

**EFFECTS OF STRATEGIC MANAGEMENT PRACTICES ON
PERFORMANCE OF TEA MANUFACTURING FACTORIES IN KENYA:
A CASE OF KTDA KANGAITA TEA FACTORY**

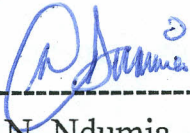
ERASTUS NDAIGA NDUMIA

**A Research Project submitted in Partial Fulfillment of the Requirements
for the award of the Degree of Masters of Business Administration of
Kenyatta University**

JULY 2010

DECLARATION

This research project paper is my original work and has not been presented for a degree in any other university or any other award.



Erastus N. Ndumia
Admission No. D53/OL/14049/05

Date-----

8/11/2010

This research project has been submitted for examination with my approval as the University supervisor.

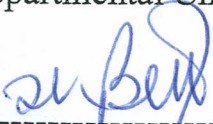


Dr. G. Ofafa
Business Administration Department

Date-----

8/11/2010

This Research Project has been submitted for examination with my approval as the Departmental Chairman



Mr. Shadrack Bett
Chairman of department

Date-----

16/11/2010

DEDICATION

This project paper is dedicated to my dear mom, Shelmith Njeri Ndumia who taught me hard work at my very early years. An extended dedication to Reuben, Paul ,Jedida and Lydia , your support has been without reservations.

ACKNOWLEDGEMENT

The success of this study was possible through the co-operation, contribution, encouragement and guidance of my supervisor DR. G. OFAFA to whom I am greatly indebted.

Special thanks to the higher grounds church ministers, your encouragement and support was truly amazing. Finally to KTDA-Kangaita Tea Factory management thank you for opening your doors to me and allowing this research to be carried out.

ABSTRACT

In today's competitive environment and globalized economy, customers are demanding more varieties and better quality products with faster and reliable deliveries. New manufacturing technologies are developing rapidly, resulting in new products, innovations and improvements in the manufacturing process, thus requiring a proactive approach by organizations. To be proactive, organizations require innovative methods of performance measurements to assess their progress towards achieving organizational vision, mission and strategic objectives. Generally this project sought to investigate the effect of strategic management practices and scorecards on performance and specifically the effect of strategic management practices in Kangaita tea factory. The factory had 7 managers and the production department had 174 employees. All the managers were interviewed and were selected purposefully for they were in charge of departmental performance. An interview guide was used to interview the 7 managers and a secondary data guide was used to collect data on performance. A questionnaire was sent to employees in each department to fill. Out of the population of 174 employees a random sample of 82 employees was used for this study. The study established that Kangaita tea factory had a clearly stated vision and mission which were developed by top management together with the board and KTDA headquarters and the adopted by all the tea factories managed by KTDA. Kangaita tea factory adopted the vision and the mission in the financial year 2006/2007 when it embarked on ISO 9001:2000 quality management system implementation. The vision and mission were broken down into outcomes to be achieved hence the objectives. This was done by top management with the help of ISO implementation consultants. The introduction of strategic management practices of performance measurement and use of key performance indicators had improved performance. The managers felt that there was improvement in the system losses, better motivation of staff and the factory had acquired new markets. Conversion factor of green leaf into manufactured tea had improved and the top grade percent had also improved. It was also established that energy use efficiency had also improved. The researcher came to conclude that the introduction of strategic management practices lead to superior performance. Comparative studies of other tea factories would increase the reliability of the study.

TABLE OF CONTENTS

Declaration.....	ii
Dedication.....	iii
Acknowledgement.....	iv
Abstract	v
Table of contents	vi
List of tables	ix
List of figures	x
Abbreviations	xi
Operational definition of terms	xii

CHAPTER ONE: INTRODUCTION

1.1 Background and history of tea	1
1.2 Tea in Kenya.....	2
1.3 Kenya Tea Development Agency (KTDA).....	4
1.4 Kangaita Tea Factory	5
1.5 Concept of strategy	8
1.6 Strategic management.....	9
1.7 Problem statement	13
1.7.1 General objectives	14
1.7.2 Specific objectives	14
1.7.3 Research questions	15
1.7.4 The significance of research.....	15
1.8 Limitations of study	16
1.9 Organization of the study.....	16

CHAPTER 2: LITERATURE REVIEW

2.1 The concept of strategy.....	18
2.2 Strategic management.....	18
2.3 Strategic management practices.....	20
2.3.1 Vision	20
2.3.2 Mission.....	21
2.3.3 Strategic objectives.....	21
2.3.4 Situation analysis.....	22
2.3.5 Strategic analysis and choice.....	23
2.3.6 Strategic evaluation and choice.....	24
2.3.7 Strategic implementation.....	24
2.3.8 Strategic evaluation and control.....	25
2.4 Performance evaluation.....	26
2.4.1 Balanced scorecard.....	26
2.5 Conceptual framework	28
2.6 The gap to be filled	32

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction.....	33
3.2 Research design.....	33
3.3 Study location.....	34
3.4 Target population.....	35
3.5 Sample size and sampling.....	36
3.6 Data collection instruments and procedures.....	36
3.7 Reliability and validity.....	37
3.7 Data analysis.....	38
3.9 Operationalisation of the study.....	39

CHAPTER 4: PRESENTATION OF FINDINGS

4.1 Introduction	40
4.2 Presentation of findings	40
4.3 Strategy implementation discussion	42
4.4 Strategy evaluation and control discussion	42
4.5 Performance based on primary data	43
4.6 Performance based on secondary data	44
4.6.1 Top grade	44
4.6.2 Conversion factor/Out- turn	45
4.6.3 Boiler fuel utilization	46
4.6.4 Electricity	47
4.6.5 Labour utilization	48
4.6.6 Market ranking	49

CHAPTER 5: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary	50
5.2 Conclusion	50
5.3 Recommendations.....	50
References	51
Appendix I.....	56
Appendix II	57
Appendix III.....	58
Appendix IV	59

LIST OF TABLES

Table 1- Kangaita tea factory objectives 2008-2009.....	7
Table 2- Managers kangaita tea factory.....	35
Table 3- Kangaita tea factory production department employees.....	35
Table 4- Operationalisation of the study.....	39
Table 5- Electricity use efficiency findings.....	40
Table 6 - Firewood use efficiency findings.....	40
Table 7 - Labour use efficiency findings.....	41
Table 8- Topgrade performance findings.....	41
Table 9- Conversion factor performance findings.....	41
Table 10 - Market ranking performance findings.....	41

LIST OF FIGURES

Figure 1- Conceptual framework.....	30
Figure 2 – Topgrade performance	44
Figure 3 – Conversion factor performance.....	45
Figure 4 – Boiler fuel utilization efficiency.....	46
Figure 5- Electricity usage efficiency	47
Figure 6- labour utilization efficiency.....	48
Figure 7- market ranking performance	49

ABBREVIATIONS

KTDA- Kenya Tea Development Agency

ISO - International organization for standardization.

SCDA- Special Crops Development Authority.

TVAP- Tea Value Addition Project.

CBA- Collective Bargaining Agreement.

SWOT – Strengths ,Weakness, Opportunities, Threats.

OPERATIONAL DEFINITION OF TERMS

Green Leaf - Freshly plucked tea leaves of *Camellia sinensis*

Made tea - final product of processed tea

Topgrade - the percentage of high quality grades (BP1,PF1,PD, D1) in a whole Manufacture.

Out- turn/ conversion factor- the amount of made tea obtained from 100 kilograms of green leaf.

CHAPTER 1: INTRODUCTION

1.1 Background and history of tea.

According to Chinese mythology, in 2737 BC the Chinese Emperor, Shen Nung, scholar and herbalist, was sitting beneath a tree while his servant boiled drinking water. A leaf from the tree dropped into the water and Shen Nung decided to try the brew. The tree was a wild tea tree. There are many authentic and supposed references to tea in the centuries before Christ, according to the Chinese dictionary dated circa 350 AD. The Chinese *t'u* was often used to describe shrubs other than tea, hence the confusion when Confucius allegedly referred to tea or *t'u* when writing about the "sow thistle" plant in the Book of Odes.

From the earliest times tea was renowned for its properties as a healthy, refreshing drink. By the third century AD many stories were being told and some written about tea and the benefits of tea drinking, but it was not until the Tang Dynasty (618 AD-906 AD) that tea became China's national drink and the word *ch'a* was used to describe tea. The spread of cultivation throughout China and Japan is largely accredited to the movement of Buddhist priests throughout the region.

The first book on tea "*Ch'a Ching*", circa 780 AD, was written by the Chinese author Lu Yu. It comprises three volumes and covers tea from its growth through to its making and drinking, as well as covering a historical summary and famous early tea plantation. There are many illustrations of tea making utensils and some say that the book inspired the Buddhist priests to create the Japanese tea ceremony. The modern term "tea" derives from early Chinese dialect words - such as Tchai, Cha and Tay - used both to describe the beverage and the leaf. Known as *Camellia sinensis*, tea is an evergreen plant of the *Camellia* family. It has smooth, shiny pointed leaves.

Today, under cultivation, *Camellia Sinensis* is kept to a height of approximately one metre for easy plucking purposes. There are more than 29 different countries around the world but the main producers are India and Sri Lanka, Kenya, Malawi, Indonesia and China. It is cultivated as a plantation crop, likes acidic soil and a warm climate with at least 50 inches of rain per annum.

The first mention of tea outside China and Japan is said to be by the Arabs in 850 AD and it was they who were reputed to have brought it to Europe via the Venetians circa 1559. However, it is the Portuguese and Dutch who claim the credit of bringing tea and tea drinking to Europe. The Portuguese opened up the sea routes to China, some say as early as 1515. Jesuit priests travelling on the ships are reputed to have brought the tea drinking habit back to Portugal, while the Dutch sailors manning the ships were said to have encouraged the Dutch merchants to enter the trade, and had set up a regular shipment of tea to ports in France, Holland and the Baltic coast in 1610. England entered the trade via the East India Company, or the John Company as it was known, in the mid to late 17th Century.

1.2 Tea in Kenya

Kenya's tea history dates back to 1903 when tea seeds were imported from India and produced on a tea "farm" two acres in size. Other experimental farms followed and by 1928 Kenya was sending tea to the London Tea Auction. At the time, tea was a highly expensive drink - enjoyed only by the rich.

In 1933 international restrictions were introduced to combat the depressed economic conditions facing the world tea industry. This hiked the price of tea but reduced the amount of tea being exported from Kenya. Prior to World War II, Kenyan tea was virtually unknown and was regarded as low-quality common tea - and priced

accordingly. During the war, there was control of tea export and prices were below export parity, which encouraged producers to increase quantity at the expense of quality - factors that did not bode well for Kenyan tea.

After World War II, however, the future of Kenyan Tea began to take a brighter turn. The restriction on planting was abolished in Africa, but maintained in Asia, increasing the scope of the industry in Kenya. This was further strengthened by the desire for expansion by existing tea concerns in Kenya and by older and established tea countries wishing to invest in Kenya - where the political future was seen to be more stable.

Aside from the favorable political climate, international financing was available for tea in East Africa, which significantly increased the activities of the industry - especially in Kenya. The formation of the Special Crops Development Authority in 1963 (which was renamed the Kenya Tea Development Authority in 1964) and the focus of scientific research on local conditions revolutionized planting and crop husbandry practices and methods of manufacture.

All these factors contributed to increased quality and quantity of production. To top it all, the re-opening of the London Auction in 1952 also had a hugely beneficial effect. Demand for Kenyan Tea increased dramatically, bringing with it an accompanying improvement in the quality of tea as the Kenyan tea-industry became eager to please the new markets. All this led to Kenyan tea becoming not only affordable but also very popular worldwide.

Agriculture is the mainstay of the Kenyan economy and accounts for 24% of the gross domestic product (GDP). The agriculture sector employs more than two thirds of the labor force accounting for approximately 70% of the export earnings. According to Tea Board of Kenya brochure Kenya produced about 369,000 metric tones of made tea in 2007 from 149,000 hectares out of which 345,000 metric tones was exported. At the end of 2007 Tea board had licensed 62 small-holder owned factories managed by KTDA and 38 estate tea manufacturing factories.

Tea is the third leading foreign exchange earner contributing about 26% of the total foreign exchange earnings. The tea sector supports livelihoods of more than 3 million people directly and indirectly in the country. The global overproduction of tea has necessitated the intervention of tea producers to develop strategies to enhance member states domestic markets. Since 2002 Kenya has been promoting tea consumption on a health platform in accordance with the findings of FAO-IGG study on tea which detailed the health benefits of tea. This has led to a 39.7% increase in domestic tea consumption from 12.6 million Kgs in 2002 to 17.6 million Kgs in 2007. Kenyan tea industry has intensified the promotion of specialty teas including green tea, white tea, orthodox tea and flavoured brands. Kangaita tea factory is the only KTDA managed factory which is involved in the production of specialty teas.

1.3 Kenya Tea Development Agency (KTDA)

Indigenous people were barred by law to grow tea until the dawn of independence when the legislation was repealed. In 1960, the colonial government created the special crops development Authority (SCDA) to promote growing of tea by Africans under the auspices of the ministry of agriculture. After independence Kenya tea development authority was formed through legal notice no. 42 of 1964. And took over liabilities and functions of SCDA to promote and foster the growing of tea in small farms.

There was tremendous growth of the authority from 1964 to 2000 then a parastatal before being privatized and acquiring a new status Kenya Tea Development Agency limited. Kenya tea development agency limited was incorporated on 15th June 2000 as a private company under (cap 486) of the laws of Kenya becoming one of the largest private tea management agency. The agency currently manages 57 operational factories in small scale tea sub sector in Kenya. The agency currently has over 422,000 growers cultivating over 91,000 hectares of tea within an annual green leaf in excess of 750 million kilograms (KTDA bulletin)

KTDA limited has subsidiaries that are run autonomously. These are Majani Insurance Brokers limited which started as Kenya tea development insurance agency in 1976 and Chai trading company limited which handles bulk buying, packing and selling of tea to local and international destinations. It also has merged with former Chai warehousing limited which handles shipping, freight, clearing and forwarding and warehousing. Kangaita tea factory limited is one of the factories managed by KTDA

1.4 Kangaita Tea Factory

Kangaita tea factory is one of the Factories managed by Kenya Tea Development Agency Limited, serving small-scale tea growers in Kenya. The factory was built in 1965, with the foundation stone laid by Hon. Bruce McKenzie, D.S.O. D.F.O. MP. The then minister for agriculture on 14th January 1965. Hon. T.J. Mboya commissioned it on 22nd February 1966 the then minister for economic planning and development. Kenya Tea Development Authority (which became Kenya Tea Development Agency limited after privatization in July 2001) took over management of the Factory from George Williamson limited in 1977.

It is only 12 Kilometers to the north of Kerugoya town, the Kirinyaga district headquarter and 142 Kilometers from the capital city, Nairobi. Currently Kangaita Tea Factory serves about 3,700 small-scale tea farmers with a combined acreage of about 847 hectares. It's on a relatively high altitude of 1890m above sea level approximately 1/20 south of the equator and approximately along the 37.30E longitude. The factory has a processing capacity of 15 million kilograms of green leaf per year. It's the only KTDA managed factory in Kenya that processes specialty teas through the KTDA Tea value addition project (TVAP), green teas and orthodox teas are processed at Kangaita among other specialty teas. Kangaita tea factory uses key performance indicators to measure and monitor performance derived from quality objectives

FUNCTION/LEVEL		OBJECTIVES
Corporate	1	Increase returns to shareholders from 72% to 72.5% of the average tea sales price.
	2	To maintain the top 5 positions in market performance and bonus payment to growers among KTDA managed factories
Field services department	1	To increase tea production from 12.8 million kgs to 12.9 million kgs by improving yield from 1.49 to 1.50 kgs per bush
	2	To increase green leaf quality from 75.5% to 76%
	3	To ensure efficient and effective delivery of green leaf by improving vehicle turn about from 1 hr 21 minutes to 1 hr 18 minutes.
	4	To increase leaf collection efficiency from 154 kgs/km to 167 kgs /km
	5	To reduce leaf collection costs from Ksh. 3.89 to 3.33 per kg of made tea.
Production department	1	To reduce production cost from.Ksh 90 to 85 per kg of made tea.
	2	To improve average top grade percentage from 98.53% to 98.60%.

	3	To increase the conversion factor from 25.50% to 25.75%
Product	1	To produce a well fermented, dried and sorted black tea which is clean, true to grade, free from fibre and foreign material with a moisture content of 2.9% to 3.3% at 80% compliance.
Process	1	To improve processing rate (throughput) from 4200 kgs/hr to 4250 kgs/ hr
Personal	1	To provide in- house training for the various categories of employees on a)Occupational health and safety- All b)First Aid----- From 20 to 25 c)Fire Fighting - From 30 to 40 d) Information Technology - From 10 to 20 e)Tea manufacture - All f)ISO 9001:2000 training - All g) HIV And AIDS Awareness-All

Table.1 Kangaita Tea Factory objectives 2008 – 2009

Source; Kangaita tea factory quality manual.

Kangaita tea factory embraced the use of balanced scorecard in the year 2007. This was prompted by the need for ISO 9001-2000 certification. A vision and a mission were developed, from them objectives were set which were further broken down into specific and measurable key performance indicators. An elaborate quality management system was documented and put in place which was in line with strategic management practices. Before then a budget and the previous year's performance were used as tools for evaluation and control.

1.5 The concept of strategy

Organizations whether for profit or non –profit, private or public have found it necessary in recent years to engage in strategic management in order to achieve their corporate goals (Bryson, 1995). The environments in which they operate have become not only increasingly uncertain but also more tightly interconnected. This requires a threefold response from these organizations. They are required to think strategically as never before, need to translate their insight into effective strategies to cope with their changed circumstances and lastly, develop rationales necessary to lay the groundwork for adopting and implementing strategies in this ever-changing environment (Bryson, 1995)

Bracker (1980) stated that the word strategy comes from the Greek word Stratego, meaning to plan the destruction of ones enemies through the effective use of resources. The concept of strategy was developed purely in relation to the successful pursuit of victory in war. The concept remained a military one until the nineteenth century, when it began to be applied to the business world.

Strategy is a unifying theme that gives coherence and direction to the actions and decisions of an organization. It guides an organization to superior performance by helping establish competitive advantage. Strategy acts as a vehicle for communication and coordination within the organization. The goal of strategic management therefore is to build and maintain sustainable competitive advantage and create stakeholders wealth. Strategic management process includes formulation, implementation, evaluation and control (Pearce and Robinson 2003)

Mintzberg et al (1998) offers his view of strategy by asserting that strategy is a ploy, a position, a pattern and a perspective as it specifies consciously the intended course of action. He goes on to say that strategy is a specific maneuver intended to outwit the competitor and that it is a means of locating the organization in its environment. Hence according to Mintzberg, strategy gives the organization its identity.

Koch (2000) affirms that a good strategy is the commercial logic of any business that defines why a firm can have competitive advantage. Organizations must trade off and make hard choices in determining what to do and what not to and perform different activities from those performed by its rivals. (Amurle 2003).

It is clear that strategy is a unifying part of a decision that helps in identifying purposes, goals, objectives and priorities of an organization. Strategy also helps the organization create competitive advantage as the organization needs to be aware of what competitors do so as to effectively compete. The success of any organization therefore depends on how new strategies are crafted to enable countering strategies that are thrown by the environment (Johnson and Scholes 2003).

1.6 Strategic Management.

Strategy formulation and implementation are core managerial functions (Thompson and Strickland 1995). Among all the varied things that managers have to deal with and act upon, few affect organizations performance more lastingly than do the tasks of charting an organization's future course, figuring what strategic moves and approaches to undertake , and then orchestrating execution of the chosen strategy as close to perfection as is managerially possible . How well an organization's management team performs the strategy making and strategy implementing functions is always a very big factor in determining whether the organization performs up to potential .Indeed good strategy and good implementation are the most trustworthy proof of good management (Thompson and Strickland 1995).

Strategic management refers to the managerial process of forming a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy, and then over time initiating whatever corrective adjustments in the vision, objectives, strategy, and execution that are appropriate. In crafting a strategy, management is saying in effect, "Among all the paths and actions we could have chosen, we have decided to move in this direction, focus on these markets and customer needs, compete in this fashion, allocate our resources and energies in these ways, and rely on these particular approaches to doing business" (Thompson and Strickland, 2003). A strategy thus entails managerial choices among alternatives and signals organizational commitment to specific markets, competitive approaches and ways of operating (Thompson and Strickland, 2003).

Strategic management is the ongoing process of ensuring a competitively superior fit between the organization and its ever changing environment (Teece, 1984). Strategic management can also be defined as a process of determining the long term direction and performance of an organization by ensuring a careful formulation, proper implementation and control of strategies (Byars and Rue 2005). It is a continuous, interactive process aimed at keeping an organization as a whole appropriately marched to its environment (Certo and Peter, 1988).

To cope with the new and rapidly changing technological, economic and informative developments that followed the end of 2nd world war, American organizations began to adopt long range planning techniques. The key aim was to close the gap that often occurred between the level of demand that a firm expected and planned for and the level of demand that actually occurred (Fox, 1975). Long range planning failed for a variety of internal and external reasons (McKiernan, 1992). Long range planning techniques could not cope with environmental turbulence. In response to the failure of

long range planning, in the late 1960s the concept of strategic management began to emerge. Strategic management unlike long range planning focuses in the environmental assumptions that underlies market trends and incorporates the possibility that changes in trends can and do take place, and its not based on the assumption that adequate growth can be assured (Elliot and Lawrence,1985; Mintzberg and Quinn, 1991) strategic management focuses more closely on winning market share from competitors , rather than assuming that organizations can rely solely in the expansion of markets for their growth (Hax and Majluf, 1996).

Organization executives design strategic management practices that they feel will facilitate optimal positioning of a firm in the competitive environment. The positioning is only possible if the strategic management practices allow the firms to more accurately anticipate environmental changes and improve preparedness to react to unexpected internal and external changes (Pearce et al, 1997).

The tea factories in Kenya therefore need be scanning the environment, noting the developments in the market and preparing to respond to the implications these developments are going to have. They must ensure they have the resources and capabilities that are required to operate in the new environments. According to Johnson and Scholes (2002) there are three levels of strategic decision making in the organization, corporate, business and functional. Strategic management must encompass the totality of the organizational domain and must not be restricted to one aspect such as determining the product mix (Andrews, 1980). Strategic management process described by Johnson and Scholes (2002) consists of the following phases; strategic analysis, strategic choice, strategic implementation and strategic evaluation. Strategic analysis comprise of analysis of the environment, and also considering the resources and expectations of stakeholders. Strategic choice involves generating

options, evaluation of options and selection of strategy. Strategy implementation involves resource planning, consideration of people and systems and the organizational structure (Johnson and Scholes, 1999).

In practice business managers divide the elements of strategic management into the following sub phases; defining Vision and mission, situational analysis, strategic analysis and choice, strategy implementation and strategy evaluation. Vision describes set of ideas and priorities, a picture of the future, a sense of what makes the company special and unique including a core set of principles that the company stands for (Harani, 1994) situation analysis comprises external and internal analysis of organization (Johnson and Scholes, 1999). Strategic analysis aims at identifying and generating strategic options for corporate and business strategic objectives. Strategy implementation involves translating the intended strategy from the top into workable strategies down through the organization (Johnson et al 2005). Strategic management process should be examined, its strengths and weakness noted and modification suggested to improve the next round of strategic planning (Bryson 1995).

Proper strategic management practices enable organizations to avoid mismatch with the environment. Therefore, Kangaita tea factory is expected to embrace strategic management practices because it is operating in a turbulent environment. It is expected to embrace the strategic management practices elements; vision and mission, situational analysis, strategic objectives, strategic analysis, strategic implementation and control.

1.7 Problem Statement

Kenya Tea Development agency (KTDA) is facing many challenges, The external buyers have become more and more demanding in terms of certification, for example in 2007 the Kenyan tea factories were to have achieved international food safety certification (ISO 22000) to export tea to Iran, Kangaita was not certified by then and had orthodox tea destined for Iran, it took the intervention of Kenya Government to allow for more time for certification. British and American buyers are demanding fair trade certification and others Ethical trading partnership certification. Employees are demanding salary increase every year. There was 16% for the year 2006 and 2007 according collective bargaining agreement (CBA). Electricity cost has gone up by 21% in the year 2008. The inflation was at 30% in the 2008. Tea prices at Mombasa auction are depressed because of overproduction in the world market. Farmers are uprooting their tea due to low returns. Lobby groups have emerged to pressure KTDA to make more money for the farmer.

The environment is so turbulent that kangaita tea factory and by extension KTDA managed factories must continuously scan the environment. It would be expected that kangaita tea factory not only embrace strategic management practices to remain competitive but also monitor the effect of their strategic management practices on their performance.

Aosa (1992) did an empirical investigation of aspects of strategy formulation and implementation with large, private manufacturing companies in Kenya. The findings were that there was formal strategic planning in the large manufacturing companies. Foreign companies were more involved in strategic planning than local ones while indigenous companies were more involved in formal strategic planning than Indian Kenyan companies. In his suggestions for further research, Aosa (1992) indicated that an investigation of strategic management practices in public sector organizations would increase the understanding of strategic management practices in Kenya.

Markus Ors (2009) did a research on scorecard use and strategic alignment in non profit organizations - A case study of UNICEF Supply Division. He came to a conclusion that a weak match between the organization's strategy and selected measures in its scorecard in combination with limited incentives for achieving set targets suggest that strategic alignment is likely to be low.

Studies have been done on strategic management practices focusing on different sectors but none has specifically dealt with the effect of the strategic management practices, no known study has focused on tea industry in Kenya. The review of these researches above clearly demonstrates that there are gaps in knowledge especially in strategic management practices in the tea sector.

1.7.1 General Objective

The main objective of this study is to establish the effects of strategic management practices on performance of Kangaita tea factory production department.

1.7.2 The specific objectives

- i. Analyze the application of Strategic Management practices adopted by Kangaita Tea Factory
- ii. Determine the performance of Kangaita Tea Factory production department

before the application of the strategic management practices.

- iii. Determine the performance of Kangaita Tea Factory production department after the application of the strategic management practices.

1.7.3 Research questions

- i. How does Kangaita Tea factory apply strategic management practices?
- ii. What was the performance of Kangaita Tea Factory production department before the application of strategic management practices?
- iii. What is the performance of Kangaita Tea Factory production department after the application of strategic management practices?

1.7.4 Significance of research

This study is important to company stakeholders and various groups of people. Stakeholders are individuals or groups of individuals who depend on the organization to fulfill their own goals and on whom the organization in turn depends (Johnson and Scholes 2003) these individuals and groups are

(i) The Kangaita Tea Factory:

The study will provide a gauge whether their current Strategic Management practices are effective and whether they are achieving superior performance.

(ii) To Researchers:

It will provide information and insight on the effect of Strategic Management Practices on performance in the context of a production department of a tea factory In Kenya.

(iii) To practitioner:

It will provide information vital to provide advice on improvement on Strategic Management Practices among KTDA managed factories and the entire tea Sector in Kenya.

1.8 Limitations of study

The research was a case study which used the interview method that is relatively more time consuming and may at times introduce systematic errors that could interfere with results. The presence of the interviewer may over stimulate the respondent, sometimes even to the extent that he may give imaginary information just to make the interview interesting. The study was not able to elucidate all the details of the factory's specific strategies and objectives which top management felt were confidential.

The principles of balanced scorecard which were well taken care of in their quality management system were still new. This limited the quantity of information and also affected the interpretation of various activities that were being practiced. The aspect of time was a limitation in that top management who were respondents were very busy at the time of doing the study which made them to spare only a small part of their time for the interviews which limited the information obtained.

1.9 Organization of the study

Chapter one introduces the history of tea from discovery in china to its introduction in Kenya. It discusses tea in Kenya, its contribution to the economy. Kenya tea development agency which manages tea for small scale farmers is introduced with its subsidiaries. Kangaita tea factory which is studied in this project is introduced from inception its growth and strategic objectives. The concept of strategy and strategic management is introduced. Chapter one also contains the problem statement, the research objectives, the research questions, significance of research and limitations of the study.

Chapter two is literature review and dwells mainly on strategic management practices, the vision, the mission, strategic objectives, situation analysis, strategic analysis and choice, strategic evaluation and choice, strategic implementation, strategic control and evaluation. The chapter also discusses performance evaluation and use of balanced scorecard also referred to key performance indicators. Conceptual framework with independent and dependent variables is also contained in chapter two.

Chapter three deals with research methodology which comprises of research design, study location, target population, sample size and sampling, data collection instruments and procedures. Reliability and validity of research is covered in this chapter and also data analysis.

Chapter four is presentation of findings on strategy formulation, strategy, implementation, strategy evaluation and control. Findings on performance based on secondary data are also presented. Chapter five is a summary of the study conclusions and recommendations based on the findings of the study

CHAPTER TWO: LITERATURE REVIEW

2.1 Concept of Strategy

According to Mintzberg et al (1998) there is no universally accepted definition of strategy. However, there are different perspectives put forward by strategy authors through which the concept of strategy can be understood. According to Mintzberg et al (1998) there are five main and interrelated definitions of strategy; plan, ploy, pattern, position and perspective.

Johnson and Scholes (2002) define strategy as the direction and scope of an organization over a long term, which achieve advantage for the organization through its configuration of resources within a turbulent environment, to meet the needs of markets and to fulfill stakeholders' expectations.

Strategic position of an organization is influenced by the external environment, internal strategic capability and the expectations and influence of stakeholders. Strategic choices include the underlying basis of strategy and both the corporate and business levels and the direction and methods of development. Strategic management is also concerned with understanding which choices are likely to succeed or fail. Translating strategy into action is concerned with issues of structuring, resource allocation to enable future strategies and managing change (Johnson and scholes, 2002).

2.2 Strategic management

Thompson and Strickland,(2003) define strategic management as the managerial process of forming strategic vision setting objectives, crafting strategy, implementing and executing strategy and then over time initiating whatever corrective adjustment in the vision, objectives, strategy and execution that are appropriate. According to Dess

et al (2005), strategic management is a management process consisting of the analysis, decisions and actions an organization undertakes in order to create and sustain competitive advantages. Johnson and Scholes (2002) look at strategic management from the perspective of what it includes. According to them, strategic management includes strategic analysis, strategic choice, and strategy implementation, strategic analysis is concerned with understanding the strategic position of the organization in terms of its external environment, internal resources and competencies and expectations and influence of stakeholders. Strategic choice involves understanding the underlying basis guiding future strategy, generating strategic options for evaluation and selecting from among them. Strategic implementation is concerned with translation of strategy into organization action through organizational structure and design, resource planning and management of strategic change.

An organization can reap many benefits from appropriately practicing strategic management. First it provides better guidance to the entire organization on the crucial points “what are we trying to do and achieve” (Thompson and Strickland, 1992). The second benefit is financial because an effective strategic management system increases the firm profitability (Certo and Peter, 1988) since it provides an organization with rationale to evaluate competing budget request for investing capital and new staffs (Thompson and Strickland, 1992). Strategic management emphasis on assessing the organization environment allows firms to anticipate changing conditions and therefore makes it less likely to be surpassed by changes within the market place or by action of competitors that could put organization at sudden disadvantage.

Firms are able to launch strategies to secure sustainable competitive advantage and then use their market edge to achieve superior firm performance (Porter, 1980)

2.3 Strategic management practices

Strategic management practices involve strategy formulation, strategy implementation and control. Johnson and Scholes (1999) provide a useful model that summarizes the main elements of strategic management. This involve three main phases; strategic analysis, strategic choice and strategic implementation. The three phases, in practice business managers divide them into the following sub-phases; defining vision and mission, strategic objectives, situation analysis, strategic analysis and choice strategic evaluation and choice, strategic implementation and control. Due to the nature in which various action from the different phases overlap each other, the strategic management process is not linear(Judson,1996).strategic management can also be seen as the ongoing process of ensuring a competitively superior fit between the organization and its ever-changing environment(Teece, 1984). Strategic management is a process of determining the long-term direction and performances of an organization by ensuring a careful formulation, proper implementation and control (Byars & Rue, 2005; Pearce and Robinson, 1997)

2.3.1 Vision

Kangaita tea factory vision is “To be the leading producer of high quality tea products in the world”. A strategic vision a road map of an organization’s future; providing specifics about technology and customer focus, the geographic and product markets to be pursued, the capabilities it plans to develop, and the kind of organization that management is trying to create. It reflects management’s aspirations for the organization and its business plans, drawing a panoramic view of “where we are going” and giving specifics about its future business plans. Drawing a carefully reasoned conclusion about what the organization’s long-term direction should be pushes managers to take a hard look at the organization’s internal and external environment and from a clear sense of whether and how its present business needs will change over the next five years and beyond (Thompson and Strickland, 2003).

2.3.2 Mission

Kangaita tea factory mission is “To provide efficient and effective services to the smallholder tea farmers in production, leaf collection and processing of high quality teas for the benefit of the stakeholders”. According to Johnson et al (2005) a mission is a general expression of the overall purpose of the organization, which, ideally, is in line with the values and expectations of major stakeholders and concerned with the scope and boundaries of the organization. Mission is sometimes referred to in terms of the apparently single but challenging question: “What business are we in”? Birnbaum (2004) advocates that, the mission statement should incorporate social meaningful and measurable criteria addressing concepts such as the ethical position of the enterprise, public image, target market, product/services, geographical domain and expected growth and profitability. Mission should arouse a strong sense of organization identity and business purpose (Thompson and Strickland, 1995).

2.3.3 Strategic Objectives

Objectives are an organization’s performance targets, the results and outcomes it wants to achieve. They function as yardsticks for tracking organization’s performance and progress. The purpose of setting objectives is to convert managerial statements of strategic vision and mission into specific performance targets. Objectives represent a managerial commitment to achieving specific performance targets within a specific time frame; they are a call for results that connect directly to the organization’s strategic vision and core values. Managers of best performance organizations tend to set objectives that require stretch and displayed effort. The challenge of straying to achieve bold, aggressive performance targets pushes organizations to be more inventive, to exhibit some urgency in improving both its financial performance and its business position, and to be more intentional and focused in its actions (Thompson and Strickland, 2003).

Strategic objectives are statements of specific outcomes that are to be achieved. Objectives both at corporate and business unit level are often expressed in financial terms (Johnson et al, 2005). They could be the expression of desired sales or profit levels, rates of growth, dividend levels or share valuation (Hutton, 2001). Ansoff (1968) stated that the objectives are not helpful unless they are capable of being measured and achieved. However, they are necessary given the political nature of strategic management, since it is essential at that level to have statement to which most, if not all, stakeholders can subscribe. They need to emphasize the common ground amongst stakeholders and not the differences. A recurring problem with objectives is that managers and employees 'lower down' in the hierarchy are unclear as to how their day-to-day work contributes to the achievement of higher level of objectives (Johnson et al, 2005). According to Johnson et al (2005) this problem could be addressed by 'cascade' of objectives – defining a set of detailed objectives at each level in the hierarchy and many organizations attempt to do this to some extent.

2.3.4 Situation Analysis

This seeks to understand an organization's current strategic position. Managers must monitor both the societal and task environment to detect strategic forces that are likely to have a strong impact on their organizations success or failure (Wheelen and Hunger, 1995). Situational analysis comprises the external analysis and internal analysis of an organization (Johnson and Scholes, 2002). The simplest way to conduct environmental scanning is by SWOT analysis (Wheelen and Hunger, 1998).

Strategic position is concerned with the impact on strategy of the external environment, an organization strategic capability (resources and competences) and the expectations and influence of stakeholders (Johnson et al, 2005). Situation analysis

comprise of external and internal analysis of organization (Johnson and Scholes, 1999). Situation analysis addresses the question 'Where are we now? The purpose of situation analysis is to understand the organizations present situation and to some extent its background. SWOT analysis is one of the simplest ways for environmental scanning (Wheelen and Hunger, 1998). Swot analysis involves the assessment of the internal strengths and weakness of the organization in the light of the opportunities and threats posed by the environment in which it operates (Andrews, 1980). Kangaita tea factory has embraced SWOT analysis and according to their strategic business plan for 5 years; 2005/2006-2009/2010

2.3.5 Strategic Analysis and Choice

Strategic analysis and choice are done at two levels namely, corporate and business levels. Strategic analysis aims at identifying and generating strategic options for corporate and business strategic objectives. Strategic choice is concerned with the evaluation of the strategic options and selection of the most appropriate options for achieving the objectives. Corporate strategic analysis is facilitated by portfolio analyses which enable the organization to identify the strategic options which can help in strengthening its business portfolio in order to enhance performance choosing a strategy can be done by rational portfolio management tools like the Boston consulting Group (BCG) growth-share matrix, the General Electric (GE) grid and the Ansoff product market matrix. The growth share (B.C.G) Matrix is whereby various businesses are plotted according depending on their market growth and the organization's relative market share into stars, cash cows, question marks and dogs (Henderson, 1979). Business strategic analysis can be done using the generic strategic model.

Porter (1985) pioneered thinking in competitive advantage when he proposed that there are three different 'generic' strategies by which the organization can achieve competitive advantage. These are over all cost leadership, differentiation and focus strategies. Strategies can be identified with the help of this model, depending on the strategic objective to be achieved.

2.3.6 Strategic Evaluation and Choice

Olsen et al (1998) describes strategic choice as the choice of competitive methods used by the firm to take advantage of opportunities and minimize effects of threats. According to Johnson and Scholes (2002) strategic options generated during strategic analysis must be evaluated in order to select the best options. Courtney et al (1997) asserts that to cope with different levels of environment turbulence, organization needs different analytical approaches to determine the best possible strategies.

Strategic choices should be based on core competencies (Hamel & Prahalad, 1990). There are number of ways to evaluate strategies options. One of the ways is to assign weights to the criteria and compute weighted scores for the options. After the evaluation, the strategic option with the highest weight score can be chosen for implementation.

2.3.7 Strategy Implementation

Pearce and Robinson (2003) look at strategy implementation as a set of decisions and actions that result in the translation of the strategic thought into organizational action where an organization moves from planning its work to working its plan in order to achieve the set objectives. Strategy implementation involves translating the intended strategy from the top into workable strategies down through the organization (Johnson et al, 2005). Strategy implementation involves consideration of issues like organization structure, leadership, culture, support systems, policies, reward systems,

resources planning and managing of strategic change (Johnson & Scholes, 2002).

Chandler (1962) asserts that strategy inform structure. Having the right people in the right position is a key success factor. A lack of staff expertise can be a present major problem for the implementation of a major strategy (Alexander 1985). Management training is important for enhancing ability to develop and implement strategy (Hussey, 1990). Organization culture can either support or work against a strategy. Every organization possesses its own culture, which is transmitted from generation to generation (Wheelen and Hunger, 1995). Resistance to change is one of the greatest threats to strategy implementation (David, 1993). Organization operates on different contexts and therefore managing change needs to be different (Maccoby et al, 1958).

Implementing strategy is largely an administrative activity and successful implementation depends on working through others, organizing, motivating, culture building, and creating strong fits between strategy and how the organization does things (Thompson and Strickland, 2003). It calls for alteration of existing procedures and policies. The implementers of strategy should be fully involved in strategy formulation so that they can own the process.

2.3.8 Strategic Control and Evaluation

Control and evaluation enable an organization to examine how its strategy has been implemented as well as the outcome of the strategy (Coulter, 2005) strategic management process be examined, its strengths and weaknesses noted and modifications suggested to improve the next round of strategic planning (Bryson 1995). Ansoff and McDonnell (1990) assert that if a strategy turns out to be uncompetitive, it can be revised and abandoned before major financial and psychological implications.

Control is needed to assure that performance is as expected. Control involves the periodic review of the input, activities, and output undertaken throughout the strategic management process. If change in the strategic plan is needed or redeployment of resources is necessary change should be made as quick as possible even to the reworking the entire strategic plan (Johnson and scholes, 2003). Strategic control is concerned with tracking strategy during implementation, detecting problems or changes and making necessary adjustments (Pearce et al, 2005). It is a crucial phase for purposes of attaining successful organizational goal.

Evaluation is judgment on the effectiveness of an organization's strategy. It concerns itself with such questions as: did the strategy meet the objectives or should revision be made? Where are problems likely to occur? There is need for constant surveillance by the intelligence unit and feedback to the interested parties (Johnson and scholes, 2003). This is important so that corrective action can be taken. Ultimately, if there is a gap between the actual and the desired objectives, it should be closed according to the strategy: continuous evaluation and responding to internal and external environmental change is what strategic management is all about.

2.4 Performance Evaluation

2.4.1 Balanced Scorecard

“We can describe the Balanced Scorecard as a carefully selected set of measures derived from an organizations' strategy. The measures selected for the Scorecard represent a tool for leaders to use in communicating to employees and external stakeholders the outcomes and performance drivers by which the organization will achieve its mission and strategic objectives.”(Niven, 2002).

Niven (2002) sees the Balanced Scorecard as three things: a measurement system, a strategic management system and a communication tool. He thus thinks that the Balanced Scorecard is more than just a measurement tool: Related to the Scorecard, is a continuous process in which the Scorecard is used to emphasize that which is prioritized by the organization. The organization's vision is made clear, and it is communicated via goals and associated incentives. These in turn, are used to channel efforts and resources and institute intermediate goals. Continuous follow-ups result in learning, and adjustment of processes, prioritizations and at time vision. In each step, the Scorecard is used as the primary communication tool (Niven, 2002).

Kaplan and Norton (1992), made the analogy of the cockpit: in order to fly, the pilot relies on a number of gauges and indicators in the cockpit to ensure a safe and efficient flight which will reach its destination. According to Kaplan and Norton (1992), measuring direction alone is not sufficient: speed, fuel levels, cabin pressure, altitude and so forth are also necessary to measure. Similarly, they argue that corporate stakeholders cannot rely on financial measures alone to ensure that the company is going in the intended direction (Kaplan & Norton, 1992).

According to Kaplan and Norton (1992), the organization needs not only indicators to monitor past performance, what they call lagging indicators, but also leading indicators to see how the organization is geared to handle future challenges. In addition, organizations need to capture strategically relevant, non-financial information which will have an influence on financial outcome, to monitor overall organizational performance. Kaplan and Norton (1992) thus argue, that the financial measures is only one of four inter-related perspectives, all of which are equally important focus areas, from which to measure the organization and ensure it is reaching its intended objectives.

Kaplan and Norton (1996) repeatedly emphasize that the perspectives should not be seen as a straight jacket in which the Balanced Scorecard adopting organization should be constrained, but that the perspectives can, and should, be adapted to the organization and that new perspectives can be developed. Kangaita tea factory have developed its own perspectives which shall be used in this study.

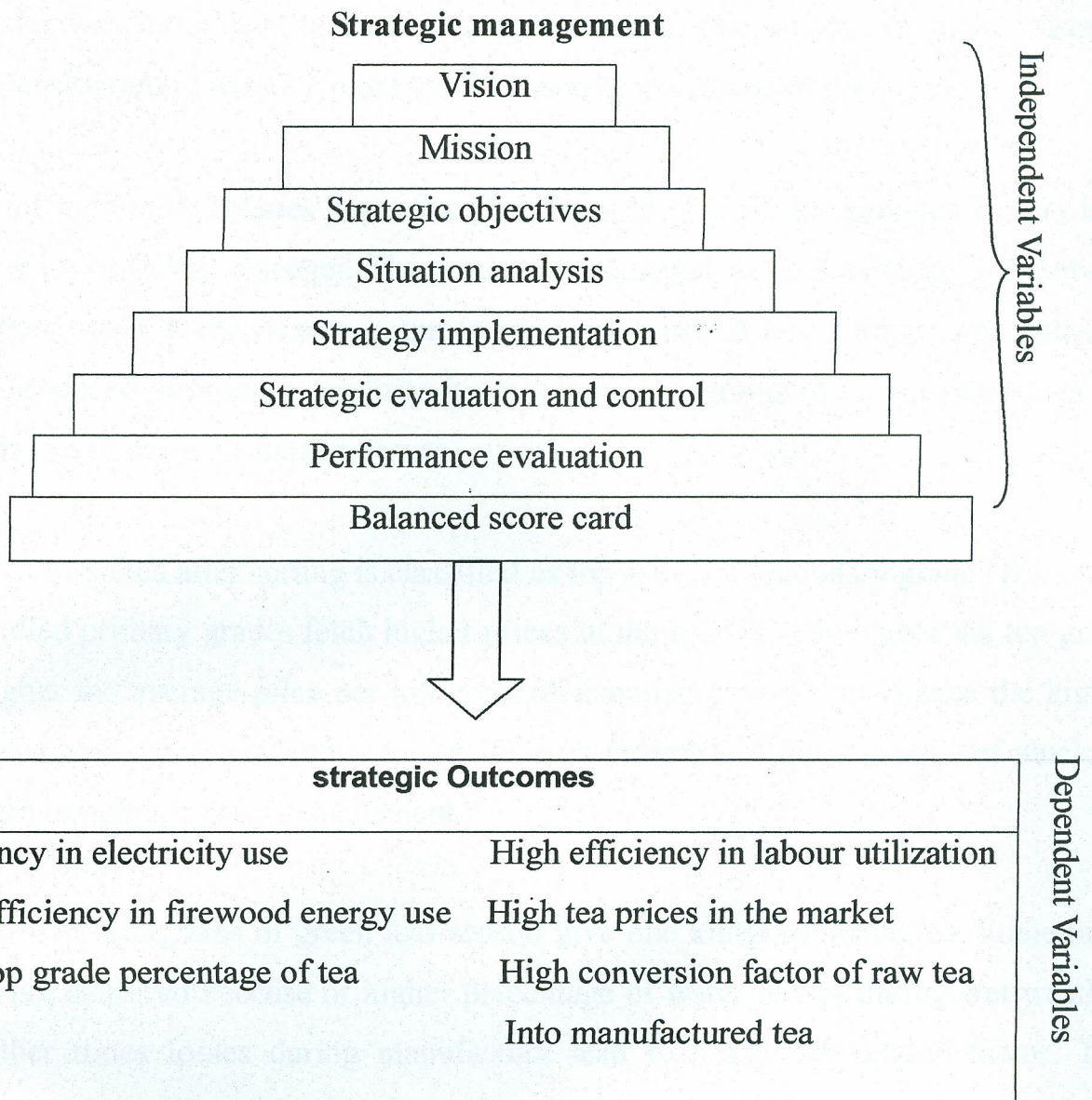
Kangaita tea factory adopted balanced scorecard otherwise referred to as key performance indicators. This was introduced during the establishment of a quality management system ISO 9000:2001. Production cost which has electricity, firewood and labour as the key variables were identified to be monitored. The units of electricity in kilowatt hours used to make a kilogram of manufactured tea was established as a measure of performance. This was a good measure because despite changes in tariffs the kilowatt hour will remain a standard measure.

2.5 Conceptual Framework.

Performance measurement is the use of statistical evidence to determine progress toward defined organizational objectives. The design, implementation and use of adequate performance measurement and management frameworks can play an important role, if organizations are to succeed in an increasingly complex, interdependent and changing world. In order to respond proactively to emerging challenges, management requires up-to-date and accurate information on its performance. It is natural that organizations measure their performance in order to direct organization's resources towards important organizational goals and in designing strategy (Godwill, 2009).

According to Neely et al (1995), a performance measurement system is the set of metrics used to quantify both the efficiency and effectiveness of actions. Performance measurement system is the information system which is at the heart of the performance management process and it is of critical importance to the effective and efficient functioning of the performance management system (Bititci *et al*, 1997).

Kangaita tea factory adopted performance measurement management system in the year 2007. This was with the introduction of ISO 9000-2001 Quality management system. A vision, a mission, quality objectives and key performance indicators were developed. This study seeks to establish whether this has led to superior performance in the production department. The figure below summarizes the conceptual framework.



Independent Variables

Dependent Variables

Fig.1 Conceptual framework

Modified from Kaplan and Norton (2004)

Kangaita tea factory uses firewood for steam generation to fire boilers. The steam is used to wither green leaf and dry fermented dhool in fluidized bed driers to give manufactured tea which is sorted and packed for consumption. At optimum operation using firewood of high calorific value, one cubic metre of firewood can make three hundred kilograms of tea. The management of firewood use, boiler management and steam loss minimization, results in savings in millions hence a key performance

indicator was introduced to check the performance. The amount of money used to make a kilogram of manufactured tea was used as a measure of performance.

With the increasing salaries year after year, the wage bill for kangaita tea factory is of great concern to any manager. The production manager has a duty to ensure that any man hour spent in the factory is put to productive use. A key performance indicator was introduced to monitor productivity of labour. Kilograms of manufactured tea per man day were the most ideal measure.

Manufactured tea after sorting is classified as top grade or secondary grade. Top grade also called primary grades fetch higher prices in the market. The higher the top grade the higher the average price per kilogram of manufactured tea and hence the higher the return to the grower. Higher top grade is an indicator of good green leaf plucking standard or better sorting management.

Ideally four kilograms of green leaf should give one kilogram made tea. Sometimes this is not achieved because of higher percentage of water in leaf during wet weather and other times losses during manufacture lead to a low conversion factor. The conversion factor was established as a key performance indicator to check losses in the system.

All KTDA managed factories are ranked according to the average prices they fetch once their teas are sold. Better management practices lead to better customer satisfaction that leads to higher prices at the Mombasa auction where the bulk of tea is sold

2.6 The gap to be filled

This study seeks to investigate the effect of the introduction of strategic management practices on performance. The study also sought to analyze the application of strategic management practices in a tea manufacturing factory.

The finding of this research on the effect of strategic management practices on performance is vital to the tea sector and other manufacturing companies. A positive outcome would equip managers with a factual basis for strategic management practices implementation. If the findings showed poorer performance or no change then it would trigger a thought process and search for reasons and alternatives.

This research will also provide necessary knowledge to researchers on a real case study on the effect of strategic management practices on performance.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

Merriam (1994) describes the end product of a case study to be primarily descriptive, interpreting or evaluating. The case study of Kangaita Tea Factory is initially descriptive in terms of describing how the Scorecard was conceived and implemented in the organization. In the analysis, data from the interviews and survey is interpreted and compared to the theoretical framework. In the recommendation, an evaluation is made of what the organization is doing well and what the organization can improve with regards to how the Scorecard is used and how it aligns organizational strategy. The case study of KTDA Kangaita Tea Factory thus matches Merriam's (1994) description of a case study end product.

3.2 Research Design

The research was in form of a case study. This was to allow an in-depth study since the research required an investigation into various strategic management practices adopted by Kangaita Tea factory, their implementation and effect on performance which could best be obtained by a case study.

Cooper and Emoly (1995) assert that case studies emphasize more on a full contextual analysis of fewer events or conditions and their interrelations. Yin (1988) notes that the case study contributes uniquely to the knowledge of an individual, organization, social and political phenomena. Thus case studies have become common research tools in the psychology, sociology, political science and planning. The advantages of using a case include facilitating intensive study of concerned unit which is not possible with other methods and possibility of obtaining the inside facts from the experienced employees.

The limitation of the case study include the danger of false generalization which might be experienced because of lack of set rules to follow in the collection of information, it is time consuming and expensive, the researcher might be subjective and it is used in a limited sphere, not in a big society. Despite the above limitations, the study was based at Kangaita tea factory and focused to interview all the company managers. A questionnaire for employees was sent to 82 respondents from across the factory sections. Factory performance was evaluated based on secondary data.

3.3 Study Location.

The study was carried out at Kangaita tea factory .Kangaita tea factory is one of the factories managed by Kenya Tea Development Agency Ltd., serving small-scale tea growers in Kenya. It is located 12 Kilometers to the north of Kerugoya town, the Kirinyaga district headquarter and 142 Kilometers from the capital city, Nairobi. Currently Kangaita Tea Factory serves about 3,700 small-scale tea farmers with a combined acreage of about 847 hectares. It's on a relatively high altitude of 1890m above sea level approximately 1/20 south of the equator and approximately along the 37.30E longitude. The factory has a processing capacity of 15 million kilograms of green leaf per year.

Kangaita tea factory is managed 7 managers, a factory unit manager in charge of the factory assisted by a production manager who heads the production department and assisted by two assistant managers. There is an accountant and an information and communications manager. Green leaf collection and agricultural services are managed by green leaf logistics manager. Kangaita had 174 employees at the time of the study

3.4 Target Population of kangaita tea factory

Managers/strata	No.	Sampling method.
Factory unit manager	1	Purposeful
Production manager	1	Purposeful
Asst production managers	2	Purposeful
Green leaf logistics manager	1	Purposeful
Factory Accountant	1	Purposeful
ICT manager	1	Purposeful
TOTAL	7	

Table 1 managers kangaita tea factory

Kangaita tea factory production department employees.

Section/ strata's	No. of people	Sample size	Method of selection
Green leaf section	27	10	Random
Withering section	10	5	Random
Cutting section	10	5	Random
Fermentation section	24	10	Random
Drying section	18	9	Random
Sorting section	18	9	Random
Packing	7	4	Random
Firewood	10	5	Random
Boiler	8	4	Random
Workshop	20	10	Random
Clerical	12	6	Random
Compound and gardeners	10	5	Random
Total	174	82	

Table 3 kangaita production department employees

3.5 Sample size and sampling

The interview focused on seven managers. The seven were the factory unit manager, the production manager, the logistics manager, the factory accountant and the ICT manager and two assistant production managers. The sampling method was purposeful and all managers were interviewed. The management team formulated and implemented a strategic management system.

A stratified sampling method was used to select employees into factory sections. Once a stratum was identified a random sample was taken according to the number of employees in the strata. Numbers were assigned to each employee that helped in picking random samples of each stratum. Questionnaires were sent to employees picked.

3.6 Data Collection instruments and procedures

An interview guide (Appendix ii) was used to interview managers. The interview guide enabled the coverage of all aspects of strategic management practices under research. The interview method used was direct personal investigation with the aim to collect the information from all the sources targeted. The factory unit manager and top management team in addition to other managers involved in strategic planning process were interviewed. The top management are key decision makers on strategy formulation while the middle level managers and managers of various departments are mainly involved in strategy implementation under the direction of top management. Top management establish clarity of vision, they monitor changes ,outcomes and respond to change initiatives coming up from below and are prepared to adjust the strategic intent in line with emerging strategy. Thus the need to interview top management and other managers involved in the Kangaita tea factory strategic management practices

A secondary data guide (Appendix iii) was used to obtain secondary data on performance with respect to key performance indicators. Data from the company records on performance of the production department in the last six years was evaluated.

A questionnaire (Appendix IV) was used to collect data on the effect of strategic management practices on performance from employees. In structuring the questionnaire, closed ended questions that could limit the respondents' answers were avoided in an effort to minimize the risk of subjective answers.

3.7 Reliability and validity of instruments

The concept of reliability refers to the extent research can be repeated with the same outcome. High reliability means that the outcome is likely to be the same with each repetition. If repeated in the same organization the results may vary. Bryman and Bell (2003) argue that it is impossible to freeze a social setting. This research contains an evaluating element and the organization might seek to make improvement between repetitions which would affect the research outcome. Secondary data will always remain the same

To ensure a high degree of internal validity as possible the researcher has researched prevailing theories and ideas on the best practice and shaped questions asked in the semi-structured interviews and in the survey accordingly. Careful selection of interviewees in the organization has been made in order to obtain the most knowledgeable answers on the thought process behind creation and implementation of the organization's strategic management practices.

External validity refers to the extent to which the results from the research can be applied in other contexts than the one researched. Though careful selection of interviewees has been made, the selection was based on knowledge of specific organization based events and not on general knowledge of similar factories. The empirical findings are organization specific and given the broad variety of manufacturing factories, it can be said that the level of external validity is likely to be low. However when it comes to tea manufacturing companies the external validity is high for the factories are almost the same.

3.8 Data Analysis

Content analysis was done since the data collected was mainly qualitative in nature. Content analysis measures the semantic content or the aspect of a message. Its breadth makes it a flexible and wide-ranging tool that may be used as a methodology or a problem specific technique (Cooper and Emoly, 1995). The content analysis has been described as research technique for the objective, systematic and quantitative description of the manifest content of communication (Berelson, 1952). Case studies can often yield information that could not be obtained using other methods. Content analysis of data was based on analysis of meanings and implications emanating from respondent's information and documented data on strategic management practices at the Kangaita tea factory. Further analysis was done on performance in relation specific and measurable strategic objectives to ascertain effect of strategic management practices on performance.

3.9 Operationalisation of the study

Strategic management Practice	Literature review	Research tools	Responsible person	Findings
Vision	2.3.1	Interview guide A Q1. And 2. Questionnaire Q3	All managers All employees	4.2
Mission	2.3.2	Interview guide A Q1. And 2 Questionnaire Q4	All managers All employees	4.2
Strategic objectives	2.3.3	Interview guide Questionnaire Q5,6	All managers All employees	4.2
Situation analysis	2.3.4	Interview guide	Managers	4.2
Strategy implementation	2.3.7	Interview guide B question 1-4	Managers	4.3
Strategic evaluation and control	2.3.8	Interview guide C question 3	Managers	4.4
Balanced score card	2.4	Interview guide C question 4	Managers	4.5
		Secondary data collection guide Questionnaire Q7-10	Production manager Employee respondents	4.6

Table 4 operationalization of the study

CHAPTER FOUR: FINDINGS AND DISCUSSION

4.1 Introduction

The research objectives were to establish the effects of strategic management practices on performance of kangaita tea factory production department. It looked into the application of strategic management practices adopted by kangaita tea factory and the performance before and after the application of strategic management practices.

4.2 Presentation of findings

All the 7 managers interviewed expressed a strong commitment to the implementation of strategic management practices; the system in place was adequate. Superior performance was achieved and was supported by objective data from reports generated from the system.

The following findings summarize the response of 82 employees who filled the questionnaire.

(i) Electricity use efficiency was superior?

	Strongly agree	agree	No change	disagree	Disagree
No of respondents	2	70	10	nil	nil
Percent (%)	2.44	85.37	12.20	0	0

Table 5. Electricity use efficiency

(ii) Firewood use efficiency had improved?

	Strongly agree	agree	No change	disagree	Disagree
No of respondents	54	21	7	nil	Nil
Percent (%)	65.85	25.61	8.54	0	0

Table 6. Firewood use efficiency

(iii) Labour use efficiency had improved?

	Strongly agree	agree	No change	disagree	Disagree
No of respondents	79	3	Nil	Nil	Nil
Percent (%)	96.34	3.66	0	0	0

Table 7 labour use efficiency

(iv) Top grade percent had improved?

	Strongly agree	agree	No change	disagree	Disagree
No of respondents	82	nil	nil	Nil	Nil
Percent (%)	100	0	0	0	0

Table 8 topgrade performance

(v) Conversion factor had improved?

	Strongly agree	agree	No change	disagree	Disagree
No of respondents	65	17	nil	Nil	Nil
Percent (%)	79.27	20.73	0	0	0

Table 9 conversion factor findings

(vi) Market ranking among KTDA factories was superior?

	Strongly agree	agree	No change	disagree	Disagree
No of respondents	Nil	3	47	22	Nil
Percent (%)	0	3.66	57.32	26.83	0

Table 10 market ranking findings

The study established that kangaita tea factory has a clearly stated vision and mission which were developed by top management together with the board at KTDA headquarters and then adopted by all the KTDA managed factories. Kangaita tea factory adopted the vision and mission in the financial year 2006/2007 when it embarked on ISO 9001-2000 implementation.

The vision and mission were broken down into outcomes to be achieved hence the objectives. This was done by top management with the help of ISO implementation consultants. The board ratified the objectives. Kangaita tea factory had adopted SWOT analysis as the method of environmental analysis. Careful evaluation of strengths, weaknesses, strengths and opportunities yielded strategies. Customer requirements and trends, demands by buyers, brokers and suppliers guided the process of generation and choice of strategy. There were no formal tools which were used to develop strategies.

The study established that there was lack of meaningful participation by elected shareholder's representatives in strategy formulation though they ratified the vision and mission for adoption. This was attributed to the level of education. Kangaita had adopted cost reduction and market leadership as their strategies.

4.3 Strategy implementation discussion

The study established that kangaita tea factory management considers strategy implementation as an important process because it had made the formulated strategy a reality. This was made by directing daily activities, work efforts and resources towards implementation of strategies. There were deliberate efforts to measure and monitor every day the progress of cost reduction strategy.

The company reward system was tied to achievement of set targets and this applied for both the workers and managers. The production manager was evaluated on performance of all the key performance indicators in the production process. The production process is a chain of processes referred to as sections which starts with green leaf (tea) reception to made tea dispatch. Each section is headed by a section

head or a supervisor. Each section has key performance indicators which are monitored and whose section members were evaluated against. It was established that each section had a notice board where performance was being plotted against set targets and previous achievements.

The main challenges kangaita tea factory encountered during strategy implementation was organizational culture which was bringing resistance to change. The use of reward system and training were the key methods kangaita used to be effective in strategy implementation.

4.4 Strategy evaluation and control discussion

The study established that the progress of strategy implementation was checked through checking and analyzing the performance with regard to key performance indicators. There were regular and scheduled quality management audits dealing specifically with the established quality management system with key performance indicators evaluation forming the main agenda. Staff appraisals were also used as forums for evaluation of strategy. The challenges of strategic evaluation and control were handled during scheduled management review meetings and also at the beginning of the year while setting the targets for departments and sections.

4.5 Performance based on primary data

It was established that the introduction of strategic management practices of performance measurement and use of key performance indicators had improved performance. The managers felt that there was improvement in the system losses, there was better motivation of staff, there was improvement in efficiency and they had acquired new markets. Conversion factor and top grade percent had improved,

consumption of electricity had improved per unit of made tea. There was improved energy efficiency. The staff felt that there was clear objectivity in carrying out their duties and also in their appraisal. The staff was motivated and focused and hence more productive. Performance had greatly improved.

4.6 Performance based on secondary data.

4.6.1 Top grade

Top grade percent is the ratio of primary grade to secondary grades as a percent. Primary grades are premium teas and fetch higher prices in the market. The higher the top grade the higher the return per kilo of green leaf.

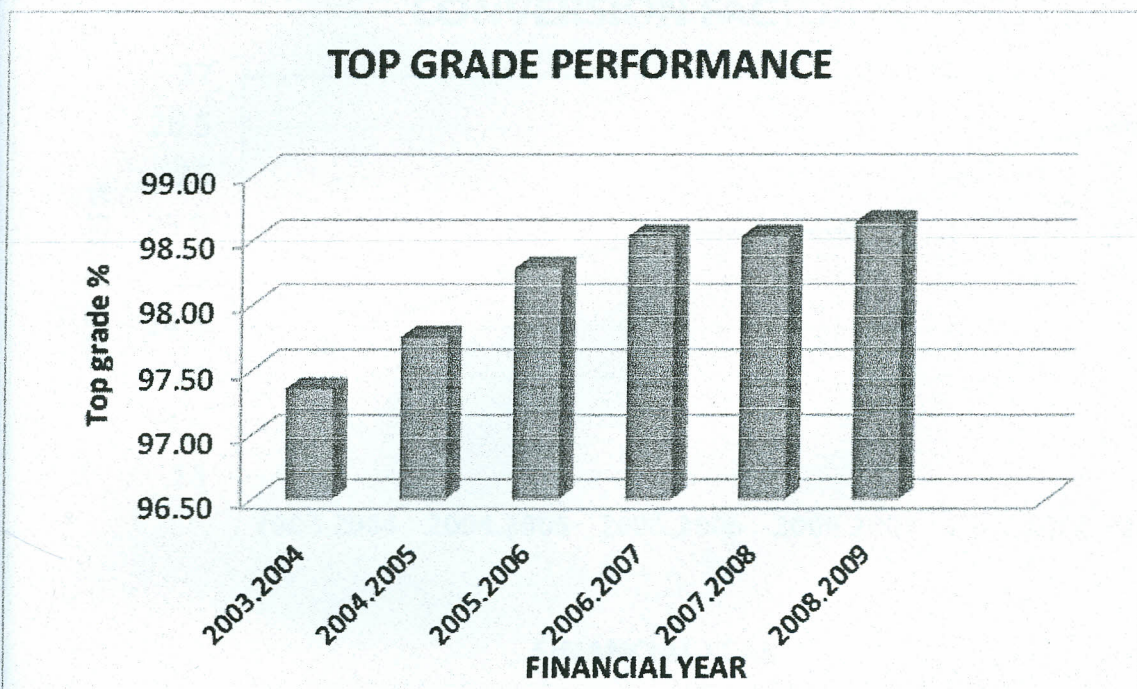


Fig 2 Top grade performance.

Kangaita performed better and showed consistency in the year 2006/2007 and 2008/2009/. Kangaita achieved a top grade of 97.36 in the year 2003/2004 and 97.75 in the year 2005/2006 .There was an improvement in the year 2005-2006 to 98.28 which was attributed to awareness when key performance indicators started getting developed. The top grade percent for the year 2007/2008 was 98.64 for the year

2008/2009 which was very high even in comparison with the industry standards.this was attributed to implementation of a quality management system that took care of strategic management practices.

4.6.2 Conversion factor/Out-Turn

Conversion factor shows the number of kilograms made tea obtained from 100 kilograms of green leaf delivered to the factory. The higher the the conversion factor the higher the return per kilogram green leaf delivered to the factory.

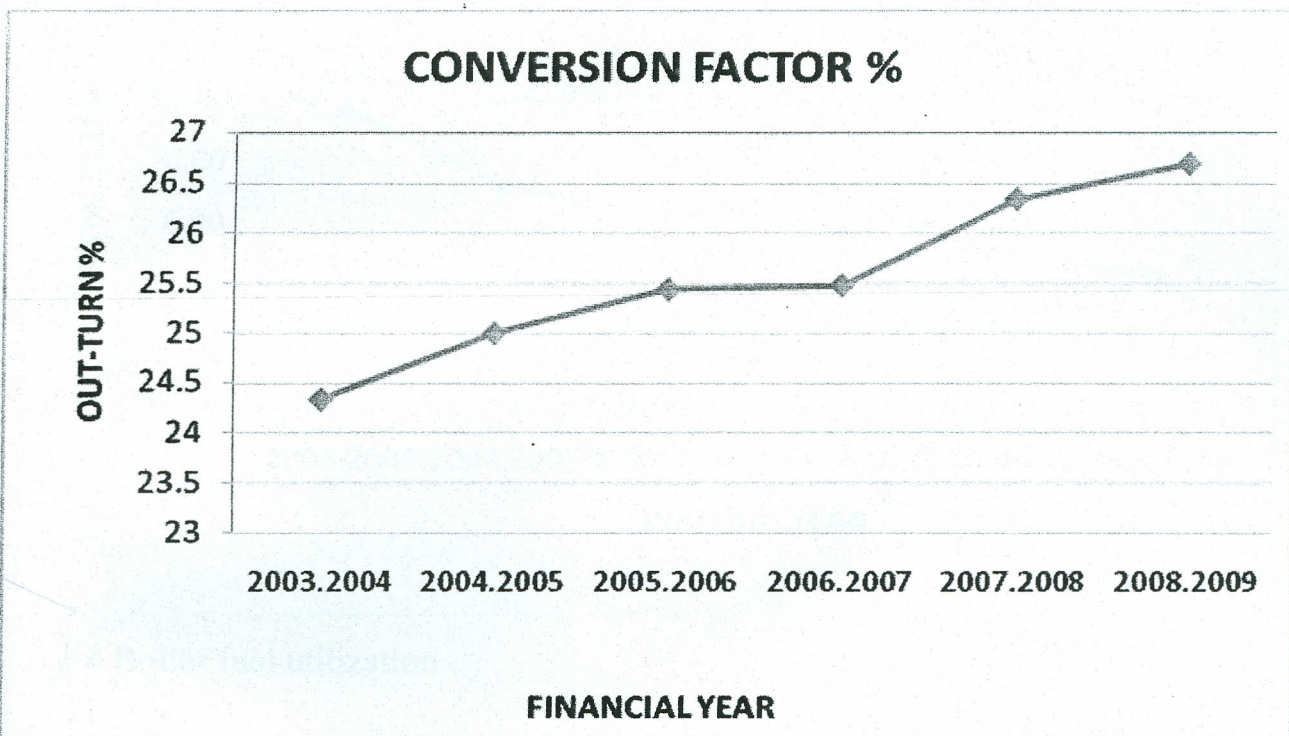


Fig 3 conversion factor performance

The conversion factor for the year 2003/2004 was 24.34 per cent and that of 2004/2005 was 25.00. The year 2007/2008 had a conversion factor of 26.34 which was a record high . It improved to 26.69 in the year 2008/2009.This was attributed to the implementation of the balanced scorecard.

4.6.3 Boiler fuel utilization

For this study firewood was assumed to cost ksh.1000 per cubic metre throughout the period and furnace oil Ksh. 40 for comparison. In actual fact firewood cost had risen from ksh.300 to ksh.1000 per cubic metre. Furnace oil kept moving in the range of ksh.15 and Ksh. 40 per litre .

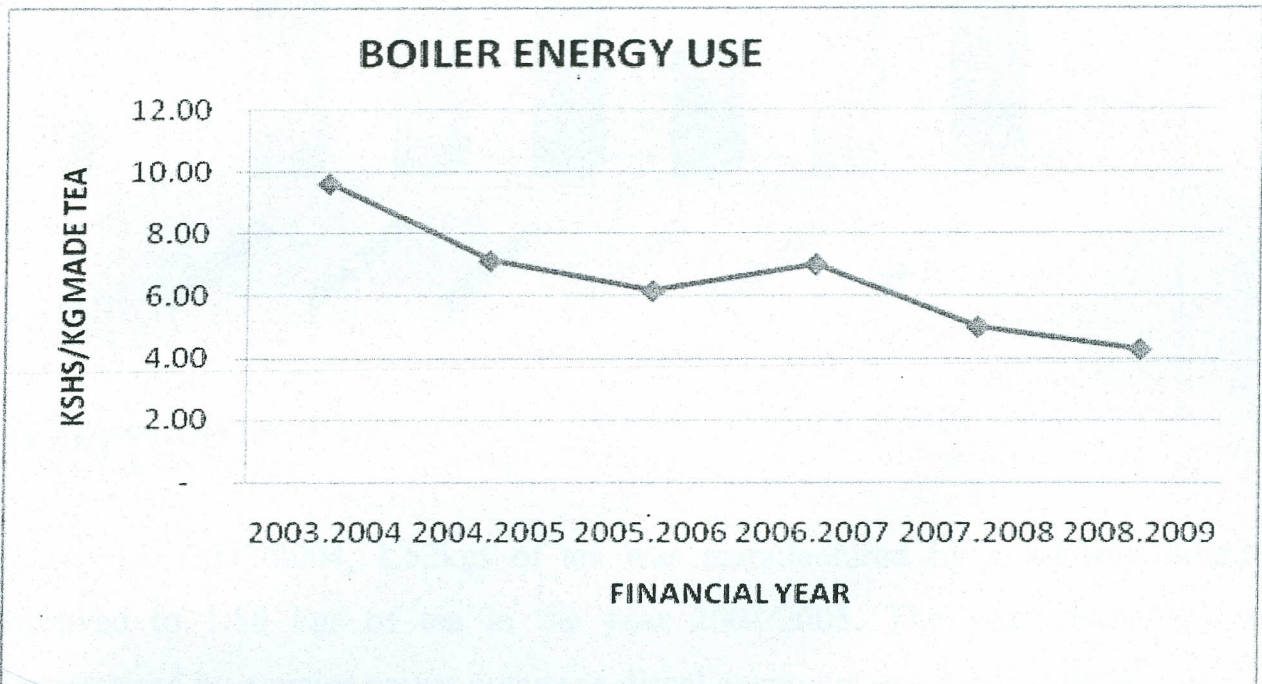


Fig 4 Boiler fuel utilization

In the year 2003/2004 Kangaita used Ksh 9.64 to make a kilogram of manufactured tea. There was a steady drop in the year 2007/2008 and 2008/2009 respectively where Ksh. 5.02 and Ksh 4.29 was used to make a kilogram of tea. This was a tremendous improvement in efficiency. Highest fuel utilization efficiency was achieved in the year 2008/2009

4.6.4 Electricity

Because of the changes in the cost of electricity in the period considered the researcher chose to use kilograms made tea made by a kilowatt hour of electricity

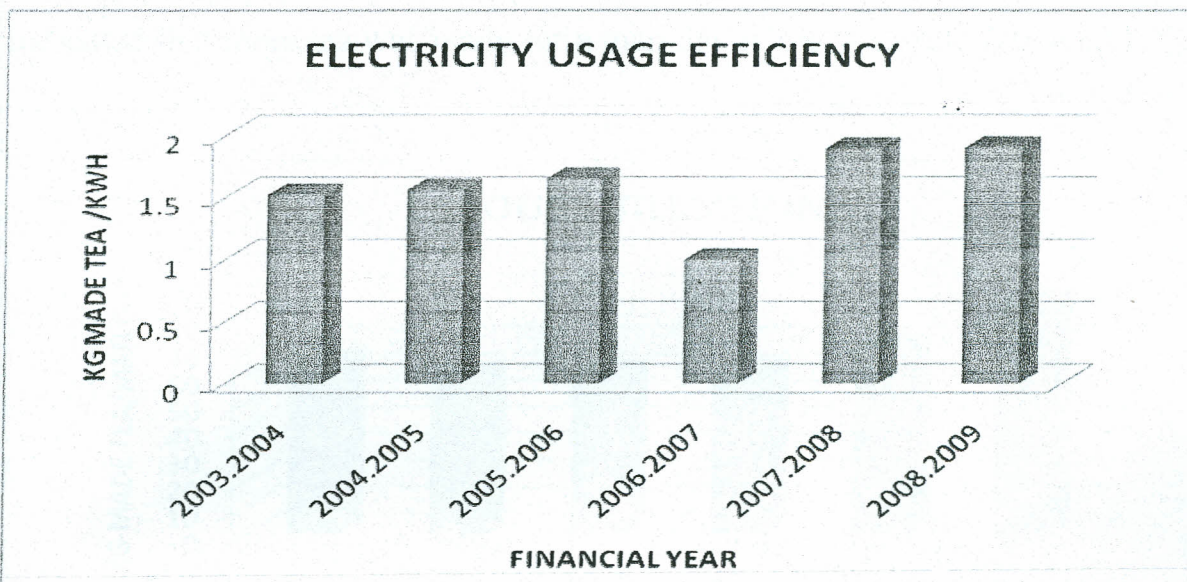


Fig 5 Electricity usage efficiency

In the year 2003/2004, 1.52kgs of tea was manufactured by a kilowatt hour, this improved to 1.56 kgs of tea in the year 2004/2005. The year 2006/2007 was characterised by a major power outage as diesel generator was used. 2007/2008 marked an improvement in electricity use where Kangaita made 1.89 Kgs of tea for every kilowatt used. This improved to 1.9 Kgs of tea in the year 2008/2009. The results as above show improved efficiency more so in the year 2007/2008 and 2008/2009.

4.6.5 Labour utilization

There were changes in salaries for the employees within the period considered so labour cost could not be used for comparison. The researcher chose productivity which is the ratio of made tea in kilograms to total mandays used. The results indicated that more tea was made for a man day in the year 2007/2008 and 2008/2009.

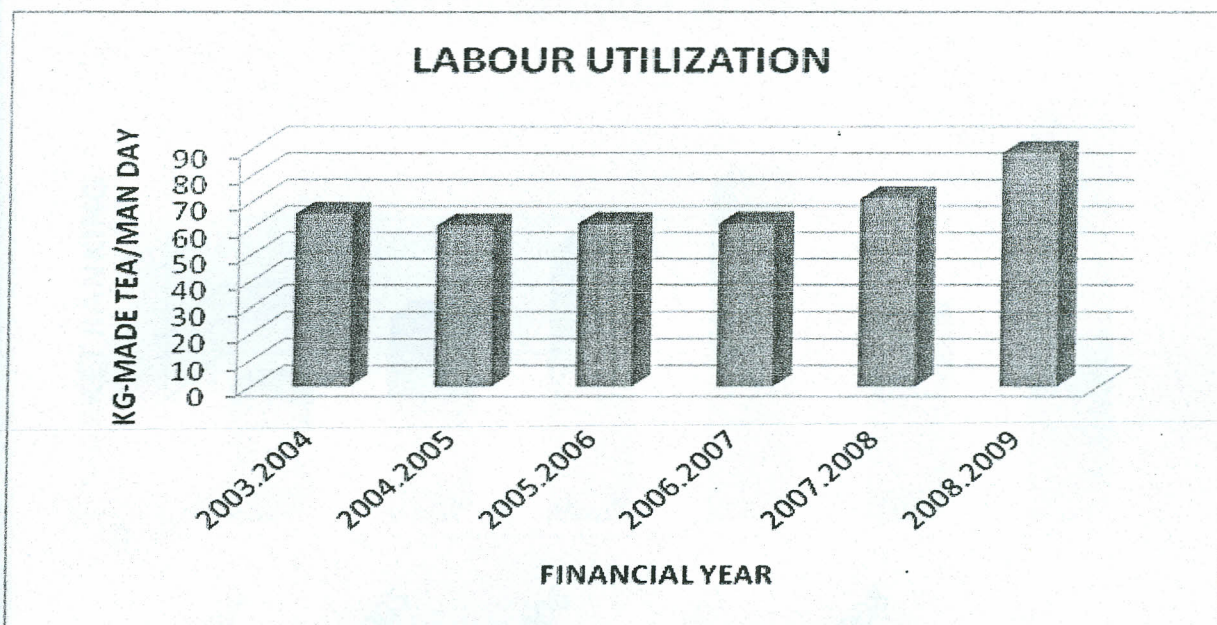


Fig 6. Labour utilization efficiency.

In the year 2003/2004, 65.2 Kgs of tea were made by a man day. This dropped to 60.8 Kgs of tea. This was attributed to changes in tasks per person. The year 2005/2006 and 2006/2007 had a productivity of 61.42 and 61.55 respectively. In the year 2007/2008 a key performance indicator was introduced to monitor labour utilization, this led to improved efficiencies to 70.94 Kgs of tea per man day and 88.19 Kgs of tea per man day in the year 2008/2009. This was superior performance.

4.6.6 Market ranking

Kenya tea development agency ranks the 57 factories under its management according to average prices of tea sold at mombasa auction and other outlets. Kangaita has been a top factory and from the data obtained the effect of strategic management practices cannot conclusively be said to affect performance here.

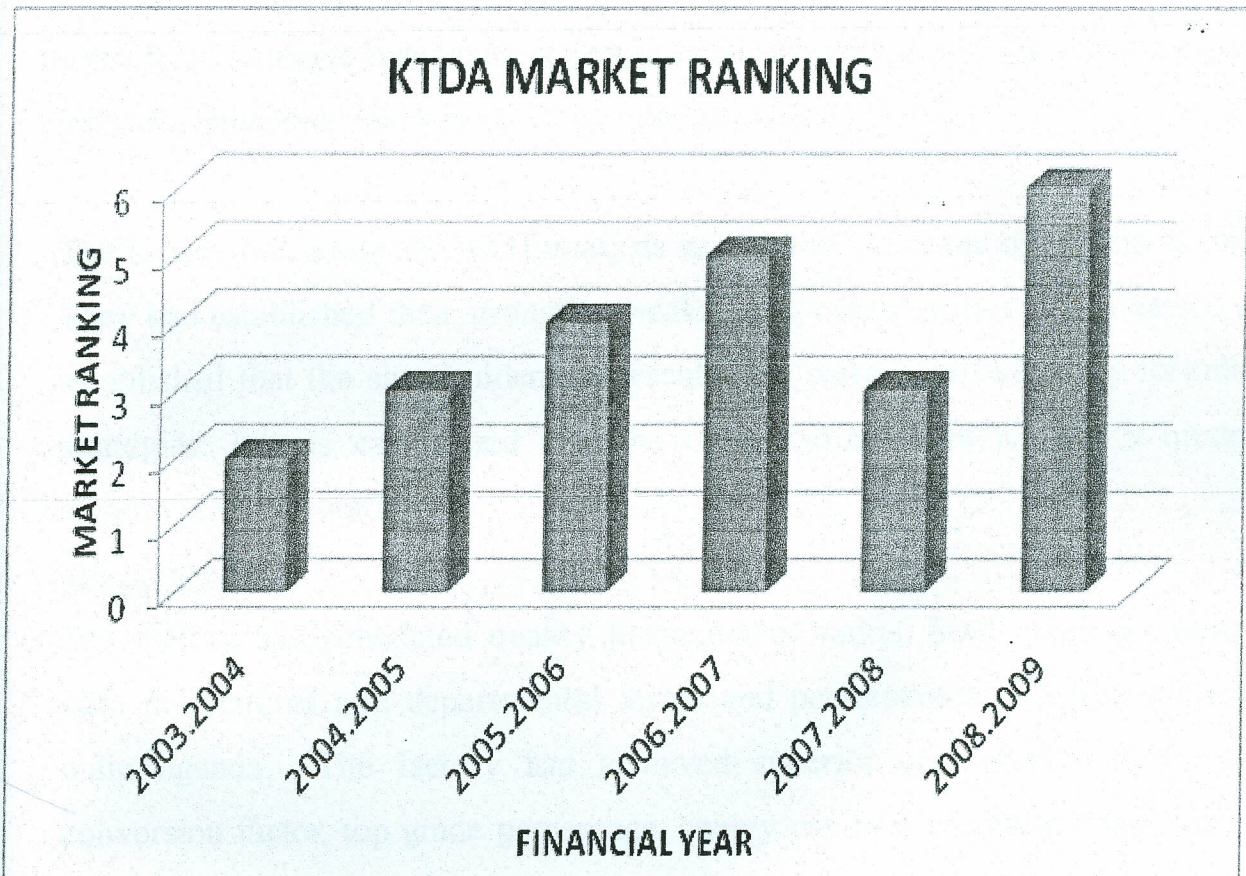


Fig 7 market ranking among KTDA's managed factories.

Kangaita tea factory performed well as compared to other KTDA factories in the year 2003/2004 at position 2 however the performance was not sustained. The many changes introduced in the year 2007/2008 had some impact on quality. Kangaita was ranked number 3 in the year 2007/2008 but dropped to position 6 in the year 2008/2009. This however was outweighed by the other gains made in the other performance indicators.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

The study objectives were to establish the effects of strategic management practices on performance of kangaita tea factory production department. The factory had considered strategic management practices as very important. They had a clear vision, mission, objectives and key performance indicators.

The factory had adopted SWOT analysis as a method of scanning the environment. They had established their strengths, weaknesses, opportunities and threats. The study established that the shareholders representatives were involved in the formulation of strategies. It was established that the organizational culture was a hindrance to strategy implementation.

The factory had scheduled quality management audits. Staff meetings were regular both at sectional and departmental levels and performance had formed part of the main agenda. The factory had achieved superior performance in the areas of conversion factor, top grade percentage, energy use both electricity and firewood and had succeeded in motivating staff.

5.2 Conclusion

This study established that kangaita tea factory had adopted and applied strategic management practices. The performance of the factory had greatly improved, the top grade of tea had rose from 97.35 to 98.64. Conversion factor of green leaf tea to manufactured tea had increased. Boiler fuel utilization had improved by ksh. 6 per kilogram manufactured tea. Electricity usage efficiency and labour utilization had improved.

Because of staff involvement the staff was open to new ideas. The performance of Kangaita tea factory was superior after implementation of strategic management practices than before the implementation.

5.3 Recommendations

Kangaita tea factory should continue the application of strategic management practices because of the benefits related to staff morale and the superior performance with regard to key performance indicators.

The factory should continue to involve staff in the formulation and implementation of strategies. This will help them internalize and own up the processes and results.

The factory should train the staff more and implement a more open system which will enhance sharing of ideas and information which in turn will improve employees' morale and performance.

Comparative studies of other KTDA managed factories would increase the reliability of the study. Future research may also try to address, more in-depth, how manufacturing organizations can implement more strategic, as opposed to operational performance management systems.

References

- Amurle, G. (2003) **The responses of family planning association of Kenya to changes in operating environment conditions**, unpublished MBA project, University of Nairobi.
- Andrews K. R. (1980) **The concept of corporate strategy**. Irwin: Homewood, Irwin, USA
- Ansoff H.(1965) **Corporate strategy** Mcgraw Hill, New York
- Ansoff H. and McDonnel (1990) **Implanting strategic management**, prentice hall 2nd edition
- Aosa E. (1992) **An empirical investigation of strategy formulation and implementation within large, private manufacturing firms in Kenya**. Unpublished PHD Thesis, University of Strathclyde UK
- Barelson, B, (1952) **Content analysis in communication research**. New York press
- Bititci U. S.; Carrie A. S. and McDevitt L., (1997), **Integrated performance measurement systems: a development guide**, International Journal of Operations & Production Management, Vol. 17, No. 5.
- Birnbaum,B. (2004) **Strategic thinking; a four piece puzzle**. Douglas Mountain publishing
- Bryson, J.M. (1995), **Strategic planning for public and non profit organizations: A guide to strengthening and sustaining organizational achievement**, Jossey Bass A Wiley Company.
- Bracker J (1980): **The historical Development of strategic management concept**. **Academy of management review**, 5(2), 219-24
- Bryman, A. & Bell, E. (2003). **Business Research Methods**. New York .Oxford
- Byars, L.L, and Rue,L.W (2005) **Management; skills and approaches** 11th edition McGraw hill
- Certo S. and Peter J.P. (1988), **Strategic management concepts and applications**, 1st Edition, random house business division, New York

Chandler A., (1962) **Strategy and structure: chapters in the history of American industrial enterprise.** Cambridge, Massachusetts, M.I.T Press.

Courtney H., Kirkland J. and Viguerie (1997) strategy under uncertainty, **Harvard business review**, issue Nov-Dec pp 67-79

Coulter M. (2005) **Strategic management in action**, Pearson education Inc.

Cooper R. D. and Emoly C. W. (1995). **Business research methods** 5th Edition, McGraw, Hill companies' pg 116-117

David F. R. (1993) **Concept of strategic management**, 4TH edition, Macmillan publishing co, New York

Dess, G.G., Lumpkin, G.T., and Taylor, M.L. (1995) **strategic management** 2nd edition, McGraw Hill Irwin New York.

Elliot, K. And Lawrence P. (1985). **Introducing management.** Penguin harmonds worth

Fox, J.M (1975) **Strategic planning** : A case study. Managerial planning ,23 may/june

Godwill T. Mukonje (2009) **Performance measurement in a manufacturing company (the case of alfa laval lund ab)** MSc in Business Administration Blekinge Institute Of Technology, School Of Management

Hamel, G. and Prahalad, C.R (1990) **'The core competence of corporation;** **Harvard Business Review**, vol. 68, no.3 May- June pp 79-83.

Harani, D. (1994). **Beyond the vision theory.** Management review issue November pg 29-31.

Hax, C.A. and Majluf, N.S. (1996). **The strategy concept and process** (2nd edition). Prentice hall: New Jersey USA

Henderson B.D, (1979) **Corporate strategy**, Abt. Books

Hussey D (1990) **Key issues in management training**, Kogan

Hutton A. Four rules (2001), **Havard Business Review**, Vol.79

Johnson G, and Scholes K. (1999) **Exploring Corporate Strategy**. 5th edition. Pearson.

Johnson G, and Scholes K. (2002) **Exploring corporate strategy**. Prentice hall: London

Johnson G and Scholes K. (2003) **Exploring corporate strategy**. Prentice hall: London

Johnson G, Scholes K. And Whittington R. (2005) **Exploring corporate strategy**. Prentice hall: London

Judson A.S.(1996) **Making strategy happen** Blackwell publishers inc

Kaplan, Robert S and Norton, David P (1992) **The Balanced Scorecard –Measures that drive performance**, Harvard Business Review, January-February

Kaplan, Robert S and Norton, David P (1996) **Using the Balanced Scorecard as a strategic management system**, Harvard Business Review, January-February

Koch,Richard(2000), **The financial times guide to strategy;how to create and deliver a useful strategy**. Second edition, Prentice hall london

Markus Ors (2009) **Scorecard use strategic alignment in Non-profit organizations – a case study of UNICEF supply division**. MBA Hogskolan I Gavle University

Maccoby E.E, New Comb T.M.,Hartley E.L,(1958) **Readings in social psychology**. Pp 197-211

McKiernan P. (1992) **Strategy for growth: maturity, recovery and internationalization**. Routledge: London

Merriam, S. B. (1994). **Research methods**. Student guide; Lund

Mintzberg , H. and Quinn J.B (1991) **The strategy process : concepts , contexts and cases**. Prentice hall: London

Mintzberg,H., Quinn, J.B. and Ghoshal,S (1998) **The strategy process** prentice hall:London A literature review and research agenda, International Journal of Operations & Production Management, Vol. 15.

Neely A. , Gregory M. and Platts K., (1995), **Performance measurement system design:**

Niven, P. R. (2002). **Balanced Scorecard - Maximizing Performance and Maintaining Results.** New Jersey. John Wiley & Sons

Olsen M. West, J. and Jse E. (1998). **Strategic management in the hospitality industry** 2nd edition john Wesley and sons, inc. New York

Pearce John, Robinson and Richard B. (1997), **Strategic management ; formulation, implementation and control.** McGraw hill, New York

Pearce J.A and Robinson R.B. (2003), **Strategic management ; formulation , implementation and control.** Eighth edition.Irwin/McGraw hill, New York

Porter M. E.(1985) **Competitive advantage,** free press

Teece, D.J(1984) **Economic Analysis and strategic management.** California management review, vol. 26 spring pg 87.

Thompson and Strickland A. J (1992) **Strategic management concept and cases,** 6th edition Richard D. Irwin, Inc. Boston.

Thompson and Strickland A. J (1995) **Strategic management concept and cases,** 9th edition Richard inc.

Thompson and Strickland A. J (2003) **Strategic management concept and cases,** 10th edition Richard Inc.

TEA board of Kenya (2007) **Fact sheet on Kenyan tea** (bulletin).

Kenya Tea Development Agency Ltd (2005), **A new beginning from a successful past** (bulletin)

Wheelen T.L. and Hunger, J.D. (1995) **Strategic management and business policy**
Addison, Wesley.

Wheelen T.L. and Hunger, J.D. (1998) **Strategic management and business policy**
Addison, Wesley.

Yin R.K. (1988), **Case Study Research Design and Methods**, Sage publication
Mumbai, revised edition

APPENDIX I

LETTER OF INTRODUCTION

KENYATTA UNIVERSITY
SCHOOL OF BUSINESS
FACULTY OF COMMERCE

THE FACTORY UNIT MANAGER
KANGAITA TEA FACTORY
P.O. BOX 88, KERUGOYA

DEAR SIR,

RE: REQUEST FOR PARTICIPATION IN MY RESEARCH WORK

I am a post graduate student pursuing Masters of Business Administration (MBA) degree program at Kenyatta University in strategic management. I am undertaking a research on **Effect of strategic management practices on performance of tea manufacturing factories in Kenya: A case of KTDA Kangaita tea factory.**

The purpose of this letter is request to be granted permission to use your strategic management practices to study its effect on the performance of your factory.

The research is purely for academic purposes and all information shall be kept strictly confidential.

It is my hope that the result of this study will be helpful in providing feedback to the management on the strategic management practices.

Thanks

Yours faithfully

ERASTUS NDUMIA

UNIVERSITY SUPERVISOR

DR. G. OFAFA

APPENDIX II

INTERVIEW GUIDE: TO MANAGERS

A: STRATEGY FORMULATION

1. How was the vision and mission statement developed?
2. How did you incorporate the vision and mission into various factory departments?
3. How were strategic objectives developed?
4. How is environmental analysis done?
5. Do you have strategies?
6. What is the process of generating strategies?
7. Which tools are used to develop strategies in the factory?
8. Which challenges do you face in strategy formulation?

B: STRATEGY IMPLEMENTATION

1. What is the process of implementing strategies at the factory?
2. Who are responsible for strategic implementation?
3. Which challenges have you encountered in implementation of strategies at the factory?
4. How have you dealt with challenges of strategy implementation?

C: STRATEGY EVALUATION AND CONTROL

1. How do you monitor progress of the factory's strategy implementation?
2. Which systems have been put in place to determine the success of strategic implementation?
3. How are challenges handled of strategic evaluation and control?
4. How has performance been affected by the strategic management practices since the introduction of performance measurement and key performance indicators.

APPENDIX III

SECONDARY DATA COLLECTION GUIDE –FOR THE RESEARCHER

How has the factory production department performed in the last six years in the strategic objectives?

1. Production cost

- Electricity- Units per kg made tea
- Firewood- units per kg made tea
- Labour – kgs made tea per man day

2. Top grade percentage

3. Conversion factor

4. Market performance in relation to KTDA factories

APPENDIX IV

RESEARCH QUESTIONNAIRE- FOR EMPLOYEES

1. Name (optional).....

2. Year of employment.....

3. What is your vision statement?.....

.....

4. What is your mission statement.....

.....

5. Do you have objectives for the production department? Yes / NO (tick where appropriate)

6. If yes in 5 above which are they?

(i)

(ii)

(iii)

(iv)

(v)

7. How were the key performance indicators developed?.....

.....

.....

8. Do the key performance indicators sufficiently address the issue of performance in production YES/NO.? (Tick where appropriate)

9. If NO in six above please give your suggestions.....

.....

.....

8. tick where appropriate in the following performance based questions

(i) The introduction of key performance indicators has lead to superior performance

in electricity utilization?

Strongly agree	Agree	No change	disagree	Strongly disagree

(ii) The introduction of key performance indicators has lead to superior performance in firewood utilization?

Strongly agree	Agree	No change	disagree	Strongly disagree

(iii) The introduction of key performance indicators has lead to superior performance in labour utilization?

Strongly agree	Agree	No change	disagree	Strongly disagree

(iv)The introduction of key performance indicators has lead to superior performance tea top grade percent?

Strongly agree	Agree	No change	Disagree	Strongly disagree

(v)The introduction of key performance indicators has lead to superior out-turn percent in the conversion of Greenleaf to manufactured tea?

Strongly agree	Agree	No change	Disagree	Strongly disagree

(vi)The introduction of key performance indicators has lead to superior performance in KTDA 's market ranking?

Strongly agree	Agree	No change	disagree	Strongly disagree