

ROLE OF STRATEGIC MANAGEMENT PRACTICES ON THE PERFORMANCE OF TEA TRADING COMPANIES IN MOMBASA COUNTY, KENYA: A CASE STUDY OF CHAI TRADING COMPANY

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ABSTRACT

The purpose of this study was to assess the role of strategic management practices on the performance of Tea Trading Companies in Mombasa County. The study examined various existing literature on the subject. Various theories that are consistent with the study were also reviewed. The specific theories that were examined included Cost Leadership theory, Diffusion Innovations as well as Theory Resource Based Theory. Study gap was established after critique of the existing literature. The study adopted a descriptive research design with the selected organization for the case study being Chai Trading Company limited. The target population was employees of this company who were selected from various departments including Human Resource and Administration, Finance, Procurement as well as marketing. Stratified sampling technique was used in selection of the participants that participated in the study. The study made use of a standard questionnaire as the data collection instrument. The data was then analysed by use of SPSS version 21 before being tabulated and summarised by use of descriptive measures such as percentages, mean, as well as frequency distribution. Pearson's correlations coefficients was run to examine the relationship between the independent and the dependent study variables that are set out in the objectives of the study. Data analysis results were presented using charts and tables. Multiple linear regression results have shown that the four predictors can explain 73.2% of change in organizational performance an implication that the remaining 26.8% of the variation in organizational performance could be accounted for by other factors not considered in this study. The researcher recommends that tea trading firms managers should initiate and use a combination of strategy corrective measures to counter the challenges their firms face to ensure that the formulated strategic plans are properly implemented and evaluated.

Keywords: Strategic Management, Differentiation, Innovation and Information Sharing

1. INTRODUCTION

The Large companies mainly focus on becoming efficient and flexible in their ways of doing business in order to handle uncertainty in the business environment. Ihiga (2004) asserts that organizations need different strategies in order to achieve strategic goals. Corporations have increasingly turned to global markets to trade (Hill & Jain, 2010). Research has shown that globalization of supply chains has forced companies to look for better and more inter-linked systems between the corporation's core competencies, multiple competitor's

strategies and the implementation processes and capabilities to coordinate the flow of materials into and out of the company as opposed to the fragmented systems, which have characterized many organizations (Aosa, 2012). Companies and distribution channels today compete more on the basis of time and quality. Globalization and changing customer needs, changes in technology among other issues on a global scale are realities in business corporations today and companies need to adjust to global changes for them to remain competitive. Yabs (2010) also argued that the global orientation and increased performance-based competition, combined with rapidly changing technology and economic conditions enhance competitive advantage of the business and improve corporate performance.

In order to cope with these challenges, majority of companies have entered a new era in understanding the dynamics of competitive advantage and the role played by strategic management principles. Strategic management was initially an exclusive preserve of private sector (Backoff & Nutt, 2009). Alford (2008) asserts that strategic management principles have contributed a lot both financially and non-monetarily to performance of organization. The organizations that apply strategic management principles enjoy enhanced performance and customer satisfaction. It assists the organization to bring in order as well as discipline in the organization (Porter, 1996). Smith *et.al.*, (1993) indicated that Strategic management practices aims at achieving an enterprise's mission and objectives by reconciling its resources with opportunities and threats in the business environment.

Strategic planning in organizations originated in the 1950s and was very popular and widespread between mid-1960s to mid-1970s, when then people believed it was the answer for all problems. The 1980s marked a decade of widespread dissatisfaction with the process. The 1990s brought the revival of strategic planning as a "process with particular benefits in articular contexts (Mintzberg, 1994). Since then, strategic agility became more important that the strategy itself, because the organization's ability to succeed "has more to do with its ability to transform itself, continuously, than whether it has the right strategy. Being strategically agile enables organizations to transform their strategy depending on the changes in their environment" (Gouillart, 1995). In today's highly competitive business environment, budget-oriented planning or forecast-based planning are insufficient for a large corporation to survive and prosper. The firm must engage in strategic management to remain relevant. The formal strategic management process combines strategy formulation (planning) and strategy implementation. A simplified view of this process involves statement of organization's mission and objectives, scanning the environment, strategy formulation, strategy implementation and finally strategy evaluation and control. The formal strategic management process consumes time and resources and therefore at any given time different organizations are at different stages or states of the process. A firm that has gone the full cycle in strategic management is well aligned to its environment and therefore it is expected to perform better than another one in the same industry but which has not.

Performance is measured in terms of how well an organization is able to meet its defined objectives. In manufacturing firms, objectives are normally expressed in terms of four major dimensions of performance measurement: cost, quality, delivery and flexibility (Hax, 1996). It is important to excel in all of these measures simultaneously hence tradeoffs must be made. Cost objectives are usually measured using labour, inventory turnover, materials and capital productivity, and unit costs. Quality measures include percentage of defects or rejects, frequency of failure, cost of quality and mean time between failures (Clark & Fujimoto, 1991). Delivery performance measures include percentage of on-time shipments, average delay, and expediting response time. Flexibility is measured in terms of product mix, volume, and lead-time for new products.

The tea (*Camelia sinensis*) was introduced in Kenya by Caine, G. W who was European settler. Caine planted the first seedling in Limuru near Nairobi as early in 1903 (Tea Board of Kenya, 2010). Kenya is the third major producer and the key exporter of tea in the world at twenty three percent (23%) of the total tea produced in the world (Tea Board of Kenya, 2010).

The power in the Global tea industry is concentrated in the hands of four trans-national corporations (TNCs) of which two are actively involved in tea industry in Kenya. Benoit & Peter (2002) asserts that these TNCs invest more in branding and marketing at the expense of transformation in production and labor processes and their goal is to maximize the profits even if this requires downsizing the workforce. The Kenyan tea is majorly grown in the areas that are endowed with ideal climate that has tropical volcanic red soils. The rainfall distribution in this areas ranges between 1200mm to 1400mm per annum.

Farmers in this area apply fertilizers in their tea farms to replenish soils (Tea Board of Kenya, 2010). The tea production in Kenya is undertaken by large scale sector and the small scale sector. The large scale sector is owned by large scale tea producers and companies mostly multinationals while the small holder sector is owned by local small scale growers. Over 90% of Kenyan tea is sold to the world market in bulk and is used for blending lower quality teas from other countries. This result in lower prices for Kenyan tea and therefore lower returns to tea firms (TRFK Strategic Plan, 2010-2015). There is therefore a need to ascertain and ensure quality through a strategic approach, diversify and add value to the tea products for the domestic and international markets. Efforts by TRFK to enhance quality improvement, product diversification and value addition have experienced drawbacks due to lack of an adaptive tea research factory and other relevant equipment, lack of qualified and experienced personnel in the fields of food science, biochemistry and process engineering and inadequate market information. Another challenge of tea export companies in Kenya is over dependence on a small number of key export markets (Chan et al., 2009). The danger of over reliance on a few markets was demonstrated in 2008 by Pakistan decision to reduce tea imports from Kenya. During this time, Kenyan tea export shrunk to 80 million in 2007 from 98 million shillings in 2005. In addition, the danger of over reliance of few export markets is also illustrated by Egypt political crisis of February 2011, when the prices of tea fell from \$3.28 for a kilo of grade 1 tea to \$2.99. Egypt has a market share of 21 percent of Kenyan tea. Strategies are therefore needed to ensure Kenyan Firms are able to stand on their own.

Statement of the Problem

Organizations in Kenya, as well as globally, operate under increasingly turbulent and complex environment. In order to survive and deliver their expected returns, they have resorted to strategic management process as a way of dealing with the seemingly unending challenges. Tea manufacturing firms in Kenya have not been left behind (Odhiambo, 2015). The structure of the tea-manufacturing sector in Kenya represents a broad spectrum in that small indigenous firms exist alongside medium and large multinationals with substantial foreign ownership. Organizations have to compete based on cost, quality, delivery time, and flexibility in order to capture market share and survive. To continue growing, organizations need to develop their own core competencies and design superior strategies by strengthening partnerships with buyers, sellers (Namu et al., 2014). Providing meaningful product or services to customers in the context of a technology driven competitive business environment is important to the success of business.

The need for organization to perform in current turbulent markets has led to increased interest in the role of Strategic Management. Various studies have thus been conducted on the role of strategic management in organizations. Namu et al., (2014) sought to determine the impact of cost reduction strategies on the performance of tea factories in Embu County. Yegon (2013) on the other hand sought to link the tea

productivity in Kericho County with the strategy of the Business. Her study majorly focused on financial determinants. Ochieng' (2013) focused on Innovation strategy when undertaking strategic management practices in tea industry in Kericho County.

The studies conducted so far however have failed to link the strategic management with the performance of organization. This research therefore aimed at creating this link and finding out whether strategic management practices have a link with the overall performance of the organization. The research narrowed down to specific strategies adopted by tea trading companies in Mombasa County.

Objectives of the study

General Objective

The general objective of the study was to assess the role of strategic management practices on performance of Tea trading Companies in Mombasa County, A case study of Chai Trading Company Ltd.

Specific Objectives

The research study aimed at achieving the following specific objectives:

- a) To determine the role of differentiation strategy on performance of Tea trading Companies in Mombasa County
- b) To examine the role of Innovation strategy on performance of Tea trading Companies in Mombasa County
- c) To find out the influence of information Sharing strategy on performance of Tea trading Companies in Mombasa County
- d) To find out the role of Total Quality Management Strategy on Performance of Tea Trading Companies in Mombasa County

2. LITERATURE REVIEW

This section provides a review of literature on role of strategic management practices on performance of Tea trading Companies in Mombasa County. It presented the Theoretical Review, The empirical review, the conceptual framework and the research gaps.

Theoretical Framework

Resource Based Theory

The term “resources” is broad in nature, in that it refers to not only physical (tangible) assets, such as equipment, plants, and location, but also to intangible assets, such as expertise, knowledge, and organizational assets (Zacharia *et al.*, 2011). Penrose (1959) established resource based theory that argues firms possess resources which enable firms to achieve competitive advantage and lead to superior long term performance. Valuable and rare resources can lead to the creation of competitive advantage. Resource-based theory views the firm as a bundle of idiosyncratic resources and assets, which emphasizes the use of rare, valuable, inimitable and un substitutable resources to gain sustainable competitive advantage (Barney, 2001). The resource-based view investigates the importance of internal resources in determining firm actions (Clemens and Douglas, 2006).

The RBV is the most recent and fastest growing theoretical approach to explore strategy and green issues (Glen and Stuart, 2000). Resources such as adequate finance and competent human resource are crucial for the effectiveness of market entry strategy management practices in a rapidly changing environment (Wade & Hulland, 2004)

Cost leadership Theory

Cost leadership theory states that a firm can exploit its resource-capability combinations to effectively attain an efficiency-based competitive advantage that should be able to improve its financial performance compared to competitors by selling more units at the same margin, that is low price or by selling the same number of units at a greater margin that is parity price (Porter, 1998). Cost leadership is a concept developed by Michael Porter, utilized in business strategy. It describes a way to establish the competitive advantage. Cost leadership, in basic words, means the lowest cost of operation in the industry. The cost leadership is often driven by company efficiency, size, scale, scope and cumulative experience (learning curve). A cost leadership strategy aims to exploit scale of production, well defined scope and other economies (e.g a good purchasing approach), producing highly standardized products, using high technology. In the last years more and more companies choose a strategic mix to achieve market leadership. These patterns consist in simultaneous cost leadership, superior customer service and product leadership (Porter, 1998). Cost leadership is different from price leadership. A company could be the lowest cost producer, yet not offer the lowest-priced products or services, if so, that company would have a higher than average profitability. However, cost leader companies do compete on price and are very effective at such a form of competition, having a low cost structure and management

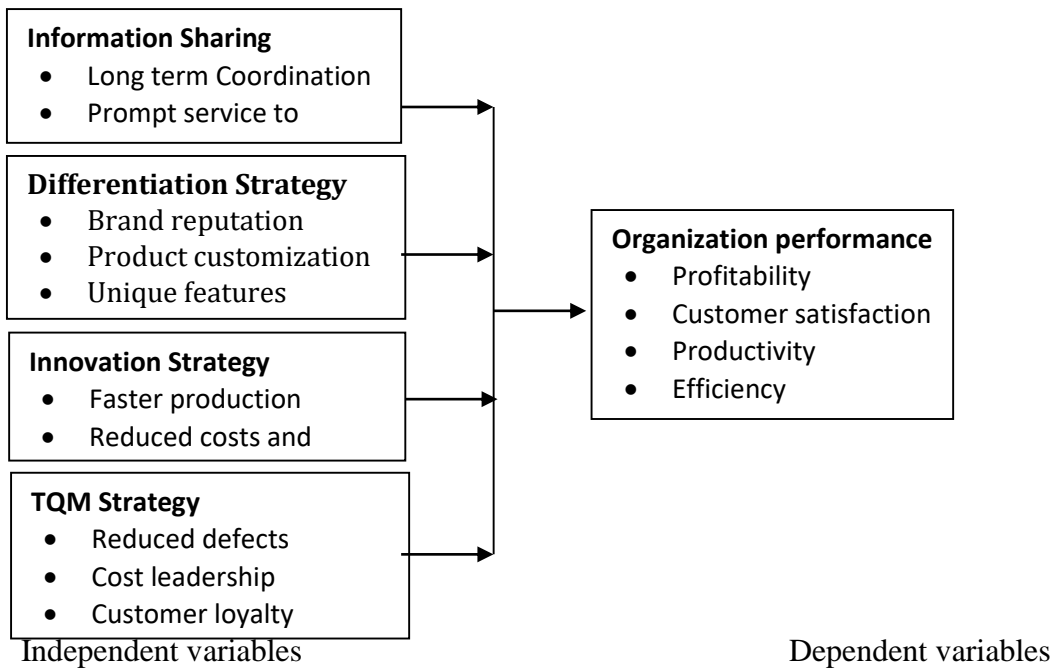
The purpose of this strategy is the company's low-cost products offers in an industry. Cost leadership strategy takes place through experience, investment in production facilities, conservation and careful monitoring on the total operating costs (through programs such as reducing the size and quality management).

Firms pursuing a strategy of cost leadership will benefit more from the use of leverage in terms of the increased managerial efficiency which corresponds to be monitored by lenders. According to Jensen (1986), monitoring by lenders also limits managers' opportunistic behaviors by reducing the resources available for discretionary spending. Hence, Jensen (1986) proposed that the control function of debt is more important for companies that strive to be efficient (Jermias, 2008). Accordingly, Porter (1985) suggested that cost leadership firms need to control costs tightly, refrain from incurring too many expenses from innovation or marketing, and cut prices when selling their products.

Diffusion Innovations

The process of adopting new innovations has been studied for over 30 years, and one of the most popular adoption models is described by Rogers in his book, *Diffusion of Innovations* (Sherry & Gibson, 2002). Diffusion of Innovations takes a radically different approach to most other theories of change. Instead of focusing on persuading individuals to change, it sees change as being primarily about the evolution or "reinvention" of products and behaviors so they become better fits for the needs of individuals and groups. Diffusion research involves technological innovations so Rogers (2003) usually used the word "technology" and "innovation" as synonyms. For Rogers, "a *technology* is a design for instrumental action that reduces the uncertainty in the cause-effect relationships involved in achieving a desired outcome. An *innovation* is an idea, practice, or project that is perceived as new by an individual or other unit of adoption (Rogers, 2003). An innovation may have been invented a long time ago, but if individuals perceive it as new, then it may still be an innovation for them.

Conceptual framework



Information sharing practice

Information sharing serves as an essential approach for the survival of enterprises. Nowadays, with the advancement in information and communication technology, information sharing has become more conceivable (Need, 2006). Furthermore, information sharing in business has become more efficient by the global introduction of long- term cooperation and coordination which leads ultimately to the improvement of companies' competitive advantages (Narasimhan & Nair, 2005). There is lack of information sharing within companies nowadays, which results in inefficiency of coordinating actions within the units in the company or organization. The purpose of this study is to investigate and overview the effectiveness of information sharing in strategic management, in order to increase the efficiency of the organizational performance in the tea trading sector.

This study elaborates the benefits and barriers of information sharing leading to enhance the general performance among enterprises, as a result. Today these problems have all been coded out and information sharing is common between computer networks; information sharing has become especially prevalent due to social networking (DiMicco, *et al.*, 2008). In terms of information sharing this is a global proportion with almost 10% of the world's population sharing information across common networks regularly. when information is hoarded instead of shared, those needing it may not be able to react in a timely manner Using information sharing intelligently has been shown to be a more effective way to manage any organization; a government or a business. Information sharing is crucial to many businesses, helping to promptly meet customer and client needs through customer relationship systems which share information about products and services and improve access to their customers (Pugh *et al.*, 2002).

Information sharing has also allowed easy availability of credit history details which helps consumers access more services. Consumers can have access to banking, financial and credit products from across the nation and even internationally where appropriate. Overall, when used intelligently, information sharing is a useful way of lowering costs, improving overall accuracy of public data and allowing organizations and individuals alike

to have access to information that they might need and entertainment that they want to experience (Bhatt, 2000).

Differentiation strategy approach

Differentiation essentially means making your business or brand stand out by offering unique features, benefits, services or other elements of your solution. This strategy means identifying the most important criteria used by buyers in your market and then designing product, service or other offerings in a way that best meets those criteria (Collings & Mellahi, 2009). Offering the highest-quality product, the best solution, an exclusive feature or tool or organic materials are examples of ways to differentiate on certain criteria. Differentiation strategies coincide with higher price points than low-cost providers because it costs more money to provide a better overall solution (Acquaah, 2007). Emphasizing the value-added elements above the low-cost options is key. Differentiated business strategies are among the two basic types of competitive strategies companies can use to distinguish themselves in the market. The other general category of competitive strategies is the low-cost strategy. In essence, companies can either compete to become the low-cost provider in an industry or take advantage of one of the many possible ways to differentiate themselves from competitors to drive business (Acquaah, 2007).

Differentiation focus has basic similarities to differentiation, but the focus is on one or a small number of target market segments. In some industries, very distinct market segments want very different things from a product or service. With a differentiation focus, your business centers on a given segment or two with which your strengths best align (Chenhall, 2005). This more-focused approach allows you to maximize efforts in marketing to the selected segments and invest your ad resources to convince the segments of your brand's superior benefits (Allen & Helms, 2006). Differentiation can be achieved through competitive pricing, enhancements to functional design or features, distribution timing, expanded distribution channels, distributor location, brand reputation, product customization, and enhanced customer support.

Innovation Strategy

An organization needs to constantly innovate to succeed. Innovation is about making things better, faster, or cheaper than your competition. It drives ongoing improvements and may help unleash a new idea that changes the rules (Allen & Helms, 2006). "Innovation leading to increased productivity is the fundamental source of increasing wealth in an economy," says Tim Mendham in his article, "The Meaning of Innovation," at fastthinking.com. Companies need to approach innovation and change effectively and proactively (Brynjolfsson & McAfee, 2012).

An organization needs to constantly innovate to succeed. While that may seem intuitive, many companies do little to support sharing of ideas with their compensation, management structures, and focus on productivity (Acemoglu, Johnson & Robinson, 2005). Innovation needs to start at the top, with senior management developing policies and empowering staff to implement them. For example, the Internet search company Google uses a 70-20-10 rule. They spend 70 percent of their time and resources on their core business, 20 percent on related ideas, and 10 percent on unrelated new businesses (Desouza, 2011).

Total Quality Management (TQM) Strategy

TQM can be defined as a holistic management philosophy that strives for continuous improvement in all functions of an organization, and it can be achieved only if the total quality concept is utilized from the acquisition of resources to customer service after the sale. TQM practices have been documented extensively in measurement studies as well as in the studies that have investigated the relation of TQM practices to various

dependent variables. In a review of the literature covering the relationship between TQM and innovation, Prajogo and Sohal (2006) identified two competing arguments. The first argument suggests that TQM is positively related to innovation performance because it establishes a system and culture that will provide a fertile environment for organizations to innovate. The opposing argument holds that the implementation of TQM principles and practices could hinder organizations from being innovative. Among several key principles of TQM, customer focus philosophy has received considerable attention in relation to its negative impact on innovation. As argued by these scholars, the principles of customer focus could trap organizations into captive markets where they will focus on meeting the needs of existing customers and therefore view their business only through their current customers' eyes. As a result, these companies could fail to drive the search for innovative and novel solutions by ignoring the unserved potential in their markets.

Organizational performance

During the 1980s, scholars and practitioners advocated drastic changes in the way that organizational performance was measured and managed. Due to mounting of criticism of financial indicators, as promoters of short-term thinking and barriers to strategic innovations (Banks and Wheelwright, 1979; Hayes and Garvin, 1982; Kaplan, 1983), the literature begun to stress the utility of non-financial measures, as well as the need to balance and integrate the different mensions (Johnson and Kaplan, 1987; McNair and Mosconi, 1987, Santori and Anderson, 1987). The decade of the 1980s ended with the appearance of the first two performance measurement systems (PMS), namely the SMART (Cross and Lynch, 1988-1989; Lynch and Cross, 1991), and the Performance Measurement Matrix (Keegan *et al.*, 1989). During the 1990s, several PMS, universal models and approaches were proposed to promote general frameworks, which can be extended to different organizations and operating environments. Among the most widely cited of these frameworks are: the Performance Measurement Questionnaire (Dixon et al, 1990), the Performance Measurement Model in Service Business (Brignall et al., 1991), the Balanced Scorecard (Kaplan and Norton, 1992) and the Integrated Dynamic Performance Measurement System (Ghalayini et al., 1997). During this period, some authors focused more on the intrinsic characteristic of each organization. Thus, they tended to stress the design and implementation aspects of a PMS, rather than the general utility of a given PMS, across different organizations (Dixon et al., 1990; Eccles and Pyburn, 1992; Neely et al., 1996; Flapper et al., 1996; Beamon, 1999; Waggoner et al., 1999).

3. RESEARCH METHODOLOGY

Descriptive survey design was adopted in this study. Creswell (2013) asserts that a descriptive research design is used when data are collected to describe persons, organizations, settings or phenomena. The design also has enough provision for protection of bias and maximized reliability (Kothari, 2012). It was appropriate for this study because it allowed the collection of information for independent and dependent variables using interview and questionnaires (Orodho, 2009). The descriptive approach was appropriate for this study not only in validating finding but also in the formulation of knowledge and providing solutions to the problems. The researcher used this approach since it involved data collection, measurement, classification, analysis, comparison and interpretation to provide report summary such as measures of central tendency and correlation between variables.

The target population of this study was employees from Human Resource and Administration, Finance, Procurement, Marketing and ICT department of the Chai Limited Company. The rational for selection of these departments is their involvement in formulation and implementation of various strategies, which are the subject of this research. The five mentioned department had an estimated 120 employees.

Given the population (N) of one hundred and twenty (120), coefficient of variation (C) of 0.5 and the margin of error or the level of precision (e) of 0.05, the sample size (n) of the study will be fifty four (54).

The stratified sampling technique was used to identify and select eligible informants and the departments to be included in the study. In Stratified sampling technique the respondents are classified in strata that represent their department (Mugenda & Mugenda, 2008).

The researcher was able to examine all the questionnaires for completeness and consistency, and then categorized all the items before coding. The collected data was analyzed using excel computer package. The analysis of data was done through the use of SPSS version 21. The software helped in conducting statistical analyses, manipulating data, and generating tables and graphs that summarized the data.

Pearson's correlations coefficients was run to examine the relationship among the independent and the dependent study variables that are set out in the objectives of the study. The regression model is represented below:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where

Y =Organizational Performance in of tea trading companies

β_0 =Constant

X_1 = Differentiation Strategy

X_2 = Innovational Strategy

X_3 = Information Sharing Strategy

X_4 = TQM strategy

4. RESEARCH FINDINGS AND DISCUSSION

The study sought to investigate the role of strategic management practices on performance of tea trading companies in Mombasa County. Specifically the study looked at information sharing, differentiation strategy, innovation strategy and TQM strategy. This chapter presents the empirical findings and results of the application of the variables using descriptive research design. Data collected was mainly ordinal in nature which captured the perception of the respondents in a five level semantic differential questionnaire with Strongly Agree (SA)=1, Agree (A) =2, Neutral(N)=3, Disagree (D)=4, Strongly Disagree (SD)= 5. Data was analyzed, results interpreted on the basis of the overall objectives of the study.

Response Rate

Response rate is defined as the extent to which the final data sets includes all sample members and is calculated as the number of respondents with whom questionnaires are completed and divided by the total number of respondents in the entire sample including non -respondents (Orodho, 2003).

The researcher targeted 54 respondents from chai trading company to select a representation of the sample frame. However, 45 questionnaires were filled correctly and returned. This translates to 83.33%. This commendable response rate was made a reality after the researcher made personal visits to remind the respondents to fill-in and return the questionnaires. This response rate was good and representative and

conforms to Mugenda and Mugenda (2003) stipulation that 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.

Table 4. 1: Response Rate

Category	Frequency	Percent
Response	45	83.33
Non response	9	16.67
Total	54	100.0

Reliability and validity Test

Reliability is a measure of the degree to which a research instrument yields consistent results or data after repeated trials (Mugenda & Mugenda, 2003). During the pilot study, two repeat mailings of the instrument were carried out to improve the overall response rate before sending the actual instrument to allow for pre-testing of the research instrument. Cronbach's Alpha for each value was established by the SPSS application and gauged against each other at a cut off value of 0.7 which is acceptable according to Cooper and Schindler (2008). Cronbach's alpha values of 0.7 and above is considered adequate, the average Cronbach's Alpha value was 0.741 as shown in Table 4.2 below meaning the items under each variable were consistent.

Table 4. 2: Reliability test

Variable	Cronbach's Alpha	No of Items
Information strategy	.616	11
Differentiation strategy	.805	6
Innovation strategy	.860	7
TQM Strategy	.628	6
Performance of tea trading co.	.796	7
Average Cronbach's Alpha	.741	37

Respondents gender distribution

The gender of the respondent was sought. A simple majority of 69.44% of the respondents were male while the rest 30.56 % were female, an implication that Chai trading company has more male management staff than females. This is a good distribution, which depicts a fair balance of gender. Since majority of the responses for this study relies on the perceptual measures of the respondents, this gender distribution is expected to accommodate the opinions and views from both sides of the gender divide. Nevertheless, the balance in gender in tea trading sector may also be an evidence of successful efforts of various gender mainstreaming campaigns.

Education level of respondents

The results of table 4.3 shows that majority of management staff are holders of a bachelor's degree or diploma/Certificate represented by 42.22% and 31.11% respectively. Thirteen point three (13.33%) of the respondents were KCSE/O level holders, 11.11% hold Masters Degree as 2.23% of the respondents have PhDs. This is interpreted to mean that recruitment in the management level of the company is based on academic merits and therefore those managers are possibly contributors of strategic management practices in one way or the other. Moreover, the well-educated respondents mean that they were well informed with strategies and furnished this study with better information which added value.

Table 4.3: Education level

Education level	Frequency	Percent
KCSE/O level	6	13.33
Diploma/certificate	14	31.11
Bachelor's Degree	19	42.22
Masters Degree	5	11.11
PhD	1	2.23
Total	45	100.0

Level of management

The study sought to establish the level of management the respondents occupied in Chai Trading Company that responded in the study. The respondents profile constituted majority of the middle level managers (40%) followed closely by the supervisors (35.55%) with 15.55% operational level managers and 8.89% top managers. This is because both low level and middle level managers are directly involved in the implementation of strategies in chai trading company. Top management are involved in strategic decision-making. The research findings were as listed in the table 4.4:

Table 4.4: Level of management

Level of management	Frequency	Percent
Operational level	7	15.55
Supervisor	16	35.55
Middle Management	18	40.0
Top Management	4	8.89
Total	45	100.0

Number of years worked

The study sought to investigate the number of years each respondent had worked with Chai trading company. Majority (42.22%) of the respondents had a working experience of between 5-10 years, 31.11% less than 5 years, 17.78% between 11-15 years and minority of 8.89% had a working experience of more than 15 years as shown in the results of table 4.5. This shows that the respondents had adequate working experience with the company and therefore they possess the necessary strategic management knowledge and skills considered useful for this study.

Table 4.5: Working experience

Working experience	Frequency	Percent
Less than 5 Years	14	31.11
5-10 Years	19	42.22
11-15 Years	8	17.78
Above 15 Years	4	8.89
Total	45	100.0

Descriptive analysis

Descriptive statistic is the term give to the analysis of data that helps describe, show or summarize data in a meaningful way. Descriptive analysis was used to describe the basic features of the data in the study giving a summary about the sample and the measure. It also helped in the simplification of large amounts of data in a

sensible and manageable form. It expressed the variables, frequencies, percentages, means and standard deviation.

Information sharing

The study sought to establish the role of information sharing on the performance of tea trading companies in Mombasa County.

Table 4.6: Percentages distribution of respondents' perception on information sharing

Information sharing	SD	D	N	A	SA	Mean
Time saving in order processing	13.8%	10.3%	10.3%	27.6%	37.9%	3.66
Obtaining valuable customer feedbacks	6.9%	6.9%	27.6%	27.6%	31.0%	3.69
Facilitating supplier evaluation	6.9%	17.2%	17.2%	34.5%	24.1%	3.52
Easier and faster information	0%	6.9%	24.1%	51.7%	17.2%	3.79
Increasing supply chain responsiveness	13.8%	10.3%	6.9%	48.3%	20.7%	3.52
Reduction in transportation	0%	37.9%	6.9%	48.3%	6.9%	3.24
Wider product information reach	6.9%	3.4%	17.2%	51.7%	20.7%	3.76
better decision making and flexibility in the area of operations management	0%	20.7%	34.5%	44.5%	0%	3.24
Facilitating strategic planning aligning goals and objectives hence helping in increasing trust and confidence	0.0%	5.6%	38.9%	38.9%	16.7%	3.67
Improves profitability	0.0%	5.6%	27.8%	41.7%	25.0%	3.86
Improvement of efficiency	2.8%	13.9%	22.2%	41.7%	19.4%	3.61

From Table 4.6 above Information sharing serves as an essential approach for the survival of enterprises. Respondents agreed that information sharing saves time in order processing (Mean=3.66) thus amounting to on time deliveries to customers. Information sharing also helps in obtaining valuable customer feedbacks (Mean=3.69). This feedback is used for continuous improvement as customer concerns are factored in.

Respondents agreed that effective share of information helps in facilitating supplier evaluation (Mean=3.52) hence increased supply chain responsiveness (Mean=3.52). Sharing of information also reduces transportation (Mean= 3.24) and brings about wider product information reach (Mean=3.76).

Information sharing brings about better decision-making and flexibility in the area of operations management (Mean=3.24) and facilitating strategic planning aligning goals and objectives hence helping in increasing trust and confidence (Mean=3.67). Respondents agreed that information improves profitability (Mean=3.86) and also amounts to improvement of efficiency (Mean=3.61)

Differentiation strategy

The study sought to establish the role of differentiation strategy on the performance of tea trading companies in Mombasa County.

Table 4.7: Percentages distribution of respondents' perception on differentiation strategy

Differentiation strategy	SD	D	N	A	SA	Mean
Our organization has adopted a differentiation strategy	0%	13.8%	13.8%	44.8%	27.6%	3.86
Our clients are Satisfied by the degree of differentiation of products	6.9%	10.3%	24.1%	17.2%	41.4%	3.76
Unique branding of our products makes them stand out in the competition	6.9%	20.7%	17.2%	27.6%	27.6%	3.48
Differentiating our product has contributed to increased profitability	6.9%	20.7%	17.2%	27.6%	27.6%	3.48
Differentiation strategy has contributed to the improved efficiency	6.9%	27.6%	3.4%	48.3%	13.8%	3.34
Productivity have increased due to the branding of our products	3.4%	37.9%	6.9%	41.4%	10.3%	3.17
Our organization has a adopted a differentiation strategy	6.9%	10.3%	27.6%	48.3%	6.9%	3.38

From the findings in Table 4.7 it's evident that chai trading company has adopted a differentiation strategy (Mean=3.86). Differentiation essentially means making your business or brand stand out by offering unique features, benefits, services or other elements of your solution. This strategy means identifying the most important criteria used by buyers in your market and then designing product, service or other offerings in a way that best meets those criteria

Respondents agreed that chai trading company clients are satisfied by the degree of differentiation of products the company has adopted (Mean=3.76) hence increased sales and loyalty by customers. Differentiation amounts to unique branding of products making them stand out in the competition (Mean=3.48). Chai trading company has received a wide scope of benefits from differentiation such as increased profitability (Mean=3.48), improved efficiency (Mean=3.34) and as well productivity have increased due to the branding of products (Mean=3.17). The findings of this study agrees with Acquaah (2007) that companies can either compete to become the low-cost provider in an industry or take advantage of one of the many possible ways to differentiate themselves from competitors to drive business.

Innovation strategy

The study sought to establish the role of Innovation strategy on the performance of tea trading companies in Mombasa County.

Table 4.8: Percentages distribution of respondents' perception on Innovation

Innovation strategy	SD	D	N	A	SA	Mean
Our organization has established clear business goals related to innovation	0%	20.7%	20.7%	44.8%	13.8%	3.52
Our organization provides a room to nurtures all people with innovation skills	6.9%	20.7%	13.8%	37.9%	20.7%	3.45

Our employee training program are designed to develop the skills required for acquiring and deepening innovation skills	0%	6.9%	34.5%	44.8%	13.8%	3.66
Employee performance is measured and rewarded based on creativity.	6.9%	6.9%	20.7%	48.3%	17.2%	3.62
Innovations capability of our organization has led to improvement in profitability	6.9%	13.8%	17.2%	48.3%	13.8%	3.48
Innovations improves efficiency of operations	6.9%	6.9%	17.2%	48.3%	20.7%	3.69
Innovations in our company contributes to improved productivity	0%	6.9%	34.5%	44.8%	13.8%	3.66

From the findings in table 4.8 chai trading company has established clear business goals related to innovation (Mean=3.52) and provides a room to nurtures all people with innovation skills (Mean=3.45). This infers with Acemoglu, Johnson & Robinson (2005) that an organization needs to constantly innovate to succeed. While that may seem intuitive, many companies do little to support sharing of ideas with their compensation, management structures, and focus on productivity. A company needs to provide staff with an incentive to innovate. With no reward, there is no good reason for employees to suggest or try new ideas.

Respondents agreed that employee training program at their company are designed to develop the skills required for acquiring and deepening innovation skills (Mean=3.66). Employee performance is measured and rewarded based on creativity (Mean=3.62)

Innovations capability of chai trading company has led to improvement in profitability (Mean=3.48 and has deduced many other benefits such as improved efficiency of operations (Mean=3.69) and improved productivity (Mean=3.66).

TQM strategy

The study sought to establish the role of TQM strategy on the performance of tea trading companies in Mombasa County.

Table 4.9: Percentages distribution of respondents' perception on TQM Strategy

TQM Strategy	SD	D	N	A	SA	Mean
Our organisation has a quality Management System strategy	0%	17.2%	13.8%	27.6%	41.4%	3.93
The benefits of TQM outweighs the costs of implementing it	6.9%	6.9%	34.5%	24.1%	27.6%	3.59
TQM strategy leads to innovation	6.9%	17.2%	27.6%	34.5%	13.8%	3.31
TQM strategy leads to improved customer satisfaction	0%	17.2%	13.8%	44.8%	24.1%	3.76
TQM strategy helps our organisation makes more profits	6.9%	10.3%	24.1%	31%	27.6%	3.62
TQM strategy in our organisation leads to improved productivity	20.7%	20.7%	10.3%	31%	17.2%	3.03

The findings show that chai trading company has a quality Management System strategy (Mean=3.93) a holistic management philosophy that strives for continuous improvement in all functions of an organization, and it can be achieved only if the total quality concept is utilized from the acquisition of resources to customer service after the sale. Respondents agree that the benefits of TQM outweighs the costs of implementing it (Mean=3.59). This shows the many benefits the concept of TQM draws in an organization. TQM strategy leads to innovation (Mean=3.31) as it gives a conducive environment for innovation.

TQM strategy leads to improved customer satisfaction (Mean=3.76) helps organizations makes more profits (Mean= 3.62) and leads to improved productivity (Mean=3.03). Under the TQM context, however, the proposition is that quality directly impacts on cost reduction at an operational level rather than via market share. In his quality improvement chain concept, Deming, (1982) affirmed that organizations could enhance their competitiveness by improving quality resulting in cost reduction through the elimination of scrap and rework. This cost reduction will then lead to a capture of greater market share. Crosby (1996) and Juran (1993) also support this argument with their concept of quality cost. Maani *et al.*, (1994) suggests that an improvement in quality results in a reduction of manufacturing cost. The implication of these arguments is that quality can serve the objective of the cost leadership strategy.

Organizational performance

The study sought to establish the extent that chai trading firm achieved benefits from the use of strategic management practices.

Table 4.10: Percentages distribution of respondents' perception on Organizational performance

Organizational performance	SD	D	N	A	SA	Mean
Profitability is at the center of our strategic goals	0%	27.6%	6.9%	41.4%	24.1%	3.62
Implementing various strategies leads to improvement in profitability	6.9%	6.9%	24.1%	34.5%	27.6%	3.69
The extent of customer satisfaction is an indicator of performance in our organization	0%	13.8%	37.9%	20.7%	27.6%	3.62
Strategies are formulated with customer satisfaction in mind	13.8%	6.9%	27.6%	41.4%	10.3%	3.28
We have measures of evaluating productivity	0%	13.8%	31%	44.8%	10.3%	3.52
Strategies are aimed at improving productivity	6.9%	0%	27.6%	55.2%	10.3%	3.62
Efficient is at the center of measures of performance	0%	6.9%	41.4%	31%	20.7%	3.66
Profitability is at the center of our strategic goals	13.8%	6.9%	27.6%	24.1%	27.6%	3.45

Respondents were asked the extent to which the chai trading company have realized business values on their organization as a result of the use strategic management practices. From the findings in the Table 4.10 it's evident that the company have realized a wide range of benefits resultant from the use strategic management practices. Respondents agreed that Profitability is at the centre of the company strategic goals. Implementing various strategies leads to improvement in profitability and the strategies are formulated with customer satisfaction in mind. The strategies are aimed at improving productivity and profitability.

Inferential Analysis

Correlations of the Study Variables

		Information sharing	Differentiation strategy	Innovation strategy	TQM Strategy	Organizational performance
Information sharing	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	45				
Differentiation strategy	Pearson Correlation	.695**	1			
	Sig. (2-tailed)	.000				
	N	45	45			
Innovation strategy	Pearson Correlation	.755**	.602**	1		
	Sig. (2-tailed)	.000	.001			
	N	45	45	45		
TQM Strategy	Pearson Correlation	.597**	.508**	.590**	1	
	Sig. (2-tailed)	.001	.005	.001		
	N	45	45	45	45	
Organizational performance	Pearson Correlation	.607**	.655**	.716**	.795**	1
	Sig. (2-tailed)	.001	.002	.000	.000	
	N	45	45	45	45	45

Table 4.11 illustrate the correlation matrix among the study variables. Correlation was used to explore the relationship among the group of the study variables. Since the independent variables were measuring the same dependent variable, it was expected that there existed some association between the predictor variables even if the relationship is not significant.

From the Table 4.11 the results shows presence of a positive and significant strong relationship between information sharing strategy and differentiation strategy as proved by the p-value and the correlation coefficient ($r=0.695$, $p=0.000$). There is a strong and significant relationship between information sharing strategy and innovation strategy since the p value of 0.00 is less than 0.05 level of significance and the correlation coefficient is 0.755. The correlation matrix table shows presence of strong and significant positive relationship between innovation strategy and differentiation strategy ($r=0.602$, $p=0.001$).

There is an evidence of significant moderate relationship between TQM and innovation as attributed by the p value and correlation coefficient ($r=0.597$, $p=0.001$). Furthermore, the results of the table show presence of a significant strong positive relationship between TQM and Differentiation strategy as proved by the Pearson correlation coefficient of 0.508 and a p-value of 0.005.

From the table, all the independent variables are positively related to organizational performance as attested by the respective correlation coefficients: Information sharing ($r=0.607$), Differentiation strategy ($r=0.655$), Innovation strategy ($r=0.716$) and TQM Strategy ($r=0.795$). All the relationships are rendered significant since their p values are less than 0.05. Accordingly, the ranking of the independent variables with their contribution to organizational performance was: TQM contributed more to Organizational performance of Chai trading company (79.5%), followed by innovation strategy (71.6%), followed by differentiation strategy (65.5%) and finally information sharing (60.7%).

Regression Analysis results

This study utilized multiple linear regression analysis to examine the relationship of the predictor variables with the dependent variable. Adjusted R^2 , which is known as the coefficient of determination, was used to explain how organizational performance varied with information sharing, differentiation strategy, innovation

strategy and TQM strategy. The model summary table shows that 73.2% of change in organizational performance can be explained by four predictors namely information sharing, differentiation strategy, innovation strategy and TQM strategy an implication that the remaining 26.8% of the variation in organizational performance could be accounted for by other factors not considered in this study.

Table 4.12: Model Summary

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	
	.878 ^a	.770	.732	.594	
Predictors: (Constant), Information Sharing, Differentiation Strategy, Innovation Strategy and TQM Strategy					

Analysis of variance (ANOVA) was done to establish the fitness of the model used. The ANOVA table shows that the F-ratio ($F=20.119$, $p=.000$) was statistically significant. This means that the model used was appropriate and the relationship of the variables shown could not have occurred by chance.

Table 4.13: ANOVA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	28.367	4	7.092	20.119	.000 ^b
	Residual	8.460	24	.353		
	Total	36.828	28			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), Information Sharing, Differentiation Strategy, Innovation Strategy and TQM Strategy

Table 4.14: Coefficients

Coefficients ^a					
Model	Unstandardized Coefficients	Std. Error	Standardized Coefficients	T	Sig.
	B		Beta		
(Constant)	.164	.453		.361	.721
Information sharing	.163	.136	.205	1.195	.044
Differentiation strategy	.262	.123	.297	2.133	.043
Innovation strategy	.428	.182	.369	2.360	.027
TQM strategy	.522	.121	.549	4.308	.000

a. Dependent Variable: organizational performance

The above table gives the results for the regression coefficient for the multiple linear equation ($Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$) which by supplying the coefficients becomes:

$$Y = 0.164 + 0.163 X_1 + 0.262 X_2 + 0.428 X_3 + 0.522 X_4$$

Where

Y = Organizational performance of chai trading company

X_1 =Information sharing

X_2 =Differentiation strategy

X_3 =Innovation strategy

X_4 =TQM strategy

According to the regression equation established, holding all independent factors a constant then organizational performance will be 0.164 units. From the regression equation holding all other independent variables a constant, a unit increase in information sharing will lead to a 0.163 improvement in organizational performance; a unit change in differentiation strategy will lead to a 0.262 increase in organizational performance; a unit increase in innovation strategy will lead to a 0.428 increase in organizational performance and a unit increase in TQM strategy will lead to a 0.522 increase in organizational performance.

However, at 5% level of significance and 95% level of confidence information sharing, differentiation strategy, innovation strategy and TQM strategy have a significance influence on the organizational performance with p-values of 0.044, 0.043, 0.027 and 0.000 respectively and therefore their coefficients should be retained in the final model.

The results further infers that of all the predictors considered in this study TQM strategy contributes the most to the organizational performance followed by innovation strategy as implicated by their larger coefficients.

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary of Findings

This study sought to ascertain the role of strategic management practices on performance of tea trading companies in Mombasa County, with chai trading company as the case study. The specific objectives that guided that study included; to determine the role of differentiation strategy on performance of Tea trading Companies in Mombasa County; to examine the role of Innovation strategy on performance of Tea trading Companies in Mombasa County; to find out the influence of information Sharing strategy on performance of Tea trading Companies in Mombasa County and to find out the role of Total Quality Management Strategy on Performance of Tea Trading Companies in Mombasa County. This study employed a descriptive survey research design to achieve these objectives.

The study population comprised of 120 employees from Human Resource and Administration, Finance, Procurement, Marketing and ICT department of the Chai Limited Company. The rational for selection of these departments is their involvement in formulation and implementation of various strategies, which are the subject of this research. This study used Nassiuma formula to come with a sample of 54 employees from the target population.

The collection of study data involved primary data that was collected by use of a questionnaire that was administered to each of the sampled respondents to generate quantitative data. A five-point Likert rating scale was used to measure all variables. The researcher obtained necessary authorization and clearance from relevant authority before commencing of the study and then approach interested participants who volunteered to personally administer the questionnaire to them.

A pilot study was carried out among the chai trading employees who did not take part in the main study. Data collected was analyzed using descriptive and inferential analysis methods. A multiple linear regression analysis was used to analyse the role of differentiation strategy, Innovation strategy, information sharing strategy and

TQM strategy on organizational performance of chai trading company. SPSS version 21 was used to aid in data analysis. Data analysis results were presented using charts and tables. Multiple linear regression results have shown that four predictors namely differentiation strategy, Innovation strategy, information sharing strategy and TQM strategy can explain 73.2% of change in organizational performance an implication that the remaining 26.8% of the variation in organizational performance could be accounted for by other factors not considered in this study.

Conclusion

Based on the study findings, it was concluded that strategic management practices influences performance of tea trading companies. The researcher concludes that the implementation component is vital for evaluation and control to take place since the two components cannot materialize if implementation has not occurred. Again, continuous strategy evaluation is necessary for all the implemented strategic plans since evaluations helps identify any deviations and effective strategic corrective measures ensures that the company is operating effectively. This helps to ensure that the strategic plans are in line with the organization goals, and strategic management practices had led to a moderate growth of Tea firm's overall business performance. The researcher therefore concludes that strategic management practices had an influence on the performance of tea trading firms in Kenya.

As per the study finding, the researcher recommends that top level managers should seek more input from the lower level managers and supervisors when formulating strategy so that the formulated plans are effective and in line with both long and short term objectives of the organization. Finally, the researcher recommends that tea trading firms managers should initiate and use a combination of strategy corrective measures to counter the challenges their firms face to ensure that the formulated strategic plans are properly implemented and evaluated.

Recommendations

Companies should not just differentiate but differentiate with a focus. The focus is on one or a small number of target market segments. In some industries, very distinct market segments want very different things from a product or service. With a differentiation focus, your business centers on a given segment or two with which your strengths best align. This more-focused approach allows you to maximize efforts in marketing to the selected segments and invest your ad resources to convince the segments of your brand's superior benefits. Differentiation can be achieved through competitive pricing, enhancements to functional design or features, distribution timing, expanded distribution channels, distributor location, brand reputation, product customization, and enhanced customer support.

Innovation needs to start at the top, with senior management developing policies and empowering staff to implement them. A company needs to provide staff with an incentive to innovate. With no reward, there is no good reason for employees to suggest or try new ideas. The first step in creating an innovative organization is to include change in an employee's goals, performance management process, and compensation plan.

In a review of the literature covering the relationship between TQM and innovation two competing arguments were identified. The first argument suggests that TQM is positively related to innovation performance because it establishes a system and culture that will provide a fertile environment for organizations to innovate. The opposing argument holds that the implementation of TQM principles and practices could hinder organizations from being innovative. This study recommends use of multi-strategy for overall efficiency and effectiveness.

Areas for Further Research

Future studies may be conducted to determine the role of each strategy (differentiation, innovation, information sharing or TQM) independently on organizational performance in public sector in Kenya. Secondly, future studies may look into Kenyan firms in various industries like manufacturing, retail or private sector to understand the role of strategic management practices of organizational performance. Thirdly, future studies may also undertake a comparative study using a different research methodology and model to see whether the results would be any different.

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