



STRATEGY FORMULATION AND PERFORMANCE OF TEA PROCESSING FIRMS IN KIAMBU COUNTY, KENYA

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ABSTRACT

The main objective of the study was to investigate strategy formulation on performance of tea processing firms in Kiambu County, Kenya. The specific objectives of the study were: to establish the role of mission and leadership on organization performance tea processing firms in Kiambu County, Kenya. The study adopted a descriptive research design. The target population of the study consisted of 281 respondents in the tea processing firms in Kiambu County, Kenya. Yamane's formula was used to determine 165 respondents in tea processing firms in Kiambu County, Kenya. Structured questionnaires which comprise of closed ended questions was used to collect primary data due to their effectiveness of capturing respondent information in a structured manner. Data collected was analysed using analytical tools which are: descriptive statistics, correlation and regression methods. Before regression analysis, diagnostic tests such as Kaiser-Meyer-Olkin, Bartlett's and multicollinearity tests was conducted. The research results were tabulated for easier interpretation. The study established that there was significant positive correlation between the strategy formulation and performance of tea processing firms in Kiambu County, Kenya. The study also found positive relationship between the independent variables (mission and leadership) strategy formulation have a correlation with performance of tea processing firms in Kiambu County, Kenya. The study found strong positive correlation between strategy formulation (mission and leadership) with performance of tea processing firms in Kiambu County, Kenya. The coefficient of determination ($R^2 = 0.784$) indicated that strategic formulation accounted for 78.4% of the performance of tea processing firms in Kiambu County, Kenya. From the findings the study concludes that strategy formulation (environmental scanning, mission, firm resources and leadership) have significant positive correlation with performance of tea processing firms in Kiambu County, Kenya. The study recommends that there is need for the employees in the industry to be educated on the importance of these factors in enabling competitiveness. Due to the uncertainty regarding factors necessary for firm resources it is necessary for the industry to ensure that the teams are well informed about use of the balanced score card and dash board in the business. All firms also need to establish an effective system for measuring performance.

Key Words: Strategy formulation, Mission, Leadership, Organization performance, Tea processing firms

Background to the Study

In developing countries, businesses are forced to examine and improve their strategies and management systems due to the increasing competition, changing external demand and changing roles of business. The modern business environment in which business organizations operate is dynamic and success depends greatly on meeting the changing needs of all stakeholders (Striteska & Spickova, 2017). Due to these factors, a business organization must have in place an organizational performance measurement method to identify its current performance level and implement strategies and management systems that will make it improve the performance.

Strategy formulation is the process of choosing a direction of action for either an individual or an organization. It involves the development of long-term plans for the effective management of environmental opportunities and threats while taking into account the company's strengths and weaknesses and incorporating outlining the corporate mission, specifying feasible objectives, developing strategies and setting policy guideline. The process includes the planning and decision making that results in the setting up of the organization's goals and the creation of a particular strategic plan (Bordean et al., 2018).

In strategy formulation, strategic leadership involves managing an organization's strategy making process in the most effective manner in order to create competitive advantage. Strategy-making process involves the selection and the subsequent implementation of a set of strategies that strive for achieving a competitive advantage (Hill, Jones & Schilling, 2014). Andrews et al. (2019), however, examined the independent impacts of strategy formulation variables such as rational planning, logical instrumentalism and strategy process absence and strategy content on organizational performance. The findings revealed that variables of strategy formulation including logical incrementalism and strategy absence had negative influence on performance while variables including prospecting and defending were established to likely bring about greater amounts of organizational performance.

Statement of the Problem

In complex and dynamic business setting, organizations which aims at providing superior innovative process, product and marketing must embrace logical method of strategy formulation. Strategy formulation is a pillar to competitive organization in this competitive world. Organization formulating her strategy must make correct assessment of both internal and external environment must be agile and fragile to the environment. David (2019) posited that strategy formulation decision obligate firm to particular resources, products, technologies and market over a period of time. Strategy formulation process allows an organization to marry internal resources with opportunities and risks in its external environment.

Kenya has recently been facing a lot of challenges in her Tea industry, which is evidenced by the decline in the export of the product in the last few years (Tea Board of Kenya, 2019). Over the years the crop was valuable and acted as the main export product earning foreign exchange to the county for a better economic stability. However, the tea industry exports have been deteriorating over the years which have signaled a collapse of the industry if not addressed early. Some forces of change that have been linked as a threat in the tea industry in Kenya include intensive competition, globalization and technological advancement (Kakuna, 2018). Some farmers have opted to change from tea farming due to the low returns from the product. This has forced tea factories to undergo reorganization and come up with better ways of surviving in the market. Efforts of reviving performance have been experienced in the adoption of strategic management practice by the stakeholders (KTDA, 2020). Tremendous improved performance can be attributed to strategic management practice it has adopted over time. Nevertheless, some of the farmers have

opted to turn up to other crops farming due to losses and poor financial rewards from the tea crop (Tea Board of Kenya, 2018).

Studies have shown association between strategy formulation and firm performance. Specifically; Woldie et al. (2020), indicated that effective strategy formulation mechanism improves performance. Katsvamutima et al. (2019), established that strategy formulation and implementation improve profitability, efficiency, thus form the basis of competitive advantage in dynamic environments in food manufacturing industry in Zimbabwe. Locally; Odongo et al. (2016) established direct association between strategy formulation phase and performance of Micro Finance Institutions in Nairobi County. Adan Santura et al. (2017), studied the association between strategy formulation and performance of public organization in Isiolo County government. This study will examine the performance of the tea processing firms, long-term survival prospects, and long-term financial sustainability. The aim of the research was to determine how strategy formulation affects performance of tea processing firms in Kiambu County, Kenya.

Research Objective

The general objective of the study was to investigate strategy formulation on performance of tea processing firms in Kiambu County, Kenya.

Specific Objectives

- i. To analyze the role of mission on organization performance of tea processing firms in Kiambu County, Kenya.
- ii. To analyze the role of leadership on organization performance of tea processing firms in Kiambu County, Kenya.

LITERATURE REVIEW

Theoretical Literature Review

Strategic Choice Theory

The concept of strategic choice is associated with the work of John Child (1972). Strategic choice refers to the process whereby power holders within organizations decide upon courses of strategic actions. The significance of strategic choice stems from the more voluntarist and social explanations it affords to understanding human resource management. The theory explain association between top managements' choices, organizational performance and the inclusive interface between environment and organizations. The origin of the theory can be traced back to opposition of the deterministic management theories (Chandler, 1962).

Chandler (1962) stated that “while firms may have a life of its own, its present health and future certainly lies on the individuals who guides its activities”. Campling & Michelson (1998) developed strategic choice theory to bridge the gap “other theories neglected the power of managerial agency”. Strategic choice theory is associated with integrative understanding, hence emphasizes the assessment of businesses as adaptive firms, which learn with time and actions of top management determines their strategic choices (Child 1997). The primary assumption of strategic choice theory is that deterministic views as contingency theories and resource dependency theories are inadequate as they ignore the importance of managers in organizational decision making (Schoonhoven, 1981).

Strategic Choice Theory refers to action theory in strategic management in which employees are organized in order to serve the choices powerful managers make, where structure and environment are enacted upon by the dominant coalition and manager roles can range from reactive to proactive

(Astley & Van de Ven, 1983). Strategic choice theory is concerned with the possibility of the dominant coalition to direct a company's choices and thus actions. This dominant coalition is assumed to have control over decision making, which enabled by the political structure of work roles and procedures (Child, 1972).

Nollet et al (2005) posits that organization strategic choices, that is, analyzer, defender or prospector affects manager's and firm's operations. Prospectors would strive to be proactive, innovative, transform their product portfolio and produce internally (Shook et al., 2009). Defenders would source items from reputable suppliers so as to guarantee efficient production and create unwavering product range (Shook et al., 2009). Analyzers would prefer to become favorite customer of their suppliers (Schiele et al., 2011). The strategic choice theory was adopted in studying how Mission impacts performance of tea processing firms in Kiambu county, Kenya

Upper Echelon Theory

Upper echelons theory as postulated by Hambrick and Mason (1984) argues in the context of how top management acts as a reflection of the firm through playing an important and instrumental role towards the overall firm performance. Hambrick & Mason (1984) urged that managerial characteristics can be used to forecast firm results grounded on the view that top management choices are determined by their cognitive base and their values. Upper echelon theory was founded on the premise that organizational outcomes are directly impacted by knowledge, experience and expertise of those individuals occupying prominent managerial roles in the organization (Hambrick & Mason, 1984).

Upper echelon theory is based on the premise that managers assess circumstances, threats, alternatives, opportunities and possibilities of a number of results through their own highly custom made lenses (Finkelstein et al., 2009). Personal characteristics of top managers determine the aspects of the environment that they can see and what they see inform the decisions they make regarding strategic choices which ultimately affects the bottom line of the organization. Carpenter et al. (2004) posited that physiognomies and strategic choices of upper echelons are determined by situational characteristics of the organization (external environment, firm characteristics) which then influences managerial characteristics and firm results. The theory states that organizations are reflections of their top executives, that is, senior executives of an organization are responsible for strategic formation and enactment. Theory recognized that individual top managers greatly influence organizational outputs as a result of the choices they make.

Upper echelons theory states that organizational outcomes both strategies and effectiveness are reflections of the values and cognitive bases of powerful actors in the organization (Carpenter, Geletkanycz, & Sanders, 2004). Upper echelon influences administrative complexity. According to Hambrick & Mason (1984), administrative complexity as a key component of strategic choices includes; formal planning systems, budgeting details, complexity of structures and complexity of incentive compensation scheme. High level of management challenges results in a strong relationship between managerial characteristics and firm performance.

When managers face low level challenges, their decision making becomes comprehensive and are influenced less by personal characteristics, thus, the association between upper echelon characteristics and organizational results should be weaker in such circumstances (Hambrick 2007). The theory links strategic partnership to leadership in building sustainable business models for agribusiness. Strategies employed in organizational life as a function of executive decision making are often a function of macro forces driving the pursuit of organizational goals, that is, executive who is newly hired from an outside firm may bring a different perspective to the

decision-making process than an individual promoted from within the organization to the position of manager. The study links upper echelon theory to the role leadership plays on performance of tea processing firms in Kiambu county, Kenya.

Conceptual Framework

Leadership

This is a process which involves dealings amongst leaders and followers with the leader trying to sway behavior of his/her followers to achieve organizations objectives (Lo, Ramayah, Min & Songan, 2010). According to Voon et al, Zimbabwe SMEs were in their early stages of strategy formulation and were not likely to use strategic planning tools. Mufudza et al., (2013) noted that organizations adopting strategies from other organizations does not factor in long run benefits but rather focuses on matters that solve current situations.

Dobni et al., (2001) found out that executives were not able to take strategy from boardrooms to the business environment playing field. This let-down has hampered all businesses, more so SMEs in Zimbabwe. In a study by Scholes & Whittington (2005) examining the association between strategy formulation and performance in 32 large organizations, the findings showed that more than two thirds reported a positive link.

Kovalainen and Alaperä (2013), pointed out that employee involvement is important factor of strategy formulation. Involving the actual implementers, that is, the employees of organization, the implementers succeed and accomplish highly better in their tasks when being involved in planning procedure (Dandira, 2011). Similarly, Woldie et al. (2012) argue that an effective strategy formulation mechanism could enhance performance.

Mission

The mission statement is a critical and an integral part of the organization as an entity and the operating plan, which has become a unique vehicle through which the organization in the business world, articulates its strategic intent to exist, survive, grow and how it relates with stakeholders around it and including the wider society. Drucker (1971) stated that a firm is not known by its name or statue but by its mission.

A mission statement is a developed document that defines the goals of a stable and unique organization. It defines the purpose of the organization, and act as a medium that guides people within the organization so that they can work independently as well as collectively to achieve the desired level of the organizational performance (Kotler, Armstrong, Saunders, & Wong, 2008). Mission is important for every day operations of a firm (Mullane, 2002). Mission statement carries the purpose of a firm in line with the values and stakeholders' anticipations by answering the questions "what business are we in? and what is our business for?" (Johnson et al., 2008).

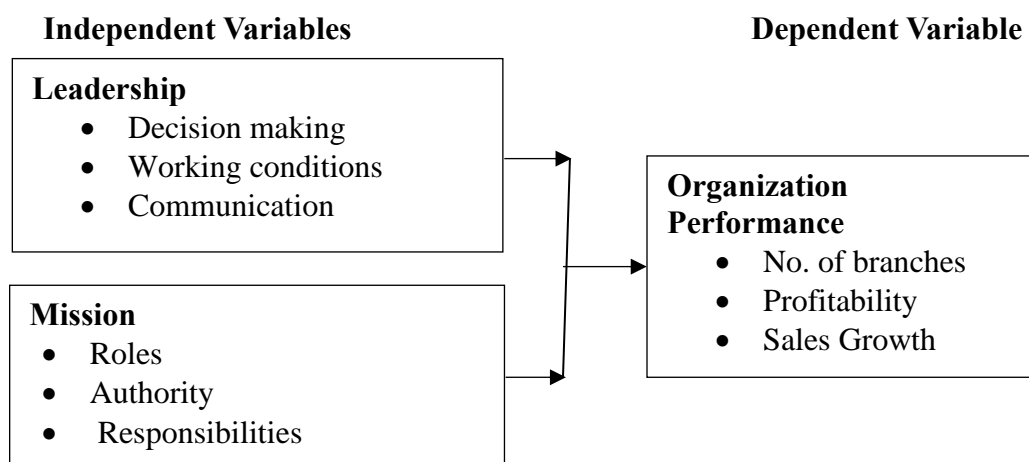
Organization Performance

Jenatabadi (2018) defines organizational performance as the way in which an institution fulfills its commitments towards achieving desired objectives and established targets. Performance is universally understood as a means of measuring success and remains a crucial component of company strategy. Despite its significance and widespread application, the precise meaning and dimensions of organizational performance are still a subject of debate. Past evaluations have revealed the existence of multiple perspectives on organizational performance, including profitability, market expansion, product value, client and employee satisfaction, environmental goal, and social commitment (Santos & Brito, 2018).

Institutions indicate performance applying various approaches that give an indication of outcomes either in financial or non-financial means. The financial means is made up of components like profits, investment returns, and the growth of sales: whereas the latter is made up of components like consumer indications, business perspective internally business perspective among others.

Creswell (2019) advance that a conceptual framework is a hypothesized design determining the item for analysis and the connection among the dependent variable and the independent variables. In a study, it captures the connection among the variables in a research and represents the connection structurally. The independent parameter (strategic management practices) has a direct influence on immediate dependent parameters (organization performance). This research will identify these parameters and their connection which are captured in the following conceptual framework as follows.

Figure 2.1: Conceptual Framework.



Empirical Review

Mission

Wadhwa and Parimoo (2016) explored the impact of mission on organizational performance in the Indian Context. Data is collected from 200 respondents and use of graphical representation for descriptive analysis, anova and regression for inferential analysis on the basis of responses collected through questionnaire. The results indicate that vision and mission significantly influence organizational performance. It is further seen that it's not just the formation of vision & mission statement but its content, communication, implementation and contribution all are equally important.

Penco, (2019), in their study the firms that embraced mission statements and had a firm philosophy performed much better than firms that do not have any mission. In the conclusion the study established that mission statement has a positive effect on employee motivation and the achievement of competitive advantage. Alison (2017), established a positive relationship between the values of mission statements in connection with the financial performance. The study concluded that mission statement has an important effect in increasing financial performance. However, a study conducted by Bartkus et al. (2016), found out that there is no positive relationship amongst most components of mission statements and firm performance. Nevertheless, the only factor among others that were found to have a positive relationship with firm performance were the firm's values and the philosophy component.

Jonyo, (2018) conducted a study to examine the effect of mission on organizational performance in private universities in Kenya. The specific research question is how do mission affect organization performance in private universities in Kenya? This was a correlational study which adopted a positivist philosophy. The study population comprised of all the 17 private universities in Kenya accredited by Commission of University Education. The unit of analysis was the board of directors, vice-chancellors, and heads of departments (finance, sports, human resource, research, quality assurance) and academic deans (business school) which was 136. A census technique was used in the study with frequency distributions, percentages and means for descriptive statistical analysis while correlations and regression analyses were used for inferential statistics. The study found that, mission and vision explained a significant proportion of variance in organizational performance, $R^2 = .633$.

Leadership

Kitonga, Bichanga and Muema (2016), carried out a research with an aim of investigating the relationship between strategic management and organizational performance in not-for-profit organizations. The paper was carried out by collecting primary data from the NPOs (also known as CEOs and Directors etc.) and other members of top management team (project managers) from the sampled not-for-profit organizations in Nairobi county, Kenya. Strategic leadership was subdivided into components namely strategic direction, human capital, ethical practices and organizational control. The paper tested for reliability of measurement constructs using Cronbach's alpha and tested for validity by calculating content validity index. The data was then analyzed using statistical techniques such as descriptive statistics analysis, multiple regression analysis and correlation analysis. The regression analysis results indicated that all the components of strategic leadership named correlate positively with organizational performance. The results further indicated that strategic decision and human capital correlate significantly with organizational performance while ethical practices and organizational control do not have a significant correlation with organizational performance. Their general conclusion is that strategic leadership has a positive significant relationship with organizational performance.

RESEARCH METHODOLOGY

The research design for this study was descriptive, which involves using questionnaires to collect data through a descriptive survey to understand the opinions, attitudes, preferences, and perceptions of research participants (Creswell, 2018). Brink, Van der Walt, and Van Rensburg (2017) define population as a group of individuals who are relevant to a particular research. The target population for this study was 281 respondents in tea manufacturing companies in Kiambu County. To conduct this study, a purposive sampling technique was used to select 165 sampled respondents in tea manufacturing companies in Kiambu County. The sample size was determined using the Yamane formula.

The study employed questionnaires as the primary data collection tool. A pilot study is carried out prior to the actual study to help establish how reliable and good a data collection will be. The pilot study was done on 10% of the sample size as recommended by Mugenda (2018). The pilot study checked for both validity and reliability of the instrument.

Data analysis involves breaking down raw data into manageable units, synthesizing the data, identifying patterns, and drawing conclusions, as stated by Matula (2018). The collected data has been sorted and organized for examination in preparation for the next phase of data entry. To facilitate efficient data entry, the surveys include unique codes for each item. The statistical package for social sciences (SPSS) version 23 was utilized to aid in data analysis. After data analysis, the results was presented using frequency tables and descriptive statistics. In addition, a

multiple regression analysis model was employed to examine the relationship between the independent and dependent variables

RESEARCH FINDINGS AND DISCUSSIONS

The study administered 165 questionnaires for data collection. A total of 148 were duly filled and returned representing a response rate of 89.69%. Mugenda and Mugenda (2018) suggested that a response rate of 30-50% is adequate in a study to give reliable results. Thus, the response rate of 89.69% was appropriate for the data analysis in this study.

Descriptive Statistics

The study used measure of central tendency to describe the responses and analyze them. A Likert scale was used where the responses were coded as follows: 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly Agree. The ranges for the mean will be as follows: Strongly Disagree (1-1.8), Disagree (1.9- 2.6), Neutral (2.7-3.4), Agree (3.5-4.2), and Strongly Agree (4.3-5). The results were presented in tables and analyzed and discussed.

Mission

The second specific objective was to analyze the role of mission on organization performance of tea processing firms in Kiambu County, Kenya. The study was also guided by the research question 'How does mission impacts organization performance of tea processing firms in Kiambu County, Kenya? From Table 1 the study found evidence mission influence performance of tea processing firms in Kiambu County, Kenya.

Table 1: Mission

Mission Indicators	Mean	Std Dev
My organization possess a formal mission to pursue its objectives	3.86	1.08
Our organization focuses on what really matters to the stakeholder	4.05	1.09
Authority and responsibilities for the entire top management are formally defined	3.27	.97
Organization set mission is geared towards better service delivery	3.70	1.11
My organization has clearly written roles, structure and responsibilities for its functions	3.13	1.24
All staff signs individual performance contracts in my organization in line with the mission	3.78	1.16
Average Mission	3.63	0.94

M = 3.63, Sd = 0.94).

From Table 1, the study found that our organization possesses a formal mission to pursue its objectives (M = 3.86, Sd = 1.08). Our organization focuses on what really matters to the stakeholder (M = 4.05, Sd = 1.09). All staff signs individual performance contracts in my organization in line with the mission (M = 3.78, Sd = 1.16). Organization set mission is geared towards better service delivery (M = 3.70, Sd = 1.11). Authority and responsibilities for the entire top management are formally defined (M = 3.27, 0.97).

A mission statement is a developed document that defines the goals of a stable and unique organization. It defines the purpose of the organization, and act as a medium that guides people within the organization so that they can work independently as well as collectively to achieve the desired level of the organizational performance (Kotler, Armstrong, Saunders, & Wong, 2008). Mission and vision are important for every day operations of a firm (Mullane, 2002). Mission statement carries the purpose of a firm in line with the values and stakeholders' anticipations by

answering the questions “what business are we in? and what is our business for?” (Johnson et al., 2008).

Leadership

The fourth specific objective of this study was to analyze the role of leadership on organization performance of tea processing firms in Kiambu County, Kenya. The objective also aimed at answering the research question ‘How does leadership influence organization performance of tea processing firms in Kiambu County, Kenya?’. From Table 4.17 below the study found that leadership influence organization performance (M= 3.83, Sd = 1.41).

Table 2: Leadership

Leadership	Mean	Std Dev
Top management makes decision in consultation with employees	3.29	1.02
Employees have freedom to make their own decision regarding their work	3.36	1.02
Leaders inspire employees and redirect their thinking to achieve organizational goals	2.76	1.25
Top management creates a good working environment for the employees	2.77	1.16
Communication is a two way both upward and down ward	3.46	1.11
Employees carry out instructions promptly	2.29	1.11
Average Leadership	3.83	1.41

The study found that communication is a two way both upward and downward (M = 3.46, Sd = 1.11). Employees have freedom to make their own decision regarding their work (M = 3.36, Sd = 1.02). Top management makes decisions in consultation with employees (M =3.29, Sd = 1.02), Leaders inspire employees and redirect their thinking to achieve organizational goals (M = 2.76, Sd = 1.25). Top management creates a good working environment for the employees (M = 2.77, Sd = 1.16).

Kitonga, Bichanga and Muema (2016), carried out a research with an aim of investigating the relationship between strategic management and organizational performance in not-for-profit organizations. The paper was carried out by collecting primary data from the NPOs (also known as CEOs and Directors etc.) and other members of top management team (project managers) from the sampled not-for-profit organizations in Nairobi county, Kenya. Strategic leadership was subdivided into components namely strategic direction, human capital, ethical practices and organizational control. The paper tested for reliability of measurement constructs using Cronbach’s alpha and tested for validity by calculating content validity index. The data was then analyzed using statistical techniques such as descriptive statistics analysis, multiple regression analysis and correlation analysis. The regression analysis results indicated that all the components of strategic leadership named correlate positively with organizational performance. The results further indicated that strategic decision and human capital correlate significantly with organizational performance while ethical practices and organizational control do not have a significant correlation with organizational performance. Their general conclusion is that strategic leadership has a positive significant relationship with organizational performance.

Status of performance of tea firms in Kenya

The main objective of the study was to investigate strategy formulation on performance of tea processing firms in Kiambu County, Kenya. The descriptive statistics aimed and describing performance of tea processing firms in Kiambu County, Kenya. The findings are tabulated in Table 3

Table 3: Performance of tea firms in Kiambu county, Kenya.

Performance of tea firms in Kiambu county, Kenya.	Mean	Std Dev
The number of employees has increased over the last five years	2.93	1.09
Our organization has experienced an increase in number of branches over the last 5 years	2.77	1.15
Our organization has experienced increased annual running expenditure over the last five years	3.46	1.11
Over the last five years your organization has been able to achieve its goals in relation to organizational performance	2.29	1.11
Our organization has improved over the last 5 years	2.93	1.09
Average Status of Performance of tea firms in Kiambu county, Kenya.	2.87	1.31

From Table 3 the study found that the number of employees has increased over the last five years ($M = 2.93$, $Sd = 1.09$). Our organization has improved over the last 5 years ($M = 2.93$, $Sd = 1.09$). Our organization has experienced increased annual running expenditure over the last five years ($M = 3.46$, $Sd = 1.11$). Our organization has experienced an increase in number of branches over the last 5 years ($M = 2.77$, $Sd = 1.15$). Further, Over the last five years your organization has been able to achieve its goals in relation to organizational performance ($M = 2.29$, $Sd = 1.11$).

Inferential Analysis

Correlation Analysis

Correlation is an analysis that measures the magnitude of linear association between two variables and the direction of the association. Pearson correlation is widely the correlation statistic adopted to measure the extent (degree) of the association between the linearly related variables. Normally, (r) is between positive one (+1) and negative one (-1). As the (r) value goes towards 0, the relationship between the two variables will be weaker. Pearson correlation (r) was used to show the relationship between strategy formulation and Performance of tea firms in Kiambu county, Kenya.

Table 4: Coefficient of Correlation

Variables		PERF	MV2	LV4
Performance of tea firms in Kenya	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	148		
Mission	Pearson Correlation	.548**	1	
	Sig. (2-tailed)	.000		
	N	148	148	
Leadership	Pearson Correlation	.832**	.534**	1
	Sig. (2-tailed)	.000	.000	

Correlation is significant at the 0.01 level (2-tailed).

Correlation is significant at the 0.05 level (2-tailed). *

There is a positive, significant, and average correlation ($r = 0.548$; $p < 0.000$) between mission and performance of tea processing firms in Kiambu, Kenya. This implies that the environmental scanning is positively correlated to the mission and performance of tea processing firms in Kiambu county, Kenya. In addition, the correlation between these two variables was significant, that is $p < 0.5$ implying a linear relationship between mission and performance of tea processing firms in Kiambu county, Kenya.

Finally, there a significant weak correlation ($r = 0.832$; $p < 0.001$) between leadership and performance of tea processing firms in Kiambu, Kenya. This implies that the leadership is positively correlated to the performance of tea processing firms in Kiambu, Kenya. In addition, the correlation between these two variables was significant, that is $p < 0.5$ implying a linear relationship between leadership and performance of tea processing firms in Kiambu, Kenya.

Analysis of Variance

The analysis of variance was used to examine whether the regression model was a good fit for the data. The F-critical (4, 189) the F-calculated was 129.947 as shown in Table 5. This shows that F-calculated was greater than the F-critical and hence linear relationship between the strategy formulation and Performance of tea processing firms in Kiambu, Kenya. In addition, the p-value was 0.000, which was less than the significance level (0.05). Therefore, the model can be considered to be a good fit for the data and hence it is appropriate in predicting the influence of the four independent variables (strategy formulation) on the dependent variable (Performance of tea processing firms in Kiambu, Kenya).

Table 5: Analysis of Variance

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	60.168	4	15.042	129.947	.000 ^b
Residual	16.553	143	.116		
Total	76.721	147			

Dependent Variable: Performance of tea processing firms in Kiambu, Kenya

b. Predictors: (Constant), Mission, & Leadership

Regression Analysis

Further, the study ran the procedure of obtaining the regression coefficients, and the results were as shown on the Table 6. The coefficients or beta weights for each variable allows the researcher to relative importance comparatively of the performance of tea processing firms in Kiambu, Kenya. In this study the unstandardized coefficients and standardized coefficients are given for the multiple regression equations. However, discussions are based on the unstandardized coefficients.

Table 6: Regression Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	B		
1	(Constant)	.129	.158		.812	.418
	Mission	.502	.074	.503	6.817	.000
	Leadership	.786	.051	.766	15.53	.000

Findings in Table 6 showed that mission had coefficients of estimate which was significant basing on $\beta_1 = 0.502$ ($p\text{-value} = 0.001 < 0.05$). Also, the mission is more than the effect attributed to the error and supported by the t values where t calculated = 4.060 at a 5 per cent level of significance, thus we conclude that mission significantly influence performance of tea processing firms in Kiambu, Kenya by 0.502 or 50.2%.

Finally, the findings indicate that leadership had coefficients of estimate which was significant basing on $\beta_2 = 0.786$. Also, the effect of leadership is more than the effect attributed to the error as supported by the t values where t-calculated = .395 > at a 5 per cent level of significance, thus we

conclude that leadership significantly influence performance of tea processing firms in Kiambu, Kenya by 0 .786 or 78.6%.

The model can be fitted as below:

$$\gamma = 0.129 + .502X_1 + .786X_4 \dots \dots \dots (i)$$

$$PREP = 0.129 + .502MV1 + .786LV2 \dots \dots \dots (ii)$$

Model Summary

In Table 7, the correlation coefficient (R) of 0.886 shows that there is a positive joint correlation between strategic innovations (mission, & leadership) with performance of tea firms in Kenya. From the study findings, the correlation determination is R² value (0.784). The study results imply that environmental scanning, mission, firm resources, & leadership jointly accounted for 78.4% of the performance of tea firms in Kenya as represented by the R². This therefore means that other factors not studied in this research contribute 21.6% performance of tea firms in Kenya. This implies that these variables are very significant and need to be factored to performance of tea firms in Kenya.

Table 7: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.886 ^a	.784	.778	.34023 1

Conclusion

The first objective of the study was to analyze the role of mission on organization performance of tea processing firms in Kiambu County, Kenya. The study concludes that mission impacts organization performance of tea processing firms in Kiambu County, Kenya. The also concludes that mission a has a positive significant influence on performance of tea processing firms in Kiambu County, Kenya. The findings are also supported by a study done by Armstrong, Saunders, & Wong, (2008). Mission and vision are important for every day operations of a firm (Mullane, 2002). A mission statement carries the purpose of a firm in line with the values and stakeholders' anticipations by answering the questions "what business are we in? and what is our business for?" (Johnson et al., 2008).

The second specific objective was to analyze the role of leadership on organization performance of tea processing firms in Kiambu County, Kenya. The study also concludes that leadership to have a significant influence on performance of tea processing firms in Kiambu County, Kenya. The findings are in tandem with Kovalainen and Alapera (2013), pointed out that employee involvement is important factor of strategy formulation. Involving the actual implementers, that is, the employees of organization, the implementers succeed and accomplish highly better in their tasks when being involved in planning procedure (Dandira, 2011). Similarly, Woldie et al. (2012) argue that an effective strategy formulation mechanism could enhance performance.

Recommendations

Firms in the sector need to ensure that procedures are put in place and this should be made clear to all employees. There is also a need to involve the top management steering in the implementation process and this would ensure continuous monitoring of the process. Information disseminated should also be encouraged for effective cooperation to all stakeholders, all levels of management need to be involved to achieve the desired results. The firms also need to set up long term strategies that are achievable.

Due to the uncertainty regarding factors necessary for firm resources it is necessary for the industry to ensure that the teams are well informed about use of the balanced score card and dash board in the business. All firms also need to establish an effective system for measuring performance. Regular audits also need to be done to initiate ways to improve operations. The firms also need to have key performance indicators for all processes.

Suggestion for Further Studies

This research focused on strategy formulation and how they affect performance of the tea industry. There is therefore a need to do similar research in other cash crop firms like floriculture and coffee and compare the results and make a conclusion. On the other hand, there is a need to undertake a study to determine the challenges facing strategy formulation, strategy implementation and strategy evaluation in the agricultural sector as a whole, this enables the firms in the industry to be better prepared for any of the challenges that they may encounter during the processes. The current study established that strategy formulation contributed to 77.8% of performance of tea firms in Kenya. Future researchers should consider introducing other factors not covered in this study to establish their influence performance of tea firms in Kiambu county, Kenya. A further study on the individual countries such as Tanzania, Uganda, and Rwanda countries to find out about the performance of tea firms. The study has, however, has contributed knowledge that is needed for this kind of research.

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