are consistent with previous studies investigating the influence of offensive strategy on firm performance. The findings of a study conducted by Marques, Simões and Cruz (2012) who surveyed 12 large manufacturing firms from Portugal's glass industry found out that companies that had a higher return on equity pursued an offensive strategy based on efficiency of production and offensive strategy derived from product innovation. A study by Fullerton and Wempe (2016) found that Japanese firms applying offensive strategy

by offering low cost products performed better than US and German companies that applied a “stuck in the middle” strategy.

The study findings, also, support the work of Thathi (2008) which highlighted on offensive strategies used by advertising firms in Kenya by offering competitive prices. The study findings concluded that offensive strategies in form of discounts, competitive pricing and quality of service provision were major strategies applied by advertising firms in Kenya. The findings are also consistent with the findings of Murimiri (2009) who found that offensive strategies of cost reduction, outstanding customer service and operational efficiency were utilized by commercial banks in Kenya as a means of attaining competitiveness. The study results also concur with the work of Powers and Hahn (2014) which looked into whether or not there were links between competitive methods, generic strategies and firm performance and found that a cost leadership strategy did perform better than differentiators and focus strategies and that of Gitonga (2013), which found that offensive strategy is one of the strategies applied by hospitality establishments in Nairobi.

It is, therefore, evident from the foregoing discussion that smallholder tea sector in Kenya vigorously pursued cost reduction mechanism by focusing on product design technique that economized on cost of materials, lowering prices than that of their competitors, investing in sales promotion, reduction of administration cost and investing in technology-based delivery system to lower their costs among others. The study findings are thus congruent with Yannopoulous (2011) assertion that offensive strategy has a positive impact on market share in general since a firm that manages to sustain a competitive advantage in cost structure can offer better prices to customers. The study findings led to the rejection of the null hypothesis and acceptance of the alternative hypothesis that offensive strategy has a significant role on operational performance of smallholder tea firms in Kenya.

Table 4.28: Regression Statistics (Offensive Strategy and Firm Performance)

Model Summary			
R	R Square	Adjusted R Square	Std. Error of the Estimate
.229a	.052	.047	.453

a. Predictors: (Constant), Offensive Strategy

ANOVA Statistics

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	193.492	1	193.492	11.025	.000[b]
	Residual	3527.508	201	17.550		
	Total	3721.000	202			

a. Dependent Variable: Performance of smallholder tea sector

b. Predictors: (Constant), Offensive Strategy

Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	2.876	.742		3.876	.000
	Offensive Strategy	.225	.026	.229	8.654	.000

a. Dependent Variable: Performance of smallholder tea sector

b) Regression Analysis for Hold Strategy and Operational Performance

The second study objective sought to establish whether hold strategy plays a significant role on operational performance of smallholder tea sector in Kenya. The study hypothesized that hold strategy plays a significant role on operational performance of smallholder tea sector in Kenya as follows: Hypothesis two (H_{a2}):

Hold strategy plays a significant role on operational performance of smallholder tea sector in Kenya.According to the study results in Table 4.29, R=0.301, R-square=0.091, adjusted R-square=0.087 and SE=0.654. Further, the F –statistic (1,201=20.122, p-value<0.05). The β=0.299and t=9.087); p-value <0.05. The coefficient of determination (R-squared) measures the proportions of total variance of the dependent variable that is contributed by independent variable in the model. Therefore, the R-squared of 0.091 shows that 9.1% of operational performance of smallholder tea sector can be explained by hold strategy. The remaining percentage can be explained by other factors excluded from the model. The adjusted R-square of 0.087 indicates that hold strategy in exclusion of the constant variable explained the change in operational performance of smallholder tea sector by 8.7%. The R of 0.301 shows that there is positive correlation between hold strategy and operational performance of smallholder tea sector. The standard error of estimate (SE=0.654) shows the average deviation of the dependent variable firm performance from the line of best fit.

The result of the Analysis of Variance (ANOVA) for regression coefficient F(1,201=20.122, p-value<0.05) revealed that there exists a significant relationship between hold strategy and performance of smallholder tea sector. The results further indicate that the model was significant since p-value<0.05. The study findings indicated that there was a positive significant relationship between hold strategy and operational performance of smallholder tea sector in Kenya (β=0.299and t=9.087) which has a (p-value <0.05).

Further, the linear regression analysis coefficients show that the model $Y= \beta_0 + \beta_2X_2$, is significantly fit. The general form of the equation was to predict operational performance of smallholder tea sector in Kenya; X_2= hold Strategy; $Y= 4.780 + 0.299X_2$. This indicates that Operational performance of smallholder tea sector in Kenya Y = 4.780 + 0.299* hold Strategy. Therefore, a unit increase in use of hold strategy index led to an increase in operational performance of smallholder tea sector in Kenya index by 0.299. This confirms that there is a positive linear relationship between hold strategy and operational performance of smallholder tea sector in Kenya. Since the p-value was less than 0.05, the null hypothesis was

rejected and alternative hypothesis accepted then concluded that hold strategy played a significant role on operational performance of smallholder tea sector in Kenya. The Pearson product moment correlation coefficient revealed a positive and significant correlation between hold strategy and performance of smallholder tea sector ($r = 0.301$, p-value < 0.05) significant at 0.05 level of significance.

These results are consistent with previous research. For instance, Hanna and Rowley (2011) assert the hold strategy makes a significant contribution to a firm performance. Firstly, it clearly differentiates the place-branding process from product, service, and corporate branding processes, thereby offering a robust basis for the theoretical development of place branding. Secondly, it proposes a model of firm that integrates stakeholders into the firm process by monitoring efficiently and taking action when appropriate. Finally, as a holistic model, informed by earlier work in disciplines such as branding, marketing communication, regeneration, and tourism, it offers an opportunity to benchmark practice and integrate knowledge bases in place firm performance. These findings support the notion that many smallholder tea sector view a strategy of hold as a more important and distinct means to achieve better performance. The study findings thus led to the acceptance of the alternative hypothesis that hold strategy plays a significant role on performance of smallholder tea sector in Kenya.

Table 4.29: Regression Statistics (Hold Strategy and Firm Performance)

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.301a	.091	.087	.654

a. Predictors: (Constant), Hold Strategy

ANOVA Statistics

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	338.611	1	338.611	20.122	.000[b]
	Residual	3382.389	201	16.828		
	Total	3721.000	202			

a. Dependent Variable: Performance of smallholder tea sector

b. Predictors: (Constant), Hold Strategy

Regression Coefficients

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	4.780	.813		5.876	.000
	Hold Strategy	.299	.033	.301	9.087	.000

a. Dependent Variable: Performance of smallholder tea sector

c) Regression Analysis for Defensive Strategy and Operational Performance

The third study objective sought to establish whether defensive strategy plays a significant role on operational performance of smallholder tea sector in Kenya. The study hypothesized that defensive strategy plays a significant role on operational performance of smallholder tea sector in Kenya as follows: Hypothesis three (H_{a3}): Defensive strategy plays a significant role on operational performance of smallholder tea sector in Kenya.According to the study results in Table 4.30, R=0.287, R-square=0.082, adjusted R-square=0.079 and SE=0.853. Further, the F – statistic (1,201=17.955, p-value<0.05). The β=0.290and t=8.542); p-value <0.05.The coefficient of determination (R squared) measures the proportions of total variance of the dependent variable that is contributed by independent variable in the model. Therefore, the R-squared of 0.082 shows that 8.2% of operational

performance of smallholder tea sector can be explained by defensive strategy. The remaining percentage can be explained by other factors excluded from the model. The adjusted R-square of 0.079 indicates that defensive strategy in exclusion of the constant variable explained the change in operational performance of smallholder tea sector by 7.9%. The R of 0.287 shows that there is positive correlation between defensive strategy and operational performance of smallholder tea sector.

Variability of the dependent variable around the prediction line is measured by standard error of the estimate (Kothari & Garg, 2014). The standard error of estimate (SE=0.853) shows the average deviation of the dependent variable firm performance from the line of best fit. The result of the Analysis of Variance (ANOVA) for regression coefficient $F(1,201=17.955$, p-value$<0.05)$ revealed that there exists a significant relationship between defensive strategy and performance of smallholder tea sector. The results further indicate that the model was significant (p-value<0.05). The study findings indicated that there was a positive significant relationship between defensive strategy and operational performance of smallholder tea sector in Kenya ($\beta=0.290$and $t=8.542$) which has a (p-value <0.05). Further, the linear regression analysis coefficients show that the model $Y= \beta_0 + \beta_3X_3$, is significantly fit.

The general form of the equation was to predict operational performance of smallholder tea sector in Kenya; X_3= defensive Strategy; $Y = 4.322 + 0.290X_3$. This indicates that operational performance of smallholder tea sector in Kenya Y = 4.322 + 0.290* defensiveStrategy. Therefore, a unit increase in use of defensive strategy index led to an increase in operational performance of smallholder tea sector in Kenya index by 0.290. This confirms that there is a positive linear relationship between defensive strategy and operational performance of smallholder tea sector in Kenya. Since the p-value was less than 0.05, the null hypothesis was rejected and alternative hypothesis accepted then concluded that defensive strategy played a significant role on operational performance of smallholder tea sector in Kenya. The Pearson product moment correlation coefficient revealed a positive and significant correlation between defensive strategy and performance of smallholder tea sector ($r = 0.287$, p-value < 0.05) significant at 0.05 level of significance.

These findings concur with some earlier studies and researches on the use of stakeholder management strategies which indicated that business strategies of cost leadership, differentiation; cost leadership with focus and differentiation with defensive strategy lead an organization to higher performance. Afram (2011) established that defensive strategy leads to a considerable financial success in the firm operations. It leads towards lower interest rates, quality customer service, tailored products, and there is also intensified competition. It is recommended that, firms continues to find ways of differentiating itself by changing its strategic direction to also focus on the middle and low earning customers and incorporate a refocus on superior customer service.

The literature reviewed indicated that organizations can use signalling to alert their competitors about their intention to take an action in the industry. This is intended to pre-empt or deter competitors from attacking their market territories and showing the commitment they have in the particular market. The purpose of defensive strategies is to lower the inducement to attack (Karakaya & Yannopoulous, 2011). The findings led to the rejection of the null hypothesis and acceptance of the alternative hypothesis that defensive strategy plays a significant role on performance of smallholder tea sector in Kenya.

Table 4.30: Regression Statistics (Defensive Strategy and Operational Performance)

Model Summary			
R	R Square	Adjusted R Square	Std. Error of the Estimate
.287a	.082	.079	.853

a. Predictors: (Constant), Defensive Strategy

ANOVA Statistics

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	305.122	1	305.122	17.955	.000[b]
	Residual	3415.878	201	16.994		
	Total	3721.000	202			

a. Dependent Variable: Performance of smallholder tea sector

Regression Coefficients

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	T	Sig.
1	(Constant)	4.322	.882		4.898	.000
	Defensive Strategy	.290	.034	.287	8.542	.000

a. Dependent Variable: Performance of smallholder tea sector

d) Regression Analysis for Swing Strategy and Operational Performance

The fourth study objective sought to establish whether swing strategy plays a significant role on operational performance of smallholder tea sector in Kenya. The study hypothesized that swing strategy plays a significant role on operational performance of smallholder tea sector in Kenya as follows: Hypothesis four (Ha4): Swing strategy plays a significant role on operational performance of smallholder tea sector in Kenya. According to the study results in Table 4.31, R=0.241, R-square=0.058, adjusted R-square=0.052 and SE=0.037. Further, the F –statistic (1,201=12.375, p-value<0.05). The β=0.237and t=6.778); p-value <0.05. The coefficient of determination (R squared) measures the proportions of total variance of the dependent variable that is contributed by independent variable in the model. Therefore, the R-squared of 0.058 shows that 5.8% of operational performance of

smallholder tea sector can be explained by swing strategy. The remaining percentage can be explained by other factors excluded from the model. The adjusted R-square of 0.052 indicates that swing strategy in exclusion of the constant variable explained the change in operational performance of smallholder tea sector by 5.2%. The R of 0.241 shows that there is positive correlation between swing strategy and operational performance of smallholder tea sector. The standard error of estimate (SE=0.037) shows the average deviation of the dependent variable firm performance from the line of best fit.

The result of the Analysis of Variance (ANOVA) for regression coefficient F(1,201=12.375, p-value<0.05) revealed that there exists a significant relationship between swing strategy and operational performance of smallholder tea sector. The results further indicates that the model was significant since p-value<0.05. The study findings indicated that there was a positive significant relationship between swing strategy and operational performance of smallholder tea sector in Kenya (β=0.237and t=6.778) which has a (p-value <0.05). Further, the linear regression analysis coefficients show that the model $Y= \beta 0 + \beta_4 X_4$, is significantly fit.

The general form of the equation was to predict operational performance of smallholder tea sector in Kenya; X_4= swing strategy; $Y = 3.654 + 0.237X_4$. This indicates that operational performance of smallholder tea sector in Kenya = 3.654 + 0.237 * swing strategy. The results indicate that a unit increase in use of swing strategy index led to an increase in operational performance of smallholder tea sector in Kenya index by 0.237. Since the p-value was less than 0.05, the H_0 was rejected and alternative hypothesis accepted then concluded that swing strategy played a significant role on operational performance of smallholder tea sector in Kenya. The Pearson product moment correlation coefficient revealed a positive and significant correlation between defensive strategy and performance of small holder tea sector (r = 0.241, p-value < 0.05) significant at 0.05 level of significance. These results are consistent with previous research. For instance, swing strategy adopts cautious collaboration (Šmakalova, 2012). Through collaboration efforts, the firm make it more difficult for stakeholders to oppose the organization (Blair et al., 2011). Swing stakeholder management strategy should be adopted when a

stakeholder group is mixed blessing (Šmakalova, 2012). The best way to manage the mixed blessing relationship, high on the dimensions of both potential threat and potential cooperation, may be cautious collaboration. The goal of this strategy is to turn mixed blessing relationships into a supporting relationship. If an organization seeks to maximize their stakeholders' potential for cooperation, these potentially threatening stakeholders will find their supportive endeavours make it more difficult for them to oppose the organization (Blair et al., 2011). Mixed blessing stakeholders include possible alliance partners, potential customers, or prospective suppliers.

Similarly, the firm should undertake a collaborative strategy to maximize the cooperative potential and thereby minimize the potential threat (Minyu, 2012). Firms should collaborate with mixed blessings stakeholders to maximize their positive influencing abilities and minimizes threatening abilities (Friedman & Miles, 2006). Strategies for dealing with swing stakeholders seek to change or influence the rules of the game that govern stakeholder interactions. The firm should collaborate with these stakeholders to maximize their positive influencing abilities and minimize threatening abilities (Polonsky & Scott, 2009). These findings support the notion that many smallholder tea sector view a strategy of swing as a more important and distinct means to achieve better performance. The study findings thus led to the rejection of the null hypothesis and acceptance of the alternative hypothesis that swing strategy plays a significant role on performance of smallholder tea sector in Kenya.

Table 4.31: Regression Statistics (Swing Strategy and Firm Performance)

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.241a	.058	.052	.037

a. Predictors: (Constant), Swing Strategy

ANOVA (Swing Strategy and Performance)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	215.818	1	215.818	12.375	.000[b]
	Residual	3505.182	201	17.439		
	Total	3721.000	202			

a. Dependent Variable: Performance of smallholder tea sector

b. Predictors: (Constant), Swing Strategy

Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	Swing Strategy	.237	.035	.241	6.778	.000

a. Dependent Variable: Performance of smallholder tea sector

e) Multiple Regression Analysis

Multiple regression analysis was used to determine whether independent variables, Offensive strategy (X_1), Hold strategy (X_2), Defensive strategy(X_3) and Swing strategy (X_4) simultaneously affect the dependent variable which is operational performance of smallholder tea sector in Kenya (Y).To test the combined effect of stakeholder management strategies on operational performance, the study hypothesized that simultaneously, offensive strategy, hold strategy, defensive strategy and swing strategy plays a significant role on operational performance of

smallholder tea sector in Kenya. According to the study results in Table 4.32, R=0.849, R-square=0.721, adjusted R-square=0.698and SE=0.087. Further, the F – statistic (4,198=127.924, p-value<0.05). Beta coefficients X_1 (β_1 = 0.424, p-value 0.034), X_2 (β_2 = 0.414, p-value = 0.037), X_3 (β_3 = 0.409, p-value= 0.048) and X_4 (β_4 = 0.448, p-value = 0.026).

The coefficient of determination (R-squared) of 0.721 shows that 72.1% of operational performance of smallholder tea sector can be explained by offensive, hold, defensive and swing strategies combined. The adjusted R-squared of0.698 indicates that the offensive strategy, hold strategy, defensive strategy and swing strategies in exclusion of the constant variable explained the change in performance by 69.8%, the remaining percentage can be explained by other factors not included in the model. The R of 0.849 shows that there is a positive correlation between offensive, hold, defensive, and swing strategy and performance of smallholder tea sector. The analysis of variance (ANOVA) tests the model goodness of fit at 5% level of significance. The value of $p < 0.05$ means that the model is significant and therefore the null hypothesis is rejected and the alternative hypothesis is taken to hold as p-value is less than 0.05. This implies that Offensive strategy (X_1), Hold strategy (X_2), Defensive strategy(X_3) and Swing strategy (X_4) combined are significant predictors at explaining the performance of smallholder tea sector and that the model is significantly fit at 5% level of significance.

Further analysis shows the beta coefficients X_1 (β_1 = 0.424, p-value 0.034), X_2 (β_2 = 0.414, p-value = 0.037), X_3 (β_3 = 0.409, p-value= 0.048) and X_4 (β_4 = 0.448, p-value = 0.026) implies a positive significant relationship between offensive, hold, defensive, swing strategies and smallholder tea sector performance. Since all p-values <0.05, the study reject the null hypothesis and therefore concluded that offensive, hold, defensive and swing strategies combined have significant influence on smallholder tea sector performance. The overall objective of this study was to determine the role of stakeholder management strategies on performance of smallholder tea sector in Kenya. The expectation was that if a firm chooses to implement stakeholder management strategies namely offensive, hold, defensive and swing, it will achieve superior performance and stay ahead of competition in

the dynamic business environment. The results of regression analysis showed that offensive, hold, defensive and swing strategies combined had significant positive relationship with performance of smallholder tea sector in Kenya since p-values are all less than 0.05.

The findings are in tandem with Fontain, Haarman and Schmid (2010) assertion that the four generic stakeholder management strategies have a positive influence on firm performance. A particular stakeholder can only be classified to a particular category of stakeholder relationship through stakeholder analysis to determine which stakeholder management strategy to apply. This finding supports Yannopoulous (2011) assertion that strategy selection lead to improved firm performance. Similar conclusions were also drawn by Kwasi and Moses (2008) in their study examining the relationship between manufacturing strategy, competitive strategy and firm performance of Ghanian manufacturing firms which found direct relationship between stakeholder management strategies and firm performance. This means that to achieve superior performance, firms should align their stakeholder management strategies to a particular category of stakeholder groups. Firms need to continuously monitor for changes in larger environment and look for other ways to cope with dynamic business environment as performance of the tea sector is determined by the choice of stakeholder management strategies as revealed by the study findings.

Table 4.32: Multiple Regression Analysis Statistics: Independent Variables and Performance

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.849	.721	.698	.087

a. Predictors: (Constant), Offensive Strategy, Hold Strategy, Defensive Strategy, Swing Strategy

ANOVA Statistics

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2682.841	4	670.710	127.924	.000[b]
	Residual	1038.159	198	5.243		
	Total	3721.000	202			

a. Dependent Variable: Y

b. Predictors: (Constant), Offensive Strategy, Hold Strategy, Defensive Strategy, Swing Strategy

Coefficient Results

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	**B**		
(Constant)	.432	.143		3.025	.027
Offensive Strategy	.424	.159	.365	2.667	.034
Hold Strategy	.414	.181	.344	2.290	.037
Defensive Strategy	.409	.200	.339	2.045	.048
Swing strategy	.448	.142	.433	3.156	.026

f) Moderated Multiple Regression Analysis

The fifth study objective sought to establish whether stakeholder engagement moderates the relationship between stakeholder management strategies (Offensive, Hold, Swing and Defensive strategy) and operational performance of smallholder tea sector in Kenya. The study hypothesized as follows: Hypothesis five (Ha_5): Stakeholder engagement moderates the relationship between stakeholder management strategies and performance of smallholder tea sector in Kenya.

Moderated Multiple Regression Analysis for Stakeholder Engagement on the Relationship between Offensive Strategy and Operational Performance

Moderated multiple regression was used to test the moderating effect of stakeholder engagement on the relationship between offensive strategy and operational performance of smallholder tea sector. According to the study results in Table 4.33, model 1 results are as follows, R-square=0.052, adjusted R-square=0.047 and SE=0.045. Further, the F –statistic (1,201=11.025, p-value<0.05). Model 2 results are as follows, R-square=0.053, adjusted R-square=0.051 and SE=0.047. Further, the F –statistic (2,200=5.596, p-value<0.05). Model 3 results are as follows, R-square=0.059, adjusted R-square=0.054 and SE=0.537. Further, the F –statistic (3,199=4.159, p-value<0.05).

Model 1 indicates the results before moderation. Model 2 indicates the results between stakeholder engagement, offensive strategy and firm performance. Model 3 indicates the results between firm performance, stakeholder engagement, offensive strategy and moderated offensive strategy (offensive strategy * stakeholder engagement). Model 1coefficient of determination (R-squared) of 0.052 shows that 5.2% of operational performance of smallholder tea sector can be explained by offensive strategy. The adjusted R-square of 0.047 indicates that offensive strategy in exclusion of the constant variable explained the change in operational performance of smallholder tea sector by 4.7%, the remaining percentage can be explained by other factors excluded from the model. The R of 0.229 shows that there is positive correlation between operational performance of smallholder tea sector and offensive strategy. The standard error of estimate (0.453) shows the average deviation of the independent variables from the line of best fit.

The second model shows the relationship between offensive strategy, stakeholder engagement and operational performance of smallholder tea sector. The change in R-square from 0.052 to 0.053 implies that stakeholder engagement enhanced the relationship between offensive strategy and operational performance of smallholder tea sector. The third model shows the relationship between operational performance of smallholder tea sector and offensive strategy, stakeholder engagement and

moderated offensive strategy (Offensive strategy * Stakeholder engagement). The findings revealed that the model became significant when the product term was introduced and there was a positive change in R-square. Therefore, it can be concluded that stakeholder engagement had a significant moderation.

The results $F(1,201=11.025$, p-value $< 0.05)$ show that there is a significant relationship between performance smallholder tea sector and offensive strategy and the slope (β coefficient) is positive. Similarly, the F-statistics for the second model was $F(2,200=5.596$, p-value $< 0.05)$; therefore, it can be implied that there is a significant relationship between performance smallholder tea sector and offensive strategy and stakeholder engagement and the slope (β coefficient) is positive. The F-statistics for the third model $F(3,199=4.159$, p-value $< 0.05)$ shows that there was a significant relationship between performance smallholder tea sector and offensive strategy, stakeholder engagement and moderated offensive strategy (Offensive strategy * Stakeholder Engagement). It can then be concluded that the three models are significantly valid.

The study findings in model 1 showed that there was a positive significant relationship between offensive strategy and performance of smallholder tea sector ($\beta=0.225$ and p-value<0.05). Therefore, a unit increase in use of offensive strategy led to an increase in performance of smallholder tea sector by 0.225. Since the p-value was less than 0.05, the null hypothesis was rejected and concluded that offensive strategy had a significant positive relationship with performance of smallholder tea sector. The second model depicted that there is a significant positive relationship between performance of smallholder tea sector, offensive strategy and stakeholder engagement ($\beta = 0.145$ and p-value < 0.05). Thus, it can be implied that a unit change in stakeholder engagement index increases performance of smallholder tea sector index by 0.145 units. A closer scrutiny of the offensive strategy beta coefficient depicts that stakeholder engagement strengthens the positive relationship between offensive strategy and performance of smallholder tea sector.

The third model depicted significant relationship between moderated offensive strategy and performance of smallholder tea sector (β=0.235, p-value<0.05) and the relationship between offensive strategy and performance of smallholder tea sector strengthened from (β = 0.231, p-value <0.05) to (β = 0.324, p-value<0.05).Moreover, there was change in R square in model 3 after introduction of product term. It can then be concluded that stakeholder engagement has a significant moderating influence in the relationship between offensive strategy and performance of smallholder tea sector.

The study findings are in line with the literature review that stakeholder engagement is key in the implementation of value creation resulting in positive economic results by involving relevant stakeholders (Smith et al., 2011; Baden, 2010; Gould, 2012). Stakeholder engagement is beneficial for increased trust and loyalty (Kumar, 2010). Positively engaged stakeholders are important for organizational success (Vanquez, Plaza, Burgos, & Liston, 2010; Malbon, 2013). Successful organizational leadership develops stakeholder networks and links with the range of external stakeholders (Maak, 2011). Stakeholders engage with brands and organizations matters in an environment where social media have become the most trusted sources for information and experiences (Vilma, 2015). An organization should endavour to understand the legitimate concerns of stakeholders by adopting a proper two-way communication (Amaeshi & Crane, 2009). The value of the stakeholder engagement process can be greatly enhanced by clearly defining, articulating and communicating the scope and boundary of the stakeholder engagement policy (Gould, 2012). Regular feedback and updates should be incorporated in the plan to enable the process and create the necessary visibility (IIRC, 2014).

Table 4.33: Moderated Multiple Regression Statistics: (Stakeholder Engagement, Offensive Strategy and Performance)

Model	R	R Square	Adjusted R Square	Std. Error of the Est	Change Statistics R Square Change	F Change	df1	df2	Sig. F Change
1	.229a	0.052	0.047	0.453	0.051	11.025	1	201	.000
2	.231b	0.053	0.051	0.047	0.052	5.596	2	200	.000
3	.243c	0.059	0.054	0.537	0.054	4.159	3	199	.000

ANOVA Statistics

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	193.492	1	193.492	11.025	.000[a]
	Residual	3527.508	201	17.550		
	Total	3721.000	202			
2	Regression	197.213	2	98.606	5.596	.000[b]
	Residual	3523.787	200	17.619		
	Total	3721.000	202			
3	Regression	219.539	3	73.180	4.159	.000[c]
	Residual	3501.461	199	17.595		
	Total	3721.000	202			

a Predictors: (Constant), Offensive Strategy
b Predictors: (Constant), Offensive Strategy, Stakeholder Engagement
c Predictors: (Constant), Offensive Strategy, Stakeholder Engagement, Offensive Strategy* Stakeholder Engagement
d Dependent Variable: Operational Performance

Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig
		B	Std. Error	Beta		
1	(Constant)	2.876	.742		3.876	.000
	Offensive Strategy	.225	.026	.229	8.654	.000
2	(Constant)	1.987	.687		2.890	.000
	Offensive Strategy	.231	.030	.231	7.654	.000
	Stakeholder Engagement	.145	.036	.041	3.927	.000
3	(Constant)	1.432	.215		6.654	.000
	Offensive Strategy	.324	.041	.216	7.876	.000
	Stakeholder Engagement	.132	.034	.038	3.847	.000
	Offensive Strategy* Stakeholder Engagement	.235	.029	.060	7.989	.000

a: Dependent Variable: Firm Performance

Moderated Multiple Regression Analysis for Stakeholder Engagement on Relationship between Hold Strategy and Firm Performance

Moderated multiple regression was used to test the moderating effect of stakeholder engagement on the relationship between hold strategy and operational performance of smallholder tea sector. According to the study results in Table 4.34, model 1 results are as follows, R-square=0.091, adjusted R-square=0.087 and SE=0.453. Further, the F-statistic (1,201=20.122, p-value<0.05). Model 2 results are as follows, R-square=0.093, adjusted R-square=0.091 and SE=0.467. Further, the F –statistic (2,200=10.253, p-value<0.05). Model 3 results are as follows, R-square=0.094, adjusted R-square=0.092 and SE=0.837. Further, the F –statistic (3,199=5.890, p-value<0.05).

Model 1 indicates the results before moderation. Model 2 indicates the results between stakeholder engagement, hold strategy and firm performance. Model 3 indicates the results between firm performance, stakeholder engagement, hold strategy and moderated hold strategy (hold strategy * stakeholder engagement).In the first model, the coefficient of determination (R squared) of 0.091 shows that 9.1% of operational performance of smallholder tea sector can be explained by hold strategy. The adjusted R-square of 0.87 indicates that hold strategy in exclusion of the constant variable explained the change in operational performance of smallholder tea sector by 8.7%, the remaining percentage can be explained by other factors excluded from the model. The R of 0.301 shows that there is positive correlation between operational performance of smallholder tea sector and hold strategy. The standard error of estimate (0.453) shows the average deviation of the independent variables from the line of best fit. The second model shows the relationship between hold strategy, stakeholder engagement and operational performance of smallholder tea sector. The change in R-square from 0.091 to 0.093 implies that stakeholder engagement enhanced the relationship between hold strategy and operational performance of smallholder tea sector. The third model shows the relationship between operational performance of smallholder tea sector, hold strategy, stakeholder engagement and moderated hold strategy (Hold strategy * Stakeholder engagement). The findings revealed that the model became

significant when the product term was introduced and there was change in R-square. Therefore, it can be concluded that stakeholder engagement had a significant moderation.

The results $F(1,201=20.122$, p-value $< 0.05)$ shows that there is a significant relationship between performance smallholder tea sector and hold strategy and at least the slope (β coefficient) is not zero. Similarly, the F-statistics for the second model was $F(2,200=10.253$, p-value $< 0.05)$; therefore, it can be implied that there is a significant relationship between performance smallholder tea sector and hold strategy and stakeholder engagement and the slope (βcoefficient) is not zero. The F-statistics for the third model $F(3,199=5.890$, p-value $< 0.05)$ shows that there was a significant relationship between performance smallholder tea sector, hold strategy, stakeholder engagement and moderated hold strategy (Hold strategy * Stakeholder Engagement). It can then be concluded that the three models are significant.

The study findings show that there was a positive significant relationship between Hold strategy and performance of smallholder tea sector ($\beta=0.299$ and p-value<0.05). Therefore, a unit increase in use of hold strategy led to an increase in performance of smallholder tea sector by 0.299. Since the p-value was less than 0.05, the null hypothesis was rejected and concluded that hold strategy had a significant positive relationship with performance of smallholder tea sector. The study results in the second model shows that there is a significant positive relationship between performance of smallholder tea sector, hold strategy and stakeholder engagement ($\beta = 0.223$ and p-value<0.05). Thus, it can be implied that a unit change in stakeholder engagement index increases performance of smallholder tea sector index by 0.223 units.

A closer scrutiny of the hold strategy beta coefficient depicts that stakeholder engagement strengthens the positive relationship between hold strategy and performance of smallholder tea sector. From the study findings in the third model indicates a significant relationship between moderated hold strategy and performance of smallholder tea sector ($\beta=0.309$, p-value=0.05) and the relationship between hold strategy and performance of smallholder tea sector strengthened from

($\beta = 0.306$, p-value < 0.05) to ($\beta = 0.310$, p-value < 0.05). Moreover, there was change in R square in model three after introduction of product term. It can then be concluded that stakeholder engagement had a significant moderating effect.

The study findings are in line with the literature review that stakeholder engagement is key in monitoring relevant stakeholders for change in position resulting in positive economic results (Smith et al., 2011).Stakeholder engagement strategy promotes the development of knowledge and developing buffers to protect against the uncertainty of the complex external environment (Gould, 2012). Successful organizational leadership develops stakeholder networks and links with the range of external stakeholders (Maak, 2011). There is need to emphasize the importance of interacting with secondary stakeholders when accessing information to the organization (Ayuso et al., 2011).

Table 4.34: Moderating Effect (Stakeholder Engagement, Hold Strategy and Operational Performance)

Model	R	R Square	Adjusted R Square	Std. Error of the Est	Change Statistics R Square Change	F Change	df1	df2	Sig. F Change
1	.301a	.091	.087	.453	.322	20.122	1	201	.000
2	.305b	.093	.091	.467	.022	10.253	2	200	.000
3	.308c	.094	.092	.837	.061	5.890	3	199	.000

a Predictors: (Constant), Hold Strategy
b Predictors: (Constant), Hold Strategy, Stakeholder Engagement
c Predictors: (Constant), Hold Strategy, Stakeholder Engagement, Hold strategy*Stakeholder Engagement

ANOVA Statistics

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	338.611	1	338.611	20.122	.000[a]
	Residual	3382.389	201	16.828		
	Total	3721.000	202			
2	Regression	346.053	2	173.026	10.253	.000[b]
	Residual	3374.947	200	16.875		
	Total	3721.000	202			
3	Regression	349.774	3	116.591	5.890	.000[c]
	Residual	3371.226	199	16.941		
	Total	3721.000	202			

a Predictors: (Constant), Hold Strategy
b Predictors: (Constant), Hold Strategy, Stakeholder Engagement
c Predictors: (Constant), Hold Strategy, Stakeholder Engagement, Hold strategy*Stakeholder Engagement
d Dependent Variable: Firm Performance

Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig
		B	Std. Error	Beta		
1	(Constant)	4.780	.813		5.876	.000
	Hold Strategy	.299	.033	.301	9.087	.000
2	(Constant)	3.247	.837		3.875	.000
	Hold strategy	.306	.036	.297	8.432	.000
	Stakeholder Engagement	.223	.038	.041	5.786	.000
3	(Constant)	3.128	.575		5.432	.000
	Hold Strategy	.310	.043	.267	7.087	.000
	Stakeholder Engagement	.265	.038	.038	6.847	.000
	Hold strategy*Stakeholder Engagement	.309	.043	-.060	7.075	.000

a: Dependent Variable: Firm Performance

Moderated Multiple Regression Analysis for Stakeholder Engagement on Relationship between Defensive Strategy and Operational Performance

Moderated multiple regression was used to test the moderating effect of stakeholder engagement on the relationship between defensive strategy and operational performance of smallholder tea sector. According to the study results in Table 4.35, model 1 results are as follows, R-square=0.082, adjusted R-square=0.079 and SE=0.853. Further, the F-statistic (1,201=17.955, p-value <0.05). Model 2 results are as follows, R-square=0.083, adjusted R-square=0.081 and SE=0.467. Further, the F –statistic (2,200=9.051, p-value<0.05). Model 3 results are as follows, R-square=0.084, adjusted R-square=0.082 and SE=0.837. Further, the F –statistic (3,199=6.083, p-value<0.05).

Model 1 indicates the results before moderation. Model 2 indicates the results between stakeholder engagement, defensive strategy and firm performance. Model 3 indicates the results between firm performance, stakeholder engagement, defensive strategy and moderated defensive strategy (defensive strategy * stakeholder engagement).In the first model, the coefficient of determination (R-squared) of 0.082 shows that 8.2% of operational performance of smallholder tea sector can be explained by hold strategy. The adjusted R-square of 0.079 indicates that defensive strategy in exclusion of the constant variable explained the change in operational performance of smallholder tea sector by 7.9%, the remaining percentage can be explained by other factors excluded from the model. The R of 0.287 shows that there is positive correlation between operational performance of smallholder tea sector and defensive strategy. The standard error of estimate (0.853) shows the average deviation of the independent variables from the line of best fit.

The second model shows the relationship between defensive strategy, stakeholder engagement and operational performance of smallholder tea sector. The change in R-square from 0.82 to 0.83 implies that stakeholder engagement enhanced the relationship between defensive strategy and operational performance of smallholder tea sector. The third model shows the relationship between operational performance of smallholder tea sector and defensive strategy, stakeholder engagement and moderated defensive strategy (Defensive strategy * Stakeholder engagement). The findings revealed that the model became significant when the product term was introduced and there was change in R-square. Therefore, it can be concluded that stakeholder engagement had a significant moderation.

The results $F(1,201=17.955$, p-value $< 0.05)$ shows that there is a significant relationship between performance smallholder tea sector and defensive strategy and at least the slope (β coefficient) is not zero. Similarly, the F-statistics for the second model was $F(2,200=9.051$, p-value $< 0.05)$; therefore, it can be implied that there is a significant relationship between performance smallholder tea sector and defensive strategy and stakeholder engagement and at least one of the beta (slope) is not zero. The F-statistics for the third model $F(3,199=6.083$, p-value $< 0.05)$ shows that there was a significant relationship between performance of smallholder tea sector and defensive strategy, stakeholder engagement and moderated defensive strategy (Defensive strategy * Stakeholder Engagement). It can then be concluded that the three models are significantly valid.

The study findings showed that there was a positive significant relationship between defensive strategy and performance of smallholder tea sector ($\beta=0.290$ and p-value<0.05). Therefore, a unit increase in use of defensive strategy led to an increase in performance of smallholder tea sector by 0.290. Since the p-value was less than 0.05, the null hypothesis was rejected and concluded that defensive strategy had a significant positive relationship with performance of smallholder tea sector. The second model shows that there is a significant positive relationship between performance of smallholder tea sector, defensive strategy and stakeholder engagement ($\beta = 0.169$and p-value<0.05). Thus, it can be implied that a unit change in stakeholder engagement index increases performance of smallholder tea sector

index by 0.169units. A closer scrutiny of the defensive strategy beta coefficient depicts that stakeholder engagement strengthens the positive relationship between defensive strategy and performance of smallholder tea sector. The third model shows significant relationship between moderated defensive strategy and performance of smallholder tea sector (β=0.298, p-value<0.05) and the relationship between defensive strategy and performance of smallholder tea sector strengthened from (β = 0.291, p-value <0.001) to (β = 0.293, p-value<0.001).Moreover, there was change in R-square in model 3 after introduction of the product term. It can then be concluded that stakeholder engagement had a significant moderating effect.

The study findings are in line with literature review by Yannopoulous (2011) noted that primary purpose of defensive strategy is intended to protect market share, position and profitability enjoyed by the incumbent firms. Defensive strategies work better when they take place before the challenger makes an investment in the industry, or if they enter the industry before exit barriers are raised, making it difficult for the challenger to leave the industry. Pre-entry defensive strategies are actions taken by firms intended to persuade potential entrants to believe that market entry would be difficult or unprofitable. Such actions include signalling, fortify and defend, covering all bases, continuous improvement, and capacity expansion (Kinyua et al., 2016). Porter (2011) stated that defensive strategy rests on the premise that the firm is able to serve its narrow strategic target market more effectively and efficiently than competitors who are competing more broadly. As a result, the firm achieves either differentiation from meeting the needs of the particular target better, lower costs in serving this target or both. The significant result between defensive strategy and firm performance in this study is therefore, congruent with Heriyati et al., (2010) assertion that firms that have identified strategic target market and adopted defensive strategy serve the market better than their competitors by offering broad products and services.

Table 4.35: Moderating Effect (Stakeholder Engagement, Defensive Strategy and Performance)

Model	R	R Square	Adjusted R Square	Std. Error of the Est	Change Statistics R Square Change	F Change	df1	df2	Sig. F Change
1	.287a	.082	.079	.853	.543	17.955	1	201	.000
2	.289b	.083	.081	.467	.325	9.051	2	200	.000
3	.291c	.084	.082	.837	.432	6.083	3	199	.000

a Predictors: (Constant), Defensive Strategy
b Predictors: (Constant), Defensive Strategy, Stakeholder Engagement

c Predictors: (Constant), Defensive Strategy, Stakeholder Engagement, Defensive Strategy* Stakeholder Engagement

ANOVA Statistics

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	305.122	1	305.122	17.955	.000b[a]
	Residual	3415.878	201	16.994		
	Total	3721.000	202			
2	Regression	308.843	2	154.422	9.051	.000[b]
	Residual	3412.157	200	17.061		
	Total	3721.000	202			
3	Regression	312.564	3	104.188	6.083	.000[c]
	Residual	3408.436	199	17.128		
	Total	3721.000	202			

a Predictors: (Constant), Defensive Strategy
b Predictors: (Constant), Defensive Strategy, Stakeholder Engagement
c Predictors: (Constant), Defensive Strategy, Stakeholder Engagement, Defensive Strategy* Stakeholder Engagement
d Dependent Variable: Firm Performance

Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig
		B	Std. Error	Beta		
1	(Constant)	4.322	.882		4.898	.000
	Defensive Strategy	.290	.034	.287	8.542	.000
2	(Constant)	3.456	.912		3.786	.000
	Defensive Strategy	.291	.033	.289	8.546	.000
	Stakeholder Engagement	.169	.056	.041	2.989	.000
3	(Constant)	3.218	.627		5.125	.000
	Defensive Strategy	.293	.034	.316	8.578	.000
	Stakeholder Engagement	.242	.062	.038	3.847	.000
	, Defensive Strategy* Stakeholder Engagement	.298	.032	.060	9.075	.000

a: Dependent Variable: Firm Performance

Moderated Multiple Regression Analysis for Stakeholder Engagement on Relationship Between Swing Strategy and Firm Performance

Moderated multiple regression was used to test the moderating effect of stakeholder engagement on the relationship between swing strategy and operational performance of smallholder tea sector. According to the study results in Table 4.36, model 1 results are as follows, R-square=0.058, adjusted R-square=0.055 and SE=0.098. Further, the F-statistic (1,201=12.375, p-value<0.05). Model 2 results are as follows, R-square=0.066, adjusted R-square=0.062 and SE=0.467. Further, the F-statistic (2,200=7.066, p-value<0.05). Model 3 results are as follows, R-square=0.076, adjusted R-square=0.074 and SE=0.837. Further, the F –statistic (3,199=5.456, p-value<0.05).

Model 1 indicates the results before moderation. Model 2 indicates the results between stakeholder engagement, swing strategy and firm performance. Model 3 indicates the results between firm performance, stakeholder engagement, swing strategy and moderated swing strategy (swing strategy * stakeholder engagement).The coefficient of determination (R-squared) of 0.058 shows that 5.8% of operational performance of smallholder tea sector can be explained by swing strategy. The adjusted R-square of 0.055 indicates that swing strategy in exclusion of the constant variable explained the change in operational performance of smallholder tea sector by 5.5%, the remaining percentage can be explained by other factors excluded from the model. The R of 0.241 shows that there is positive correlation between operational performance of smallholder tea sector and swing strategy. The standard error of estimate (0.098) shows the average deviation of the independent variables from the line of best fit.

The second model shows the relationship between swing strategy, stakeholder engagement and operational performance of smallholder tea sector. The change in R-square from 0.058 to 0.066 implies that stakeholder engagement enhanced the relationship between swing strategy and operational performance of smallholder tea sector. The third model shows the relationship between operational performance of smallholder tea sector and swing strategy, stakeholder engagement and moderated

swing strategy (Swing strategy * Stakeholder engagement). The findings revealed that the model became significant when the interaction term was introduced and there was change in R-square. Therefore, it can be concluded that stakeholder engagement had a significant moderation.

The F-statistics was used to determine the validity of the model. The results $F(1,201=12.375$, p-value $< 0.05)$ shows that there is a significant relationship between performance of smallholder tea sector and swing strategy and at least the slope (β coefficient) is not zero. Similarly, the F-statistics for the second model was $F(2,200=7.066$, p-value $< 0.05)$; therefore, it can be implied that there is a significant relationship between performance smallholder tea sector and swing strategy and stakeholder engagement and at least one of the beta (slope) is not zero. The F-statistics for the third model $F(3,199=5.456$, p-value $< 0.05)$ shows that there was a significant relationship between performance of smallholder tea sector and swing strategy, stakeholder engagement and moderated swing strategy (Swing strategy * Stakeholder Engagement). It can then be concluded that the three models are significantly valid.

The study findings showed that there was a positive significant relationship between swing strategy and performance of smallholder tea sector ($\beta=0.237$and p-value<0.05). Therefore, a unit increase in use of swing strategy led to an increase in performance of smallholder tea sector by 0.237. Since the p-value was less than 0.05, the null hypothesis was rejected and concluded that swing strategy had a significant positive relationship with performance of smallholder tea sector. The second model shows that there is a significant positive relationship between performance of smallholder tea sector, swing strategy and stakeholder engagement ($\beta = 0.145$and p-value<0.05). Thus, it can be implied that a unit change in stakeholder engagement index increases performance of smallholder tea sector index by 0.145units.

A closer scrutiny of the swing strategy beta coefficient depicts that stakeholder engagement strengthens the positive relationship between swing strategy and performance of smallholder tea sector. The third model shows a significant relationship between moderated swing strategy and performance of smallholder tea sector (β=0.268, p-value<0.05) and the relationship between swing strategy and performance of smallholder tea sector strengthened from (β = 0.243, p-value <0.05) to (β = 0.268, p-value <0.05).Moreover, there was change in R square in model 3 after introduction of the product term. It can then be concluded that stakeholder engagement had a significant moderating effect.

The study findings are in agreement with previous studies. Swing strategy maximize the cooperative potential and thereby minimize the potential threat (Friedman & Miles, 2006; Polonsky & Scott, 2009).Swing strategy should be adopted when a stakeholder group is mixed blessing (Šmakalova, 2012). A mixed blessing relationship is best managed through cautious collaboration. The goal of this strategy is to turn mixed blessing relationships into a supporting relationship. If an organization seeks to maximize their stakeholders' potential for cooperation, these potentially threatening stakeholders will find their supportive endeavours make it more difficult for them to oppose the organization (Blair et al., 2011).

Mixed blessing stakeholders include possible alliance partners, potential customers, or prospective suppliers. Firms should collaborate with mixed blessings stakeholders to maximize their positive influencing abilities and minimizes threatening abilities (Friedman & Miles, 2006). Strategies for dealing with swing stakeholders seek to change or influence the rules of the game that govern stakeholder interactions. The firm should collaborate with these stakeholders to maximize their positive influencing abilities and minimize threatening abilities (Polonsky & Scott, 2009).

Table 4.36: Moderating Effect (Stakeholder Engagement, Swing Strategy and Performance)

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Est	R Square Change	F Change	df1	df2	Sig. F Change
1	.241a	.058	.055	.098	.580	12.375	1	201	.000
2	.258b	.066	.062	.467	.325	7.066	2	200	.000
3	.276c	.076	.074	.837	.432	5.456	3	199	.000

a Predictors: (Constant), Swing Strategy
b Predictors: (Constant), Swing strategy, Stakeholder Management
c Predictors: (Constant), Swing strategy, Stakeholder Engagement, Swing Strategy*Stakeholder Engagement

ANOVA Statistics

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	215.818	1	215.818	12.375	.000[a]
	Residual	3505.182	201	17.994		
	Total	3721.000	202			
2	Regression	245.586	2	122.793	7.066	.000[b]
	Residual	3475.414	200	17.377		
	Total	3721.000	202			
3	Regression	282.796	3	94.265	5.456	.000[c]
	Residual	3438.204	199	17.277		
	Total	3721.000	202			

a Predictors: (Constant), Swing Strategy
b Predictors: (Constant), Swing strategy, Stakeholder Management
c Predictors: (Constant), Swing strategy, Stakeholder Engagement, Swing Strategy*Stakeholder Engagement
d Dependent Variable: Firm Performance

Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig
		B	Std. Error	Beta		
1	(Constant)	3.654	.935		3.908	.000
	Swing Strategy	.237	.035	.241	6.778	.000
2	(Constant)	2.678	.546		4.898	.000
	Swing Strategy	.243	.027	.267	8.872	.000
	Stakeholder Engagement	.145	.043	.041	3.325	.000
3	(Constant)	2.879	.564		5.098	.000
	Swing Strategy	.268	.035	.267	7.549	.000
	Stakeholder Engagement	.187	.076	.038	2.456	.000
	Swing Strategy*Stakeholder Engagement	.245	.039	.060	6.218	.000

a: Dependent Variable: Firm Performance

4.8 Optimal Model

The optimal model presents the overall model summary of moderating effect of stakeholder engagement on stakeholder management strategies and operational performance of smallholder tea sector in Kenya. According to the study results in Table 4.37 and Table 4.38,model 1 results are as follows, R-square=0.721, adjusted R-square=0.698and SE=0.087. Further, the F-statistic (4,198=127.924, p-value<0.05). Model 2 results are as follows, R-square=0.669, adjusted R-square=0.658 and SE=0.467. Further, the F-statistic (5,197=79.633, p-value<0.05). Model 3 results are as follows, R-square=0.823, adjusted R-square=0.669and SE=0.837. Further, the F-statistic (9,193=44.950, p-value<0.05).

The coefficient of determination (R-square) of 0.607as indicated shows that 60.7% of operational performance of smallholder tea sector can be explained by offensive strategy, hold strategy, defensive strategy and swing strategy combined. Introduction of stakeholder engagement into the analysis (Model 2), the R-square change to 0.669indicating that 66.9% of operational performance of smallholder tea sector can be explained by offensive strategy, hold strategy, defensive strategy, swing strategy and stakeholder engagement combined. This means that stakeholder engagement strengthened the relationship between stakeholder management strategies and operational performance of smallholder tea sector. Introduction of product terms into the analysis (Model 3), the R-square changed to 0.677 indicating the model strengthened further. Therefore, it can be concluded that stakeholder engagement had a significant moderating effect on relationship between stakeholder management strategies and operational performance of smallholder tea sector in Kenya.

To measure the validity of the model, the F-statistics were used. F-statistics model 1 F(4,198= 76.454, p-value < 0.05) show that there is a significant relationship between offensive strategy, hold strategy, defensive strategy, swing strategy and performance of smallholder tea sector and at least one slope (β coefficient) is not zero. When stakeholder engagement was added into the analysis, the resulting model (Model 2) was statistically significant F(5,197= 46.897, p-value < 0.05) suggesting that stakeholder engagement is a significant predictor of performance of

smallholder tea sector. Finally, when the product terms were introduced into the analysis (Model 3), the F-statistics F(9,193 = 44.950, p-value < 0.05), the model was statistically significant suggesting that independent variables (offensive strategy, hold strategy, defensive strategy, swing strategy), stakeholder engagement and moderated variables are significant predictors of operational performance of smallholder tea sector.

According to the regression coefficients, Model one in Table 4.38 show that the beta coefficients (offensive strategyβ_1 = 0.424, p-value = 0.034; hold strategyβ_2 = 0.414, p-value = 0.037; defensive strategy β_3 = 0.409, p-value = 0.048; swing strategyβ_4 = 0.448, p-value = 0.026) and are significant in a combined MMR before moderation is performed. When stakeholder engagement (Z) was introduced, as a moderator, in model two (offensive strategyβ_1 = 0.405, p-value = 0.013; hold strategyβ_2 = 0.395, p-value = 0.022; defensive strategy β_3 = 0.378, p-value = 0.032; swing strategyβ_4 = 0.421, p-value = 0.011) and remained significant. After introducing the interaction term (Xi*Z) in model three, the constant (β_0 = 0.328, p-value =0.025; β_1 = 0.264, p-value = 0.021; β_2 = 0.256, p-value = 0.032; β_3 = 0.253, p-value = 0.041; β_4 = 0.278, p-value = 0.022) remained significant. The stakeholder engagement (βz = 0.314, p-value = 0.014) and the interaction term (Xi*Z, p-value < .05) became significant. This implies that the stakeholder engagement, as a moderator, does significantly improve the influence between stakeholder management strategies and performance of small holder tea sector in Kenya.

The study investigated the role of stakeholder management strategies on performance of smallholder tea sector in Kenya. The analysis showed that the four stakeholder management strategies variables of offensive strategy hold strategy, defensive strategy and swing strategy were significant predictors of performance smallholder tea sector. The study findings mesh with research carried out by Kinyua et al, (2016), which suggested that generic stakeholder management strategies (offensive, hold, defensive and swing) are significant predictors of firm performance in a dynamic environment. This results are also congruent with Freeman (2010) assertion that stakeholder engagement is an important determinant of firm performance in a given industry.

Similarly, it was established from the findings of the study, that stakeholder engagement had a significant moderating effect between stakeholder management strategies and performance of smallholder tea sector. These findings are consistent with those of other scholars. Shigang and David (2011) in their study investigation of marketing strategy, business environment and performance of construction SMEs in China found a positive relationship between stakeholder engagement and SMEs performance. Sorensen (2009) also argued that stakeholder engagement within the industry may lead to improved firm performance; similarly, higher stakeholder engagement will give customers more options leading to more market dominance of the firm and increased sales. The optimal model was based on statistics generated and inferential analysis. All the variables were found to be valid and none of them was rendered redundant.

Table 4.37: Overall Moderating Effect (Model Summary)

					Change Statistics				
Model	R	R Square	Adjusted R Square	Std. Error of the Est	R Square Change	F Change	df1	df2	Sig. F Change
1	.849[a]	.721	.595	.698	.087	127.924	4	198	.000
2	.818[b]	.669	.658	.467	.625	46.897	5	197	.000
3	.823[c]	.677	.669	.837	.632	44.950	9	193	.000

a Predictors: (Constant), Offensive strategy, Hold strategy, Defensive strategy, Swing Strategy

b Predictors: (Constant), Offensive strategy, Hold strategy, Defensive strategy, Swing Strategy, Stakeholder Engagement

c Predictors: (Constant), Defensive strategy, Swing Strategy, Stakeholder Engagement, Offensive strategy*Stakeholder Engagement, Hold strategy*Stakeholder Engagement, Defensive strategy*Stakeholder Engagement, Swing strategy*Stakeholder Engagement

ANOVA Statistics

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2682.84	4	564.662	76.454	.000[a]
	Residual	1462.353	198	7.385		
	Total	3721.000	202			
2	Regression	2489.349	5	497.869	79.633	.000[b]
	Residual	1231.651	197	6.252		
	Total	3721.000	202			
3	Regression	2519.117	9	279.902	44.950	.000[c]
	Residual	1201.883	193	6.227		
	Total	3721.000	202			

a Predictors: (Constant), Offensive strategy, Hold strategy, Defensive strategy, Swing Strategy

b Predictors: (Constant), Offensive strategy, Hold strategy, Defensive strategy, Swing Strategy, Stakeholder Engagement

c. Predictors:(Constant), Offensive strategy, Hold strategy, Defensive strategy, Swing Strategy, Stakeholder Engagement, Offensive strategy*Stakeholder Engagement, Hold strategy*Stakeholder Engagement, Defensive strategy*Stakeholder Engagement, Swing strategy*Stakeholder Engagement

d Dependent Variable: Firm performance

Table 4.38: Regression Coefficients (Model Summary)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.432	.143		3.025	.027
	Offensive Strategy	.424	.159	.365	2.667	.034
	Hold strategy	.414	.181	.344	2.290	.037
	Defensive strategy	.409	.200	.339	2.045	.048
	Swing strategy	.448	.142	.433	3.156	.026
2	(Constant)	.366	.149		2.456	.034
	Offensive Strategy	.405	.151	.389	2.680	.013
	Hold strategy	.395	.184	.326	2.148	.022
	Defensive strategy	.378	.187	.292	2.024	.032
	Swing strategy	.421	.139	.391	3.032	.011
	Stakeholder Engagement	.516	.103	.455	5.015	.006
3	(Constant)	.328	.150		2.175	.025
	Offensive strategy*Stakeholder Engagement	.215	.066	.223	3.234	.033
	Hold strategy*Stakeholder Engagement	.322	.058	.287	5.543	.010
	Defensive strategy*Stakeholder Engagement	.243	.077	.030	3.145	.023
	Swing strategy*Stakeholder Engagement	.253	.060	.250	4.234	.014

a. Dependent Variable: Performance of small holder tea sector

The study developed a revised conceptual taking into the knowledge gained from the hypotheses tested. The framework identified in 2.1 was based on the study objectives while the revised conceptual framework took into consideration only the study objectives that were found to have a positive influence on Performance of small holder tea sector starting with the highest to lowest relevant variables as shown in Figure 4.4. The study found that application of stakeholder management

strategies directly improves performance of small holder tea sector. The stakeholder management strategies that were found to positively influence performance were offensive strategy, hold strategy, defensive strategy and swing strategy. The study also found that lean offensive strategy, hold strategy, defensive strategy and swing strategy had a significant influence on pperformance of small holder tea sector. The stakeholder engagement was also found to moderate the relationship between stakeholder management strategies and performance of small holder tea sector in Kenya.

The study postulated that the reason for lack of relationship between stakeholder management strategies and performance of small holder tea sector was due to the fact that tea processing firms were among few special institutions that could be adversely affected by implementation of stakeholder management strategies and hence many processing firms avoid them. Further the research postulated that investment in stakeholder management may not have a significant effect in smallholder tea processing firms as it would in strategic management research and that's why many firms may have not invested much in it. However these hypotheses are subject to future research.

Overall, the study found that improvement in small holder tea sector performance could be achieved by adoption of stakeholder management strategies by simultaneously adopting strategies of offensive, hold, defensive and swing. The strategies will be achieved through ensuring trust, credibility and commitment among stakeholders, adopting supply chain design and integrating technology to promote collaboration and ensuring that there is adequate spare capacity to mitigate against risks and promote agility, adaptability and alignment of operations in the small holder tea sector.

The results of the regression analysis of the whole model with the moderating variable are presented in Table 4.38 The regression coefficients remained unchanged at the levels presented in the same table for each independent variable, and as such, in concurrence with the hypothesis that each individually positively influences performance of the small holder tea sector. The interpretation of these results was that the contributions of all variables collectively were positive. That is,

there was a positive relationship between stakeholder management strategies and performance of the small holder tea sector. The model can be represented as follows:

$$OP = \beta_0 + \beta_1 X_1 * Z + \beta_2 X_2 * Z + \beta_3 X_3 * Z + \beta_4 X_4 * Z + \varepsilon$$

$Y = 0.328 + 0.215X_1*Z + 0.322X_2*Z + 0.243X_3*Z + 0.0253X_4*Z$ where X_1 = Offensive Strategy; X_2 = Hold Strategy; X_3 = Defensive Strategy; X_4 = Swing Strategy; Z = Stakeholder Engagement.

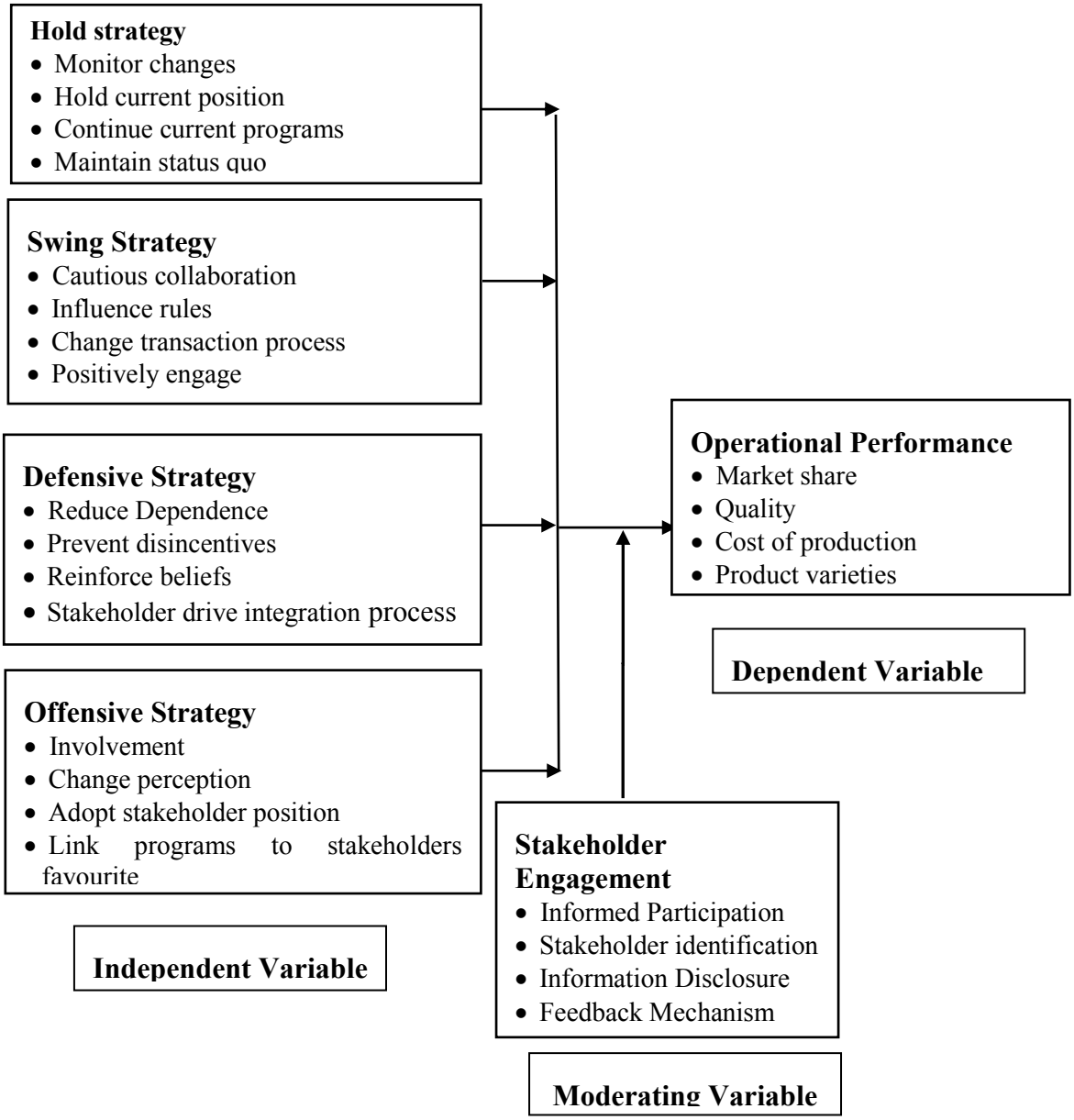

Figure 4.1: Optimal Revised Conceptual Framework

Further, based on the p-value of the coefficient of the interaction between offensive strategy and stakeholder engagement, which is less than 0.05, it was determined that stakeholder engagement influence the relationship between offensive strategy and performance of smallholder tea sector. Stakeholder engagement has a positive moderating effect on the relationship between offensive strategy and performance of small holder tea sector. The figure below shows a graphical presentation of the model. With low stakeholder engagement the slope of the relationship between offensive strategy and performance of small holder tea sector is slightly negative. With increase in levels of stakeholder engagement the slope of the relationship between offensive strategy and performance of small holder tea sector gets steeper. The high level of stakeholder engagement results into a stronger influence of offensive strategy on performance of smallholder tea sector.

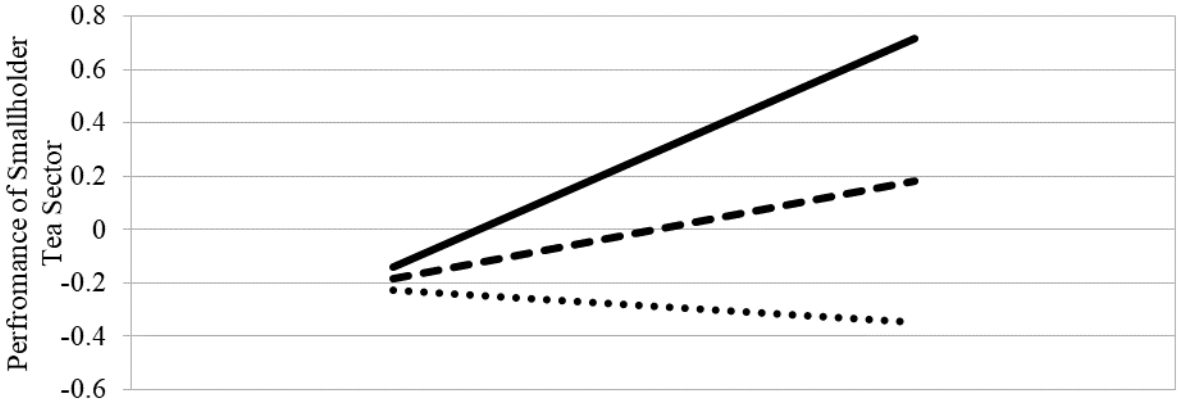

Figure 4.2: Moderating Influence of Stakeholder Engagement on Offensive Strategy Performance of Smallholder Tea sector

Stakeholder engagement was also found to have a positive influence on the relationship between hold strategy and performance of smallholder tea sector. The p-value of the interaction variable between stakeholder engagement and hold strategy was less than 0.05 implying significance. The figure below shows the graphical presentation of the model. With low networks the slope of the relationship between performance of small holder tea sector and hold strategy shows a low relationship. With increasing stakeholder engagement the slope gets

steeper and stronger influence of hold strategy on performance of smallholder tea sector.

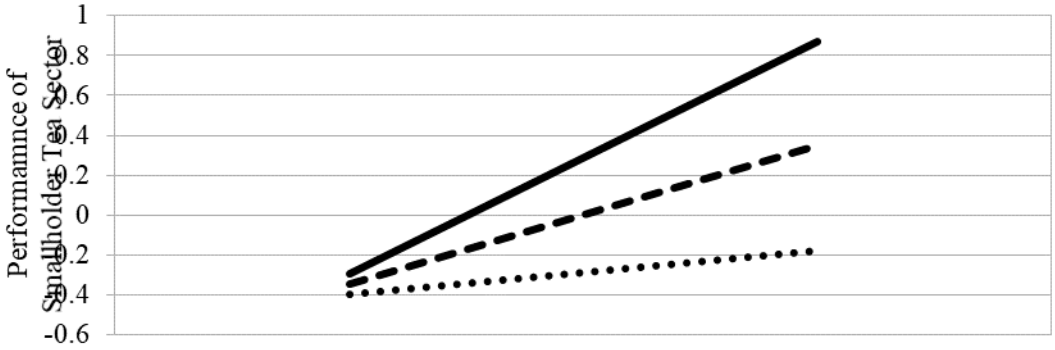

Figure 4.3: Moderating Influence of Stakeholder Engagement on Hold Strategy Performance of Smallholder Tea sector

The relationship between performance of small holder tea sector and defender strategy is moderated by stakeholder engagement. The estimate coefficient of the interaction between defender strategy and hold strategy is positive and significant with a p-value less than 0.05. The figure below shows the graphical presentation. With low stakeholder engagement, defender strategy has a positive relationship with performance of small holder tea sector. With increasing levels of stakeholder engagement, the influence of defender strategy on performance of small holder tea sector increases.

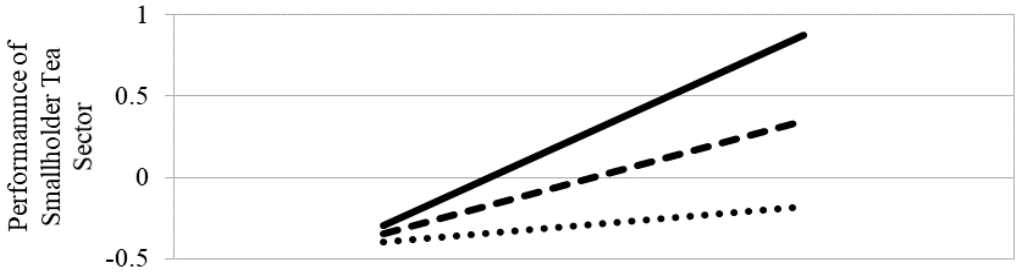

Figure 4.4: Moderating Influence of Stakeholder Engagement on Defender Strategy Performance of Smallholder Tea sector

The results indicate that stakeholder engagement does not moderate the relationship between performance of small holder tea and swing strategy. The estimate coefficient of the interaction between swing strategy and stakeholder engagement is no significant positive as shown by the p-value greater than 0.05. The figure below shows the graphical presentation.

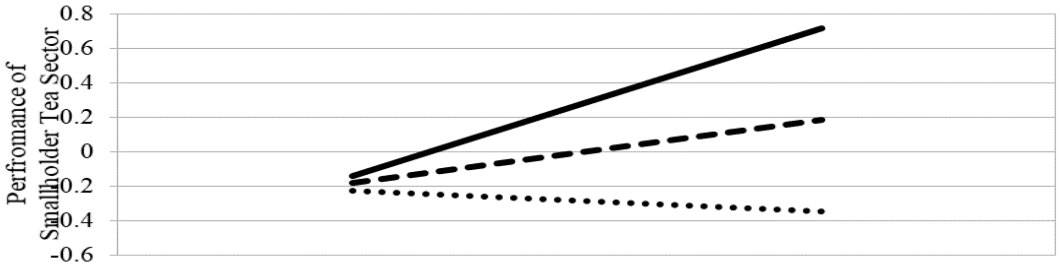

Figure 4.5: Moderating Influence of Stakeholder Engagement on Swing Strategy Performance of Smallholder Tea sector

4.9 Chapter Summary

The chapter discussed the study findings and analysis of the data collected. The information gathered from the analysed data confirmed that stakeholder engagement strengthens application of stakeholder management strategies in the smallholder tea sector in Kenya. The study established that the selected stakeholder management strategies played varying significant roles on the performance of smallholder tea sector in Kenya. The study results showed that offensive, hold, defensive and swing strategies individually had significant positive influence on performance of smallholder tea sector in Kenya. The optimal model discussed in this chapter indicate that stakeholder management strategies (Offensive, hold, defensive and swing) improve on tea factories operational performance in terms of market share, new product development, improved quality and reduction in production costs. The study established that stakeholder engagement moderated the relationship between stakeholder management strategies and operational performance of smallholder tea sector in Kenya. Therefore, the study confirmed that stakeholder engagement has a moderating effect on the relationship between stakeholder management strategies and performance of smallholder tea sector and that it had positive effect on performance of smallholder tea sector in Kenya.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study sought to establish the role of stakeholder management strategies on operational performance of smallholder tea sector in Kenya. It examined the role of offensive, hold, defensive and swing strategies on operational performance of smallholder tea sector in Kenya. Similarly, the study investigated the moderating effect of stakeholder engagement on the relationship between stakeholder management strategies and the operational performance of smallholder tea sector in Kenya. This chapter presents a summary of the major findings of the study, discusses the implications of the findings on the reviewed theories and discussion of the findings on each research objective and the logical interpretation emanating from the findings and conclusions. Finally, the chapter makes recommendations for theory and possible areas for further study.

5.2 Summary of Major Findings

The purpose of the study was to determine the role of stakeholder management strategies on operational performance of smallholder tea sector in Kenya. The study established that stakeholder management strategies played varying significant roles on the operational performance of smallholder tea sector in Kenya. The study results showed that exclusive use of either offensive, hold, defensive or swing strategy had a positive and significant relationship with the operational performance of smallholder tea sector in Kenya. Similarly, the results established that offensive, hold, defensive and swing strategies combined had significant relationship with operational performance of smallholder tea sector in Kenya. Further, the study results established that stakeholder engagement had a strong moderating effect on the relationship between application of either offensive, hold, defensive or swing strategy individually, or collective use stakeholder management strategies and the operational performance of smallholder tea sector in Kenya.The study established that the application of stakeholder management strategies depend on the category of stakeholder relationship at a given time. A particular stakeholder can therefore only

be classified to a particular category of stakeholder relationship and only one strategy can be applied to that category.

5.2.1. Offensive Strategy

The first objective of the study was to evaluate the role of offensive strategy on operational performance of smallholder tea sector in Kenya.Offensive strategy included involvement, change perception and adopt stakeholder perception. From the descriptive statistics it was established that respondents disagreed that they involved their stakeholders in planning and decision making to enhance product varieties. They disagreed that they communicated to the stakeholders on the objectives or perceptions to keep them informed and motivated. It was found the firms did not adopt the stakeholders' interests in order to keep their market share. The firms did not match the rival products in terms of features and qualities at a lower price to enhance their market share. They disagreed that they produced products which were of superior value or quality to enhance our market share. They linked their promotion programs according to the stakeholders' interests to maintain their market share.

From the inferential statistics, null hypothesis was rejected and concluded that offensive strategy had a positive and significant influence on the operational performance of smallholder tea sector in Kenya. Therefore, increase in use of offensive strategy index led to increase in operational performance of smallholder tea sector in Kenya. This confirms that there is a positive linear relationship between offensive strategy and operational performance of smallholder tea sector in Kenya. The study established that offensive strategy provides better sales turnover, return on investment, product diversification, logistics efficiency, timely delivery, reduces operation costs and promotes service quality and therefore enhance on performance.

5.2.2. Hold Strategy

The second objective of the study was to interrogate the role of hold strategy on operational performance of smallholder tea sector in Kenya. The hold strategy included the firms monitoring the situation, hold current situation, continue current programs and maintain status quo. From the descriptive statistics it was established that firms din not monitor the stakeholder changes in regard to their positions to retain market share. The firms did not hold their current position and continue with the current strategic programs to reduce on costs. They maintained the status quo when necessary to avoid unnecessary cost. They minimized their resources to enhance the cost of production. They did not reinforce the stakeholder's interests in regard to the performance to retain market share.

The study findings rejected the null hypothesis and concluded that hold strategy had a positive and significant relationship with the performance of smallholder tea sector in Kenya. Therefore, a unit increase in use of hold strategy index led to an increase in operational performance of smallholder tea sector in Kenya. This confirms that there is a positive linear relationship between hold strategy and operational performance of smallholder tea sector in Kenya. The hold strategy was applied by the firm efficiently monitoring the marginal stakeholder. The study asserts the need to maintain the status quo, continuously monitor the situation and to engage in on-going public relations activities and thereby minimising the costs of operations. Hold strategy therefore could lead to cost reduction but the firm was required to be sensitive to issues that could make stakeholders an actual threat.

5.2.3. Defensive Strategy

The third objective of the study was to establish the role of defensive strategy on operational performance of smallholder tea sector in Kenya. The defensive strategy included reductions of dependence, preventive disincentives, reinforce beliefs and stakeholder drive integration process. From the descriptive statistics it was established that firms rarely reduced the dependence on stakeholder that form the basis for the stakeholder interest in the organization to reduce costs. They disagreed that they prevent stakeholder from imposing costs or other disincentives on the

organization. They did not reinforce the current beliefs about the firm to retain market share. The firms did not let the stakeholder drive the integration process to maintain the existing programs to retain market share. The firms did not build a brand image and customer loyalty than their competitors to enhance their market share. The firms ensured that there was a continuous integration with their competitors to improve on quality.

From the inferential statistics, null hypothesis was rejected and concluded that operational performance of smallholder tea sector in Kenya was positively and significantly influenced by defensive strategy. Therefore, a unit increase in use of defensive strategy index led to an increase in operational performance of smallholder tea sector in Kenya. This confirms that there is a positive linear relationship between defensive strategy and operational performance of smallholder tea sector in Kenya. The study shows that defensive strategy is intended to protect market share position and profitability enjoyed by the incumbent firms through continuous improvement and capacity expansion.

5.2.4. Swing Strategy

The fourth objective of the study was to examine the role of swing strategy on operational performance of smallholder tea sector in Kenya. The swing strategy included the cautious collaboration, influence rules, focus transaction process and supporting relationship. The firms did not cautiously collaborate with their stakeholders to maximize their positive influencing abilities and improve on market share. Firms did not change or influence the rules of the game that govern the stakeholders' interactions to reduce on costs. The firms did not positively engage with the stakeholders to nature their positive cooperative potential to improve our market share. The firms did not maintain communication with the stakeholders to keep them satisfied with the firm performance to retain their market share. The firms did not change decision forum and transaction process to enhance market share. The firms did not continuously find ways to decrease costs by cutting costs, innovation, economies of scale.

From the inferential statistics, the null hypothesis was rejected and concluded that swing strategy had a positive and significant influence on the performance of

smallholder tea sector in Kenya. Therefore, a unit increase in use of swing strategy index led to an increase in operational performance of smallholder tea sector in Kenya. This confirms that there is a positive linear relationship between swing strategy and operational performance of smallholder tea sector in Kenya. The study asserts the need for collaboration efforts to make it more difficult for stakeholders to oppose the organization by maximizing on stakeholders positive influencing abilities and minimizes threatening abilities.

5.2.5. Stakeholder Engagement

The fifth objective of the study was to assess the moderating role of stakeholder engagement on the relationship between stakeholder management strategies and operational performance of smallholder tea sector in Kenya. The study findings established that exclusive use of ether offensive, hold, defensive or swing strategy had a positive and significant relationship with the performance of smallholder tea sector in Kenya. Similarly, the results established that offensive, hold, defensive and swing strategies combined also had a significant relationship with performance of smallholder tea sector in Kenya. The study established that stakeholder engagement moderated the relationship between exclusive use of either offensive, hold, defensive or swing strategy and operational performance of smallholder tea sector in Kenya. Further, the study established that stakeholder engagement moderated the joint relationship between stakeholder management strategies and operational performance of smallholder tea sector in Kenya. The study asserts that positively engaged stakeholders are important for organizational success as this promotes the development of collaboration and shared goals. The value of the stakeholder engagement process can be greatly enhanced by clearly defining, articulating and communicating the scope and boundary of the stakeholder engagement policy. Regular feedback and updates should be incorporated in the plan to enable the process and create the necessary visibility.

5.3 Conclusion

The study concludes that offensive strategy positively and significantly influences the operational performance of small holder tea sector in Kenya. From the descriptive statistics it was established that respondents disagreed that they

involved their stakeholders in planning and decision making to enhance product varieties. They disagreed that they communicated to the stakeholders on the objectives or perceptions to keep them informed and motivated. It was found the firms did not adopt the stakeholders' interests in order to keep their market share. The firms did not match the rival products in terms of features and qualities at a lower price to enhance their market share. They disagreed that they produced products which were of superior value or quality to enhance our market share. They linked their promotion programs according to the stakeholders' interests to maintain their market share.

In addition, the study concludes that hold strategy positively and significantly influences the operational performance of small holder tea sector in Kenya. The study established that the firms do monitor the situation, hold current situation, continue current programs and maintain status quo. The firms did not monitor the stakeholder changes in regard to their positions to retain market share. The firms did not hold their current position and continue with the current strategic programs to reduce on costs. The firms maintained the status quo when necessary to avoid unnecessary cost and did not reinforce the stakeholders' interests.

Further, the study concludes that defender strategy positively and significantly influences the operational performance of small holder tea sector in Kenya.The study established that the firms rarely reduced the dependence on stakeholder that form the basis for the stakeholder interest in to reduce costs. They did not reinforce the current beliefs about the firm to retain market share. The firms did not let the stakeholder drive the integration process to maintain the existing programs to retain market share. The firms did not build a brand image and customer loyalty than their competitors to enhance their market share. The firms did not ensure that there was a continuous integration with their competitors to improve on quality.

Lastly, the study concludes that swing strategy has a positive and significant role on the operational performance of small holder tea sector in Kenya. The study found out that there was no cautious collaboration with the stakeholders to improve firm performance. The firms rarely changed the rules of the game that govern the stakeholders' interactions to reduce on costs. The firms not with the stakeholders to

nature their positive cooperative potential to improve our market share. The firms did not maintain communication with the stakeholders to keep them satisfied with the firm performance to retain their market share. The firms did not change decision forum and transaction process to enhance market share. Finally, the study concludes stakeholder engagement influences the association between the stakeholder management strategies (offensive strategy, hold strategy, defensive strategy and swing strategy) and the operational performance of small holder tea sector in Kenya.

5.4 Recommendations

5.4.1. Recommendations for Policy

The study found that firms do not consider stakeholders involvement, change perceptions about stakeholders and adopt stakeholders' perception and link programs to the stakeholders favourite. Lack of stakeholders' involvement has a significant effect on operational performance in the small holder tea sector in Kenya. This study therefore recommends that new policies should be formulated to ensure consideration of stakeholders' involvement and link programs to stakeholders to enhance performance of the small holder tea sector in Kenya.

The study found that the firms do not monitor the situation with their stakeholders. Holding the current situation and continuing the current programs do not play a major role in reducing costs and expand the market share and improving on quality. The study therefore recommends that the government should come up with a policy requiring firms to means of monitoring the situation and do not maintain status quo in order to improve performance.

The study established that small holder tea firms in Kenya do not carry out identification of potential risk in stakeholders and on-site investigation of existence of risks. This study recommends that the government of Kenya should formulate policies to enhance frequent identification of potential risk in reduce dependence and stakeholder drive integration process.

5.4.2. Recommendations for Management

The study found that small holder tea processing firms were not considering the stakeholder involvement, change perceptions; adopt stakeholders perception and link programs to stakeholders favourite to improve operational performance of the firms in the country. There is need to involve the stakeholders and link the programs as a way of ensuring their efficiency. This study therefore recommends that small holder tea processing firms in Kenya should consider stakeholders involvement to enhance operational performance of the small holder tea sector in the country.

The study revealed that small holder tea processing firms do not carry out cautious collaboration, influence rules, focus on the transaction process and supporting relationship with their stakeholders. Swing strategy is a key factor in enhancing efficiency in stakeholder management. This study therefore recommends that the small holder tea processing firms of Kenya should ensure that cautious collaboration, influence rules, and focus on the transaction process and supporting relationship with their stakeholders to enhance operational performance of the small holder tea sector in Kenya.

The study established that small holder tea processing firms do not involve stakeholders to improve their product quality and do not include their stakeholders in continuous improvement programs. Continuous improvement programs are key in ensuring improvements in operational performance. The study therefore recommends that the small holder tea processing firms should come up with training programs with the stakeholders to improve the quality of their products.

The study revealed that small holder tea processing firms do not monitor situation, hold current position, continue current programs and maintain status quo. Hold strategy is not a key factor in enhancing efficiency in small holder tea sector. This study therefore recommends that the small holder tea processing firms should ensure that monitoring the situation is frequently conducted to improve the performance of the small holder tea sector in Kenya.

5.4.3. Study's Contribution to Theory and Practice

This study makes significant contribution to the body of knowledge, theory and practice. First and foremost, the methodology used in this study enabled derivation of more valuable and broader conclusions because it involved administering questionnaires to a wide section of middle and senior managers in different tea firms in Kenya, which is an emerging economy. Stakeholder management strategies has received little scholarly research attention and this study has uncovered factors on how it can enhance performance of smallholder tea sector in Kenya and globally.

The study tested varying relationships between exclusive use of either offensive, hold, defensive or swing strategies and operational performance of smallholder tea sector in Kenya. The study further tested the relationships between joint application of stakeholder management strategies (offensive, hold, defensive, swing) and operational performance of smallholder tea sector in Kenya. The study further tested the moderating role of stakeholder engagement on the relationship between exclusive use and joint application of various stakeholder management strategies and operational performance of smallholder tea sector in Kenya.

In addition, recent studies ignored to study the management perception on influence of stakeholder management strategies, looking at core competencies, appointment of change champions and long term development strategy for effective performance of tea sector. These research gaps have been addressed in this thesis by administering questionnaires at the individual level over and above quantitative analysis. Further, contribution of the current study would include the addition to knowledge of strategic management of stakeholders. The exploration of the linkage between stakeholder management strategies and performance of smallholder tea sector in Kenya particularly in developing countries provides not only significant contribution to the business management literature but also enables managers to employ the right stakeholder management strategies for their firms to compete in the fast changing business environment. In the context of strategic management on the stakeholder theory widely used theoretical frameworks in the management

literature, remains outstanding because of how it focuses on the stakeholders of the firm and strengths and they have to enhance performance of the firms by employing the stakeholder management strategies.

Another major contribution is the introduction of element of stakeholder engagement in the relationship between stakeholder management strategies and performance of smallholder tea sector. This thesis contributed to the knowledge by investigating the moderating effect of stakeholder engagement as a moderating variable in order to analyse the reactions of firms in their choice of stakeholders when the environment is intense. Despite the known fact that stakeholder management strategies choice and the need to have a fit between the stakeholder and the environment, there had been a gap in the empirical knowledge in literature. Therefore, the findings of this study have contributed to filling this knowledge gap.

5.5 Areas for Further Research

In this study, the research focused on the role of stakeholder management strategies on operational performance of smallholder tea sector in Kenya. A replica of this study can be carried out with a further scope to include agriculture and manufacturing sector and see whether the findings hold true. Future studies should apply different research instruments like interview guide, focus group discussions to involve respondents in discussions in order to generate detailed information which will help in bringing out additional knowledge on stakeholder management strategies to enhance performance of firms in Kenya. Conceptual model of this study can also be extended by considering other aspects of stakeholder management strategies since the current study limited itself to stakeholder engagement as the moderating variable. The finding of this study on the moderating effect of stakeholder engagement on the relationship between stakeholder management strategies and performance of tea sector showed significant moderating effect. Future research may replicate this variable in similar study to find out whether the finding is different from the current results.

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APPENDICES

Appendix I: Self-Introduction Letter

Date……..

Dear Sir,

RE: VOLUNTARY PARTICIPATION IN RESEARCH DATA COLLECTION

My name is James Njoroge Kariuki and I am a PhD student from Jomo Kenyatta University of Agriculture and Technology (JKUAT). I am conducting a study entitled *"The Role of Stakeholder Management Strategies on Performance of Smallholder Tea Sector in Kenya".* The aim of this survey is to obtain your valued feedback and views on the various stakeholder management strategies and their role on performance of smallholder tea sector in Kenya.

The data to be collected is for research purposes only and it takes the form of a survey which should take no more than 15 minutes of your time. All responses received are anonymous and information collected will not be distributed to any other party.

Thank you for taking time to complete this survey.

Yours faithfully,

James Njoroge Kariuki

PhD Student, JKUAT

Appendix II: JKUAT Letter of Introduction

JOMO KENYATTA UNIVERSITY OF AGRICULTURE AND TECHNOLOGY
NAIROBI CBD CAMPUS
Department of Commerce and Economics Studies

P.O. Box 62000
NAIROBI - 00200
KENYA

TEL: 020-221306
Email: cesncbd@jkuat.ac.ke

Ref: JKUAT/6/2/0027 Date: 27TH JUNE, 2018

TO WHOM IT MAY CONCERN

Dear Sir/Madam,

RE: LETTER OF INTRODUCTION – JAMES NJOROGE KARIUKI HD433-C004-1023/2016

This is to confirm that the above named is a student pursuing Ph.D Business programme at Jomo Kenyatta University of Agriculture and Technology, NCBD Campus.

He has successfully completed his coursework and is now working on his thesis titled "***Role of Stakeholder Management Strategies on Operational Performance of Small Holder Tea Sector in Kenya***" as a partial fulfilment of the requirements of the Programme. As such, he will be contacting you for data collection for his research study.

Any assistance accorded to him will be highly appreciated. Please do not hesitate to contact the undersigned for any more information.

Yours sincerely,

Associate Chairperson
NCBD CAMPUS

GLADYS ROTICH (PhD)
Associate Chair –CES
/pw

Appendix III: NACOSTI Research Authorization

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone:+254-20-2213471,
2241349,3310571,2219420
Fax:+254-20-318245,318249
Email: dg@nacosti.go.ke
Website : www.nacosti.go.ke
When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref: No. **NACOSTI/P/18/22232/23825**

Date: **8th August, 2018**

James Njoroge Kariuki
Jomo Kenyatta University of
Agriculture and Technology
P.O. Box 62000-00200
NAIROBI.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Role of stakeholder management strategies on operational performance of smallholder tea sector in Kenya,"*** I am pleased to inform you that you have been authorized to undertake research in **all Counties** for the period ending **8th August, 2019.**

You are advised to report to **the County Commissioners and the County Directors of Education, all Counties** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

BONIFACE WANYAMA
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioners
All Counties.

The County Directors of Education
All Counties.

Appendix IV: Questionnaire

SECTION A: DEMOGRAPHIC AND GENERAL INFORMATION

The information to be collected from this questionnaire is for academic purposes only and will remain anonymous and will not be distributed to any other party.

Tick the appropriate choice

1. What is your gender?

   Male [ ] Female [ ]

2. What is your age?

   Less than 30 years [ ] Between 30-40 years [ ] Between 41-50 years [ ] Above 50 years[]

3. How many years have you worked in the tea industry?

   Less than 5 years [ ] Between5 to 10 years [ ] Between 11 to 15 years [ ] More than 15 years [ ]

4. Please indicate your highest level of education

   Primary Level [ ] Secondary Level [ ] Diploma [ ] Degree [ ]

5. Please tick your region of operation.

   Region 1: Aberdare Ranges Region 2: Aberdare Ranges Region 3: Mt Kenya Region 4: Mt Kenya & Nyambene Hills Region 5: Kericho Highlands Region 6: Kisii Highlands Region 7: Nandi Hills & Western Highlands.

Region	**Region 2**	**Region**	**Region**	**Region 5**	**Region 6**	**Region 7**

6. Indicate the varieties of tea that your factory process.

   Black CTC Teas [ ]
   Green Teas [ ]
   Orthodox Teas [ ]
   Purple Teas [ ]
   Other type (Specify).....

SECTION B:

Part 1: Operational Performance of Smallholder Tea Sector

Please indicate on the scale provided below by ticking the extent to which you agree that operational performance can be measured by the following indicators *(Strongly Disagree=1; Disagree=2; Neutral= 3; Agree= 4; Strongly Agree=5)*

Measure of Operational Performance	**1**	**2**	**3**	**4**	**5**
Market Share					
a) Percentage of market share					
b) Product availability in the market					
c) Competitiveness of your products					
d) Loyalty of your customers					
Quality of tea					
a) Size of tea shoots plucked					
b) Post-harvest handling of the shoot					
c) Use of agrochemicals					
d) Factory processing procedures					
Cost Reduction					
a) Embracing technology					
b) Telecommute to reduce costs					
c) Pay invoice early or on time					
d) Go green to reduce operating costs					
Product varieties					
a) Number of Tea Varieties grown					
b) Number of customized tea grades					
c) Volumes of standardized products					
d) Differentiated packaging methods					

Please suggest other ways which you can rate the performance of your company.

……

Part 2: Offensive Strategy

Please indicate on the scale provided below by ticking the extent to which you agree with the following statements *(Strongly Disagree=1; Disagree=2; Neutral= 3; Agree= 4; Strongly Agree=5)*

No	Statement	1	2	3	4	5
1	We involve our stakeholders in planning and decision making to enhance product varieties					
2	We communicate to the stakeholders on the objectives or perceptions to keep them informed and motivated to maintain our market share					
3	We adopt the stakeholders interests in order to keep our market share					
4	We match the rival products in terms of features and qualities at a lower price to enhance our market share					
5	We produce products which are of superior value or quality to enhance our market share					
6	We link our promotion programs according to the stakeholders interests to maintain our market share					

Please indicate another way not mentioned above the organization can use offensive strategy to enhance performance of the smallholder tea sector.

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Part 3: Hold Strategy

Please indicate on the scale provided below by ticking the extent to which you agree with the following statements *(Strongly Disagree=1; Disagree=2; Neutral= 3; Agree= 4; Strongly Agree=5)*

No	Statement	1	2	3	4	5
1	We monitor the stakeholder changes in regard to their positions to retain market share					
2	We hold our current position and continue with the current strategic programs to reduce on costs					
3	We maintain the status quo when necessary to avoid unnecessary cost					
4	We minimize the firm resources to enhance the cost of production					
5	We reinforce the stakeholders interests in regard to the performance to retain market share					
6	We engage an ongoing stakeholders forums so as to enhance firms reputation and improve on quality					

Please indicate another way not mentioned above the organization can use hold strategy to enhance performance of the smallholder tea sector.

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Part 4: Defensive Strategy

Please indicate on the scale provided below by ticking the extent to which you agree with the following statements *(Strongly Disagree=1; Disagree=2; Neutral= 3; Agree= 4; Strongly Agree=5)*

No	Statement	1	2	3	4	5
1	We reduce the dependence on stakeholder that form the basis for the stakeholder interest in the organization to reduce costs					
2	We prevent stakeholder from imposing costs or other disincentives on the organization					
3	We reinforce the current beliefs about the firm to retain market share					
4	We let the stakeholder drive the integration process to maintain the existing programs to retain market share					
5	We build a brand image and customer loyalty than our competitors to enhance our market share					
6	We ensure that there is a continuous integration with our competitors to improve on quality					

Please indicate another way not mentioned above the organization can use defensive strategy to enhance performance of the smallholder tea sector.

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Part 5: Swing Strategy

Please indicate on the scale provided below by ticking the extent to which you agree with the following statements *(Strongly Disagree=1; Disagree=2; Neutral= 3; Agree= 4; Strongly Agree=5)*

No	Statement	1	2	3	4	5
1	We cautiously collaborate with our stakeholders to maximize their positive influencing abilities and improve on market share					
2	We change or influence the rules of the game that govern the stakeholders interactions to reduce on costs					
3	We positively engage with the stakeholders to nature their positive cooperative potential to improve our market share					
4	We maintain communication with the stakeholders to keep them satisfied with the firm performance to retain our market share					
5	We change decision forum and transaction process to enhance market share					
6	We continuously find ways to decrease costs by cutting costs, innovation , economies of scale					

Please indicate another way not mentioned above the organization can use swing strategy to enhance performance of the smallholder tea sector.

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Part 6: Stakeholder Engagement

Please indicate on the scale provided below by ticking the extent to which you agree with the following statements *(Strongly Disagree=1; Disagree=2; Neutral= 3; Agree= 4; Strongly Agree=5)*

No	Statement	1	2	3	4	5
1	Our organization has a formal structure or process of engagement with the stakeholders					
2	Our organization has a list of key stakeholders to retain our market share					
3	Our organization lists legitimate concerns of stakeholders					
4	Our organization incorporates feedback on the engagement process					
5	Our organization hold dialogue, consultation and seek participation of its stakeholders in the strategic decision making					
6	Our organization disclose of relevant information to the stakeholders including potential risks and impacts					

Please indicate another way not mentioned above the organization can use stakeholder engagement to enhance performance of the smallholder tea sector.

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Thank you for taking your valued time to fill the questionnaire.

Appendix V: Interview Guide

This interview guide is concerned with the in-depth assessment of the management perception on the stakeholder management strategies and operational performance of smallholder tea sector in Kenya.

1. Performance of smallholder tea sector

Please highlight major operational performance indicators in your tea factory.

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2. Offensive Strategy

Please list and explain how offensive strategy affect operational performance of your tea factory.

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3. Hold Strategy

Please list and explain how hold strategy affect operational performance of your tea factory.

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4. Defensive Strategy

Please list and explain how defensive strategy affect operational performance of your tea factory.

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5. Swing Strategy

Please list and explain how swing strategy affect operational performance of your tea factory.

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6. Stakeholder Engagement:

Please explain the how stakeholder engagement either support or hinder stakeholder management strategy implementation.

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Please recommend any extra measures that can help to improve operational performance in your factory.

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Appendix VI: List of Registered KTDA Tea Factories

Region 1: Aberdare Ranges

NO	NAME OF TEA FACTORY	COUNTY
1	Gacharage Tea Factory Co. Ltd	Murang'a
2	Gachege Tea Factory Co. Ltd	Kiambu
3	Ikumbi Tea Factory Co. Ltd	Murang'a
4	Kagwe Tea Factory Co. Ltd	Kiambu
5	Kambaa Tea Factory Co. Ltd	Kiambu
6	Kuri Tea Factory Co. Ltd	Kiambu
7	Makomboki Tea Factory Co. Ltd	Murang'a
8	Mataara Tea Factory Co. Ltd	Kiambu
9	Nduti Tea Factory Co. Ltd	Murang'a
10	Ngere Tea Factory Co. Ltd	Murang'a
11	Njunu Tea Factory Co. Ltd	Murang'a
12	Theta Tea Factory Co. Ltd	Kiambu

Region 2: Aberdare Ranges

NO	NAME OF TEA FACTORY	COUNTY
13	Chinga Tea Factory Co. Ltd	Nyeri
14	Gathuthi Tea Factory Co. Ltd	Nyeri
15	Gatunguru Tea Factory Co. Ltd	Murang'a
16	Githambo Tea Factory Co. Ltd	Murang'a
17	Gitugi Tea Factory Co. Ltd	Nyeri
18	Iriaini Tea Factory Co. Ltd	Nyeri
19	Kanyenyaini Tea Factory Co. Ltd	Murang'a
20	Kiru Tea Factory Co. Ltd	Murang'a
21	Ragati Tea Factory Co. Ltd	Nyeri

Region 3: Mt Kenya

NO	NAME OF TEA FACTORY	COUNTY
22	Kangaita Tea Factory Co. Ltd	Kirinyaga
23	Kathangariri Tea Factory Co. Ltd	Embu
24	Kimunye Tea Factory Co. Ltd	Kirinyaga
25	Mungania Tea Factory Co. Ltd	Embu
26	Mununga Tea Factory Co. Ltd	Kirinyaga
27	Ndima Tea Factory Co. Ltd	Nyeri/Kirinyaga
28	Rukuriri Tea Factory Co. Ltd	Embu
29	Thumaita Tea Factory Co. Ltd	Kirinyaga

Region 4: Mt Kenya &Nyambene Hills

NO	NAME OF TEA FACTORY	COUNTY
30	Githongo Tea Factory Co. Ltd	Meru
31	Igembe Tea Factory Co. Ltd	Meru
32	Imenti Tea Factory Co. Ltd	Meru
33	Kiegoi Tea Factory Co. Ltd	Meru
34	Kinoro Tea Factory Co. Ltd	Meru
35	Kionyo Tea Factory Co. Ltd	Meru
36	Michimikuru Tea Factory Co. Ltd	Meru
37	Weru Tea Factory Co. Ltd	Meru

NO	Region 5: KERICHO HIGHLANDS NAME OF TEA FACTORY	COUNTY
38	Boito Tea Factory Co. Ltd	Bomet
39	Chelal Tea Factory Co. Ltd	Kericho
40	Kapkatet Tea Factory Co. Ltd	Kericho
41	Kapkoros Tea Factory Co. Ltd	Bomet
42	Kapset Tea Factory Co. Ltd	Bomet
43	Kobel Tea Factory Co. Ltd	Bomet
44	Litein Tea Factory Co. Ltd	Kericho
45	Mogogosiek Tea Factory Co. Ltd	Bomet
46	Momul Tea Factory Co. Ltd	Kericho
47	Motigo Tea Factory Co. Ltd	Bomet
48	Olenguruone Tea Factory Co. Ltd	Nakuru
49	Rorok Tea Factory Co. Ltd	Bomet
50	Tegat Tea Factory Co. Ltd	Kericho
51	Tirgaga Tea Factory Co. Ltd	Bomet
52	Toror Tea Factory Co. Ltd	Kericho

Region 6: Kisii Highlands

NO	NAME OF TEA FACTORY	COUNTY
53	Eberege Tea Factory Co. Ltd	Kisii
54	Gianchore Tea Factory Co. Ltd	Kisii
55	Itumbe Tea Factory Co. Ltd	Kisii
56	Kebirigo Tea Factory Co. Ltd	Nyamira
57	Kiamokama Tea Factory Co. Ltd	Kisii
58	Nyamache Tea Factory Co. Ltd	Kisii
59	Nyankoba Tea Factory Co. Ltd	Kisii
60	Nyansiongo Tea Factory Co. Ltd	Nyamira
61	Ogembo Tea Factory Co. Ltd	Kisii
62	Rianyamwamu Tea Factory Co. Ltd	Kisii
63	Sanganyi Tea Factory Co. Ltd	Nyamira
64	Tombe Tea Factory Co. Ltd	Kisii

Region 7: Nandi Hills & Western Highlands

NO	NAME OF TEA FACTORY	COUNTY
65	Chebut Tea Factory Co. Ltd	Nandi
66	Kapsara Tea Factory Co. Ltd	Trans Nzoia
67	Kaptumo Tea Factory Co. Ltd	Kakamega
68	Mudete Tea Factory Co. Ltd	Trans Nzoia

Source: AFA Tea Directorate (2017)