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CORPORATE LEVEL STRATEGY AND PERFORMANCE OF COFFEE INDUSTRY IN NAIROBI METROPOLITAN, KENYA

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ABSTRACT

Coffee was the main traded commodity after tea globally until the 1990s. It is the most consumed beverage after water and tea. Although it remains a valuable traded commodity in the global market its competitiveness has made coffee exports from various countries shrink. The general objective of this project was to evaluate effects of corporate level strategy on performance of coffee industry in Nairobi Metropolitan Area, Kenya. Nairobi Metropolitan is composed of Nairobi, Kiambu, Machakos and Kajiado counties. Specific objectives included examining effects of divestment, product development, market development and strategic partnerships on the performance of coffee industry in Nairobi Metropolitan region. The research was guided by Product Life Cycle Theory, The Real Options Theory, Resource Dependence Theory and New Trade Theory. The research adopted descriptive research design. Stratified random sampling method was applied to select samples from coffee stakeholders. The target organizational population consisted of 157 coffee members drawn from 15 coffee millers, 84 coffee dealers, 11 commercial marketing agents, 14 private warehousemen, 4 management agents, 22 grower marketers and 7 commercial warehousemen. Respondent target population comprised of 2 top most managers which translated to 314. The number of elements in each stratum was obtained by proportional allocation. Two top most managers from each institution were selected hence the total sample size was 122 from Yamane (1967) formula. Questionnaires were used for data collection. Pilot study was conducted to identify potential deficiencies and problematic areas in research instruments before implementing the real study. Reliability analysis was conducted for all variables in the study by Cronbach's Alpha (α) value. Multiple regression model was used to test significance of influence of independent variables on the dependent variable. Statistical Package for Social Sciences (SPSS) version 28 was used in data analysis. Findings showed product development contributes significant effect on the performance of coffee industry (β=.463, p=005), strategic partnerships significantly affect performance of coffee industry (β=.665, p=002), divestment insignificantly affected performance in coffee industry (β=.360, p=165), with a weak insignificant effect of market development of the performance in coffee industry (β=.097, p=567). Recommendations are; the companies should allocate more resources for innovation, research and development, companies to continuously form alliances with relevant players in coffee industry to ensure that they expand to every region of target market, the company's management should ensure that all non-performing assets are disposed of and should implement the best market penetration strategies and take initiative in regard having competition from the rivals.

Key Words: corporate level strategies, product development, strategic partnerships, divestment and market development

INTRODUCTION

Organizations have adopted different types of strategies to assist them improve on their performance. The reason is due to the environment in which they operate in that has become uncertain and also interconnected. These requires threefold response from the top management; they need to think strategically, translate their insights into more effective strategies and lastly come up with rationales that are necessary to lay down foundation for adopting and implementing the strategies. The strategies that this research proposal will study will be product development, strategic partnerships, divestment and market development and how they affect performance. Effective and well implemented strategy can make a firm influence the market and also counter competitors to its advantage.

There has been changes in the last years as coffee production has increased or decreased by country (Workman, 2019). Brazil is the world's largest producing country for the past 150 years. Coffee production in Brazil is done by dry processing. Arabica makes up to 69 percent while Robusta 31 percent. Some of Brazilian coffee attributes are nutty, soft and low acidity hence its popularity. Vietnam is the second in coffee production, Robusta contributing 95 percent and Arabica 5 percent (USDA, 2021). Due to increased contributing factors such as cafe culture, increase in disposable income, and urbanization, the global coffee market has grown (Gaspar, 2016). Shift in working culture together with enhanced living standards is also expected to increase global market demand. Companies redesigning their strategies in form of services to enhance customer satisfaction and increase employee morale hence gaining loyalty are some of factors increasing the coffee market growth (Verst, 2017). Introduction of other tastes such as CCD, Starbucks and Barista has enriched customer experience therefore increasing market growth (ICO, 2018). Global market has been segmented based on distribution, product and end-use. On product, the global market is segmented on Arabica and Robusta. In terms of distribution, the global market has been segmented as specialist retailers, super and hyper market, independent retailers and convenience stores. End-use segmentation is categorized as roasted, soluble, ready-to- drink and specialty (Global Coffee Market, 2020).

Coffee is grown in almost 25 countries in Africa because it is among the main valuable commodities (ICO, 2018). Ethiopia leads in production of coffee followed by Uganda. Despite the economic importance, the coffee sector in Africa is declining averagely by 0.1 percent annually. The production reduced from 1.25 million tons in the 1970 to 1.06 million tons in 2000s with Uganda and Ethiopia contributing 63 percent (Gilbert, 2019). While global export of coffee has seen an increase of 2.5 percent annually, coffee in Africa has seen a decline of 3.2 percent (ICO, 2020). Coffee yield levels have been stagnant hence increasing yield gap by 3.8 percent annually. Africa's in-stant coffee contributes 2 percent in the global production and its share in production of ground and roast coffee sits at 8 percent (Urwin et al., 2019).

Kenyan economy is anchored majorly in agriculture. Agricultural sector contribute 51 percent of Gross Domestic Product both direct and indirect (MOA, 2016). One of the Kenyan vision 2030 goals is to achieve growth rate of 7 percent per annum and the strategic plan for Agriculture and Food Authority was to increase local consumption by 5 percent (Wandeto, 2019). In Kenya, coffee was first planted at Bura in 1893, later under irrigation in 1900 at Kibwezi and Kikuyu. Controlled planting was allowed by the colonial government in Kisii and Meru in 1923. During 1900 to 1933, statutory control was not being implemented like crop husbandry, production, processing and grading. Marketing was done by individuals via rudimentary institutions. The colonial government, as requested by coffee farmers, established coffee Board in 1933 whose responsibility was to promote grading and selling (Sabari, 2020).

Statement of the Problem

Coffee is the fourth leading foreign exchange earner after tea, tourism and horticulture in Kenya. With Arabica being highly rated in the world due to its high quality, the sector has continued to play a key role in the Kenyan economy, employment and food security (International Coffee Organization, 2019). Kenyan coffee has for a while been considered as one of the best coffees in the world and it is exported to more than 46 countries. Grade AA is regarded as premium therefore contributing to increased exports volume (Gituma et al, 2017). Despite being lauded for its quality, coffee production has declined by 50 percent (FAO, 2018).

According to Kimenju(2019) high cost of production on coffee has resulted to low productivity and profitability. Total area which was harvested for coffee reduced by 35 percent from 170000 hectares in 2015 to 115570 hectares in 2018. This was majorly contributed by high competition from other sectors like horticulture, dairy and real estate where farmers uprooted coffee bushes (Federica 2020). The coffee sub-sector in Kenya has experienced a decline in production and quality over the last decade due to a myriad of factors that range from poor governance issues, subdivision of the land under the coffee production as well as conversion of the coffee farms into real estate's projects Similarly, the frequent changes in the management team of the coffee factories has resulted in loss of valuable skills and mismanagement (Alemu, 2016). Mismanagement of coffee cooperative societies like misappropriation of farmer's revenue, poor governance which results from ineffective regulations and policies, coffee trade biasness and use of outdated marketing approach (Muchunku, 2020). High levels of corruption in the sector, involvement of cartels and limited access to credit services has resulted to farmers uprooting coffee bushes and planting other crops such as avocado and macadamia. Multiple agents collecting commissions and fees at every stage of the coffee value chain results in depressed grower prices and declined performance (Kaula et al, 2019). Unpredictable coffee prices in the global market, complex marketing structure and limited access to marketing information has contributed to low performance in the coffee sector. Decreased performance in the coffee sector also has been contributed by a reduction in government support programs such as subsidized fertilizers, technical support, financing, regulation and extension services, Farm Inputs Loans Scheme withdrawal, high taxes and ineffective payment system (Lerner et al., 2021).

There exist various studies on corporate strategies and performance. Verena (2012) focused on strategic alliances and found that partnerships assist business to address relevant issues and represents managerial approach to solving challenges related to them therefore increasing their influence on sustainability development. Jiyoung et al., (2016) on effects of partnerships in revealed partnership between Beautiful Coffee and KOICA resulted to increased quality and productivity of coffee beans. Wanjiru, Muathe, and Njuguna (2019) study on effect of corporate strategies on performance of manufacturing firms in Nairobi City County, Kenya found that corporate strategies have a positive and significant impact on a firm's performance. Muteshi and Kariuki (2020) study on effect of corporate strategy on firm performance found that corporate strategies affected firm performance. However, none of these studies were conducted in the coffee sector in Nairobi metropolitan. This study therefore sought to evaluate the effects of corporate level strategies on performance of coffee sector in Nairobi Metropolitan, Kenya.

Objectives of the Study

i. To determine the effect of product development on performance of coffee sector in Nairobi Metropolitan, Kenya

ii. To assess the effect of strategic partnerships on performance of coffee sector in Nairobi Metropolitan, Kenya
iii. To evaluate the effect of divestment on performance of coffee sector in Nairobi Metropolitan, Kenya
iv. To establish the effect of market development on performance of coffee sector in Nairobi Metropolitan, Kenya

LITERATURE REVIEW

Theoretical Review

Product life cycle (PLC) theory was developed by Raymond Vernon in 1966 to explain the international trade pattern. This theory is applicable to all non-durable and durable consumer products. This theory can be applicable when formulating strategies that touch on product development, forecasting, advertising, pricing and marketing. The theory suggests that products in the market have limited time. During this time, they undergo phases of introduction, growth, maturity and decline (Funk, 2004).

Real Options Theory was developed by Myers in 1977 and is been widely used to explain investment and divestment decisions a firm can implement. He envisioned the term 'real options' to bring financial options to the field of strategic decision making. ROT begins by comparing financial options to real options. The term option, is a right but not an obligation to implement future actions at a specified cost only when it benefits the decision maker. According to ROT, organizations can divest a strategic business unit based on various factors like poor management and decline in market positioning. The theory appreciates partnerships based on organization competitive advantage and heterogeneity. The theory suggest that options are established on traded contracts that specify terms, from tangible or intangible to real assets hence there are different types of real options a firm can implement. These options may include divestment and strategic partnerships when the firm is facing uncertainty in market demand exogenous. Another option is to grow where a firm take an equity stake in a different organization, switch outputs, inputs or suppliers and last option is to sell, close out or spin-off because of deteriorating conditions. The theory further explains that strategic decisions an organization make can affect the value of the firm, therefore these interactions have to be accounted for when implementing them. This theory is relevant as it supports the objective of divestment.

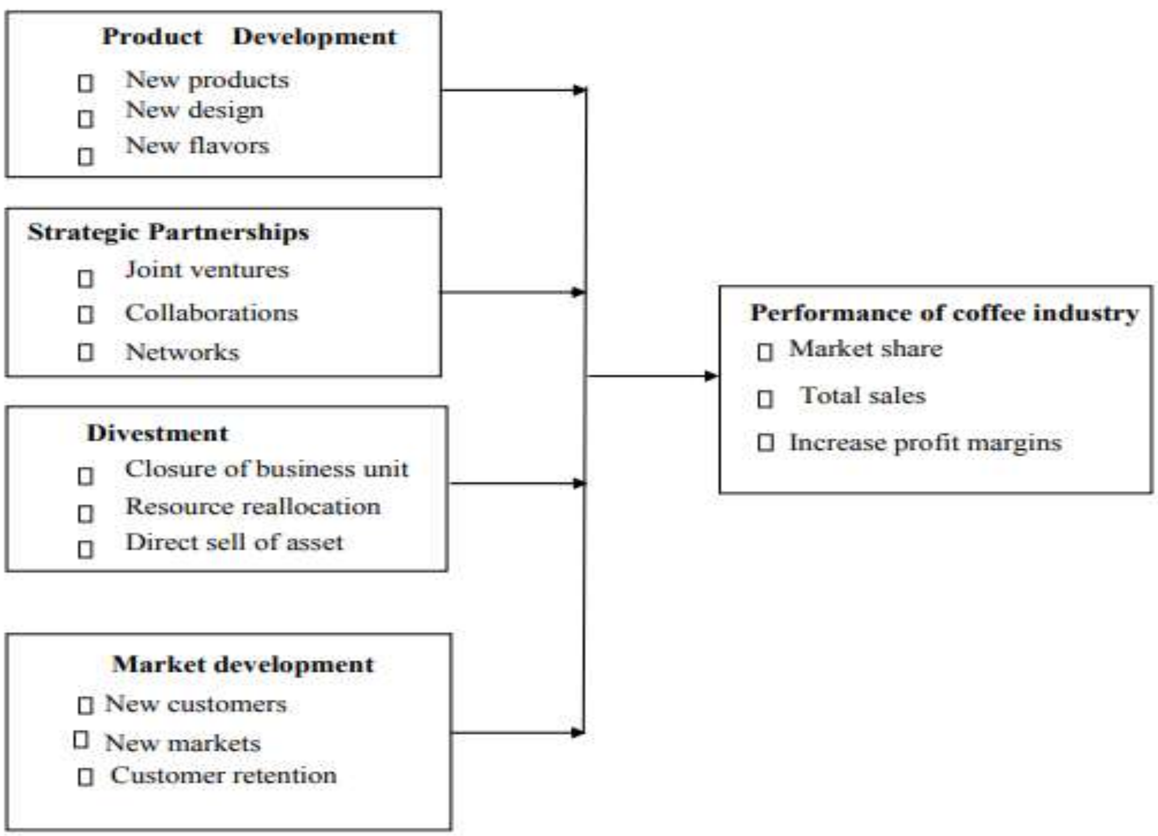
New Trade Theory was developed by Paul Krugman in 1988. According to the theory, countries engage in trade with each other when they produce similar products. The theory explains costs of economies, specialization and globalization in developing nations. The theory states that early entrants in a certain market have enough time to implement economies of scale by creating barriers for new entrants. This explains the difficulties developing nations face when positioning themselves in the existing global market. This is due to the fact that developed countries are well established and dominate the global markets.

Salancik and Pfeffer's developed and published Resource Dependence Theory (RTD) in 1978. Since the theory was published, it has been the most important theory in strategic management. Corporation has been characterized by RDT as open system which depends on contingencies from external environment. Salancik and Pfeffer provide theory's inter-organizational and perspective relations as one; the important units that helps to understand intercorporate relations; second, the corporations are constrained by networks of interdependencies; third , interdependence together with uncertainty results to continued success and survival, therefore;

fourth, corporations opt to govern external interdependencies hence; fifth. Produce intra-organizational or inter-organization power which has an impact on organizational performance.

Resource dependence Theory is among the dominant theories that explain the reasons organizations take part in strategic partnerships, (Shanley et al, 2008). The theory offer external perspective of the reasons as to why organizations acquire or merge with other organizations. Salancik and Pfeffer give three main reasons that make organizations to participate in partnerships. First is to minimize competition, second is to govern the inter-dependence and lastly involves diversifying operations hence reducing dependence to the current organization. RDT is also dominant theoretical perspective to comprehend joint ventures, strategic alliances, networks, consortia, joint marketing agreements, seller-buyer relationships, collaborations, and Research and Development. RDT explains how relationships of inter-organization forms to assist organizations in acquiring resources to minimize uncertainty, international and domestic environment complexity, to gain resources and to have increased favorably reaction to stock markets. This theory therefore supports the objective of strategic partnerships. This partnerships will enable the sector to access resources by use of other means, obtain economy of scale, and eliminate their own deficiencies which can lead to improved performance.

Conceptual Framework



Independent Variables **Dependent Variable**

RESEARCH METHODOLOGY

Research design is the systematic approach which a research applies when conducting scientific study. This allows the researcher to integrate various study components in a logical and coherent way in order to address effectively the research problem (De Vaus, 2006). Research design provides appropriate framework because it determines how the relevant information will be obtained for the study (Kassu, 2019). According to K. Ranjit (2011) the selection of research design is governed by the research objectives and research questions, amount of resources and time available and the extent of the existing knowledge. The study adopted descriptive research design. Descriptive research design address the existing phenomena accurately and systematically (Haryanto, 2018). This led to collection of quantitative and qualitative data for testing independent variables; divestment, market development, product development and strategic partnerships.

RESEARCH FINDINGS AND DISCUSSIONS

The study participants were managers of coffee millers, coffee dealers, commercial marketing agents, private warehousemen, management agents, grower marketers and commercial warehousemen. The sample size was 122 and 85 questionnaires were answered hence a response rate of 70%. Mugenda and Mugenda (2019) indicated that a response rate of above 70% is adequate for analysis. Rowley (2014) noted that a high response rate results to highly credible findings.

Descriptive Analysis of the Variables of the Study

Product Development

The first objective of the study sought to determine the effect of product development on performance of coffee sector in Nairobi Metropolitan, Kenya, Respondents were asked whether their company in any product development. Findings are presented in Table 1

Findings show that majority of the companies engage in product development. Respondents added that the main reason for new product development was to provide new value to the customers and increase the market share. Product development was also due to the every changing customer tastes and preferences which if not met, they divert their loyalty to companies that offer quality which meets their preferences. This implies that companies in the coffee sector are making efforts to develop their products to meet customers' needs which may lead to increased sales and eventually improved performance. Findings concurs with Petrov (2020) companies that embrace the new idea of product development are more likely to realize improved performance.

Respondents were further asked to tick on the extent to which they agreed or disagreed with the statements in relation to effects of product development on performance of coffee sector. Findings are presented in Table 1

Findings show that majority of the respondents agreed that their company has achieved attractive and convenient packaging (m=4.20), offer new products that are alike to current products (m=4.13), and has increased the number of products that they market (m=4.00). However, only few of the companies in the coffee sector conduct consumer research each time it adds new products (m=2.05). This implies that majority of the companies do not invest in market research and they may therefore produce new products that do not necessarily meet the customers' needs. The fact that the new products are almost similar to the existing ones shows that the companies' innovativeness is questionable. The companies have nonetheless made efforts to make their products packaging attractive and increasing the number of products offered. Findings concurs with Savara (2014) that consumers want innovative products but companies are facing a challenge of inability to meet consumer expectations leading to organizational failure.

Table 1: Product Development and Performance of Coffee Sector

Statements	SD		D		N		A		SA		M
	F	%	F	%	F	%	F	%	F	%	
Our company has achieved attractive and convenient packaging	2	2.4	8	9.4	6	7.1	24	28.2	45	52.9	4.20
Our company has increased the number of products that we market	9	10.6	5	5.9	3	3.5	28	32.9	40	47.1	4.00
The company conducts consumer research each time it adds new products	21	24.7	50	58.8	6	7.1	5	5.9	3	3.5	2.05
We offer new products that are alike to current products	5	5.9	8	9.4	4	4.7	22	25.9	46	54.1	4.13

Strategic Partnerships

The second objective sought to assess the effect of strategic partnerships on performance of coffee sector in Nairobi Metropolitan, Kenya. Respondents were asked whether their companies value and seek strategic partnerships. Findings are presented in Table 2.

According to findings in Table 4.5, majority of the companies value and seek strategic partnerships. These strategic partnerships include joint ventures, collaborations, and networking as shown in Table 4.6. The common strategic partnership was networking followed by collaborations, and the least was joint ventures. This implies that the coffee sector in Kenya strategically partner with other like-minded corporations to improve the effectiveness of the operations and their performance particularly in the global affair since coffee produced in Kenya is mainly for export. Findings concur with Wondume et al. (2019) that African countries make joint effort with other countries that export coffee demanding safer conditions in distribution of coffee.

Findings show that majority of the respondents strongly agreed that their companies have licensees of their products in their major markets (m=4.44) and their r company has increased performance by partnering with retail and wholesalers (m=4.22). Respondents further agreed that their company has networked with other industries (m=4.07) and their company has partnered with private sector to enhance performance (m=3.85). This implies that companies in the coffee sector have embraced strategic partnerships to enhance performance. Through networking, the companies may have the ability to know potential markets for Kenyan coffee and exploit them to increase their sales globally. Partnering with retails and wholesalers improves the performance of the supply chain ensuring that the products reach the customers as and when needed. Necessary licences enables the companies to access various markets internationally since they are part of requirements for export clearance. Findings concur with Verena (2012) that partnerships empower small scale farmers by consolidation of distribution channel which becomes more efficient.

Table 2: Forms of Strategic Partnerships

Statements	SD		D		N		A		SA		M
	F	%	F	%	F	%	F	%	F	%	
Our company has partnered with private sector to enhance performance	3	3.5	8	9.4	11	12.9	40	47.1	23	27.1	3.85
Our company has networked with other industries	4	4.7	7	8.2	11	12.9	20	23.5	43	50.6	4.07
Our company has increased performance by partnering with retail and wholesalers	2	2.4	5	5.9	4	4.7	18	21.2	56	65.9	4.42
We have licensees of our products in our major markets	5	5.9	2	2.4	4	4.7	14	16.5	60	70.6	4.44

Divestment

The third objective sought to evaluate the effect of divestment on performance of coffee sector in Nairobi Metropolitan, Kenya. The managers in the coffee sector were asked whether their companies have divested. Findings are presented in Table 3.

Findings show that the managers strongly agreed that top managements supports divestment (m=4.38). The managers further agreed that; the companies have identified and closed under-performing business units and assets (m=4.15), there is improved cash flow through sell of non-performing assets (m=4.02), and there has been improved revenue generation after re-allocation of some business units (m=3.95). This implies that the companies' managers evaluate the significance of the business assets and departments and either scarp the redundant departments or dispose of assets to increase cash flow. Findings concur with Kariuki et al. (2019) that divesting eliminates the negative influence of these government policies to enhance performance.

. **Table 3 Divestment and Performance of Coffee Sector**

Statements	SD		D		N		A		SA		M
	F	%	F	%	F	%	F	%	F	%	
Top managements supports divestment	2	2.4	5	5.9	4	4.7	22	25.9	52	61.2	4.38
There is improved cash flow through sell of non-performing assets	2	2.4	4	4.7	7	8.2	49	57.6	23	27.1	4.02
There has been improved revenue generation after re-allocation of some business units	3	3.5	3	3.5	11	12.9	46	54.1	22	25.9	3.95
Our company has identified and closed under-performing business units and assets	4	4.7	6	7.1	9	10.6	20	23.5	46	54.1	4.15

Market Development

The fourth objective was to establish the effect of market development on performance of coffee sector in Nairobi Metropolitan, Kenya. Managers were asked whether their company carried out market development. Responses are presented in Table 4

Findings show that the companies in the coffee sector practice market development. The most valued market development as shown in Table 4 were new customers, new markets, and customer retention. However, majority of the companies mainly concentrated on new customers and markets and low emphasis on customer retention. Respondents added that market development helps to reach out to new customers in a planned and structured manner. It also helps companies to develop prevailing market instead of looking for new markets which may at times involve taking risks. This implies that the companies emphasize more on looking for new customers and markets but they tend to overlook customer retention which may results to only a few loyal customers who are more likely to shop from any seller offering quality products at fair prices. Findings concur with Asayaheng et al, (2019) that effective marketing strategies, new varieties and better access to information improves performance.

Respondents were asked to tick on the extent to which they agreed or disagreed with statements in relation to effects of market development on performance of coffee sector. Findings are presented in Table 4.13

Findings show that majority of the respondents agreed that; their company enjoys reduced customer complaints (m=3.96), they have ventured into new markets (m=3.95), and they have increased customer loyalty (m=3.61). The companies have not put measures in place to identify new users of their products since majority of respondents disagreed with this statement (m=2.34). This shows that the companies' efforts to look for new markets enable them to venture into the new markets. The reduced customers' complaints could mean that they are satisfied with the quality, price, and punctuality in product delivery resulting to customer loyalty. However, majority of the companies are not conducting market research to know the new users of their products. Market research may help to know the other beverages that the new customers were using which are identified as potential competitors and establish measures to retain the new customers to attain a larger market previously dominated by the other beverages. Findings are in agreement with Bryan and Varangis (2005) that differentiated coffee can play a major role when competing with other beverages such as tea and soft drinks.

Table 4 Market Development and Performance of Coffee Sector

Statements	**SD**		**D**		**N**		**A**		**SA**		**M**
	F	**%**	**F**	**%**	**F**	**%**	**F**	**%**	**F**	**%**	
We have ventured into new markets	7	8.2	11	12.9	3	3.5	22	25.9	42	49.4	3.95
Our company enjoys reduced customer complaints	7	8.2	9	10.6	4	4.7	25	29.4	40	47.1	3.96
Our company has put measures in place to identify new users of our products	19	22.4	41	48.2	12	14.1	3	3.5	10	11.8	2.34
We have increased customer loyalty	10	11.8	8	9.4	10	11.8	34	40.0	23	27.1	3.61

Performance of Coffee Sector

In order to establish the performance of the coffee sector, respondents were asked to tick on the extent to which they agree or disagree with statements in relation to performance. Findings are presented in Table 5.

Findings shows that the county governments perform poorly as evidenced inefficient service delivery (M=2.43), delay in completion of public projects (M=2.14), and delay in suppliers'/contractors' pay (M=1.95). The finding concurs with Mwangi, Kiarie and Kiai, (2018) who found that County governments' facilities area characterized with poor services and constant harassments of county officers.

Performance of Coffee Sector

Statements	SD		D		N		A		SA		M
	F	%	F	%	F	%	F	%	F	%	
Our total sales increases consistently	18	21.1	46	54.1	4	4.7	10	11.8	7	8.2	2.32
Our company continuously expand market share	2	8.2	7	8.2	8	9.4	25	29.4	43	50.6	4.18
We consistently make profit annually	38	44.7	24	28.2	6	7.1	12	14.1	5	5.9	2.08

Correlation Analysis

Regression and correlation were used to test the relationship between the study variables.. Regression analysis was conducted to understand how a unit change in the independent variable (Product development, Strategic partnership, Divestment, Market development) may cause a change in the dependent variable (performance of the coffee sector). The coefficient of determination was conducted to assess how well the statistical model was expected to forecast future results. Table 6 presents the Model Summary.

Findings in Table 6 show an R-square value of 0.658 meaning that 65.8% of changes in performance of the coffee sector may be explained by the four independent variables. This means that other corporate strategies that this study did not focus on contribute to 34.2% of coffee sector performance.

Correlation Coefficients

Variables		Performance	Product development	Strategic partnership	Divestment	Market development
Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
Product development	Pearson Correlation	$.867^{**}$	1			
	Sig. (2-tailed)	.005				
Strategic partnership	Pearson Correlation	$.850^{**}$	.521	1		
	Sig. (2-tailed)	.005	.185			
Divestment	Pearson Correlation	$.742^{*}$	$.968^{**}$	$.928^{**}$	1	
	Sig. (2-tailed)	.035	.000	.000		
Market development	Pearson Correlation	.055	.155	.023	.174	1
	Sig. (2-tailed)	.615	.156	.832	.110	

Regression Analysis

Table 4 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	$.811^{a}$	.658	.640	0.706

Table 5 Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	76.553	4	19.138	38.400	$.000^{b}$
	Residual	39.871	80	.498		
	Total	116.424	84			

Table 6 Regression of Beta Coefficient and Significance

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant/Y Intercept	5.964	.407		14.638	.000
Product development	.463	.202	.515	2.290	.005
Strategic partnership	.665	.210	.561	3.161	.002
Divestment	.360	.257	.355	1.402	.165
Market development	.097	.109	.107	.575	.567

Findings in Table 5 show an R-square value of 0.658 meaning that 65.8% of changes in performance of the coffee sector may be explained by the four independent variables. This means that other corporate strategies that this study did not focus on contribute to 34.2% of coffee sector performance.

The results in Table 5 show an F statistic value of 38.400 which is significant at 5% level of significance (Sig = 0.000). This implies that the model was suitable in explaining the linear relationship between the study variables and corporate strategies contribute significantly to changes in performance of coffee sector.Multiple regression aims at proving better understanding of how a unit change of one independent variable would cause a unit change on the dependent variable. Table 6 presents the regression coefficients.

Findings shows that product development has a beta coefficient of 0.3463 and a p-value of 0.005 which implies that it positively and significantly affects performance of coffee sector. A unit increase in product development would contribute to a unit increase in performance by 0.463 units. Therefore, development of various products would help to meet different customers' tastes and preferences and unique products to remain competitive. Regarding strategic partnership, findings show that it positively and significantly affect performance. A unit increase in strategic partnership would contribute to a unit increase in performance by 0.665 units. This means that partnership with other coffee members would help in increasing performance through networking and sharing costs particularly in international commerce. Findings further show that a unit increase in divestment would cause a change in performance by 0.360 units and a unit increase in market development would cause a change in performance by 0.097 units. However, divestment and market development causes an insignificant change on performance of the coffee sector since the p value is greater than 0.005.

Standardized coefficients measures how much the outcome variable increases (in standard deviations) when the predictor variable is increased by one standard deviation assuming other variables in the model are held constant. The highest contributing corporate strategy predictor is strategic partnership (.561), followed by product development (.515), divestment (.355), and market development (.095) to explain performance of the coffee sector. This means that strategic partnership relates to coffee sector performance to a great extent followed by product development, divestment and lastly market development which affects performance with little extent.

Correlation shows the strength of significance between the independent and dependent variable while regression predicts how a change in independent variable would cause a change on the dependent variable. Table 6 shows the Pearson correlation results.

According to the findings in Table 6, there was a strong significant relationship between product development and performance of coffee sector (r = 867, p-value=0.005), a strong significant relationship between strategic partnership and performance of coffee sector (r = 0.850, p-value=0.005), a strong significant relationship between divestment and performance of coffee sector (r = 0.742, p-value=0.035), and a very weak significant relationship between market development and performance of coffee sector (r = 0.055, p-value=0.615). This means that strategic partnership has the greatest effect on performance of coffee sector while market development has the least effect.

Conclusion

The researcher concludes that the companies in the coffee sector need to continuously develop new products and innovate to meet the market needs and stay relevant in the currently highly competitive environment. This calls for allocation of adequate financial and human resources across all departments. The resources would enable the companies to carry out consumer research to identify customers and develop unique products that meet customers' needs. Strategic partnership is the greatest predictors of performance in the coffee sector which may be due to the reason that coffee is mainly for export hence partnership with global players may help to reach out to many customers due to their experience in the global market.

Divestment decisions are a preserve of the companies' executive hence their support is essential in company divestment. Under-performing business units are mere consumers of the firm resources and their closure would mean that those resources are diverted to other operational departments that may help to improve efficiency and performance. Developing the market and building strong relationships with customers is an important aspect of marketing management in the modern business environment. The ability to build relationships with customers provides continuous knowledge about customers.

Recommendations

The companies should allocate more resources for innovation, research and development. This will ensure that they only develop products that meet the customers' needs. If these products are unique, they may gain competitive advantage. Innovations would also help to save on operations costs in keep at par with the constant changes in customers' tastes and preferences. Coffee millers should be commercialized to enhance performance in the coffee sector and there should be value addition to the coffee enabling export of finished product hence maximizing on profits. Policy reforms should be in harmony with the legal framework. This will help in clarifying roles and responsibilities hence eliminating delaying or derailing of reforms and recommendations made by CRI. Restructuring of the coffee institutions will help eliminate corruption, cartels and reduce the long distribution channels.

The companies should continuously partner with other players in the sector to ensure that they expanding to every region of target market The management should also collaborate with government and other policy makers so that they can promote international markets through drafting the agreements with other players internationally. Strategic alliances with coffee roasters such as Nespresso and Starbucks will provide training support on agricultural practices. Collaborations with Java House Kenya and soft drink companies will increase local consumption. Public- private partnership will enhance credit access to smallholder farmers.

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