

**DETERMINANTS OF BLUE OCEAN STRATEGY ON PERFORMANCE OF
TEA FIRMS IN KENYA: A CASE OF TEA FIRMS IN NANDI COUNTY**

WINNY CHEPTOO MARISIN

**A Research Project Submitted to the Institute of Post Graduate Studies of Kabarak
University in Partial Fulfillment of the Requirements for Award of the Master of
Business Administration (Strategic Management)**

KABARAK UNIVERSITY

NOVEMBER, 2023

DECLARATION

1. I do hereby declare that:
 - i. This project is my own work and to the best of my knowledge, it has not been presented for the award of a degree in any university or college.
 - ii. That the work has not incorporated material from other works or a paraphrase of such material without due and appropriate acknowledgement
 - iii. That the work has been subjected to processes of anti-plagiarism and has met Kabarak University 15% similarity index threshold.

2. I do understand that issues of academic integrity are paramount and therefore I may be suspended or expelled from the University or my degree may be recalled for academic dishonesty or any other related academic malpractices

Signature:.....

Date:

Winy Cheptoo Marisin

GMB/NE/0146/01/16

RECOMMENDATION

To the Institute of Postgraduate Studies:

The research project entitled: “**Determinants of Blue Ocean Strategy on Performance of Tea Firms in Kenya. A case of tea firms in Nandi County**”, written by **Winnie Cheptoo Marisin** is presented to the Institute of Postgraduate Studies of Kabarak University. We have reviewed this research project and recommend it be accepted in partial fulfillment of the requirement for award of the Degree of Master of Business Administration in Strategic Management.

Signature:.....

Date:.....

Dr. Gitahi Njenga

School of Business & Economics

Mount Kenya Rwanda

Signature:.....

Date:.....

Dr. Nehemiah Kiplagat

Lecturer, School of Business and Economics

Kabarak University

COPYRIGHT

© 2023

Winnie Cheptoo Marisin

All rights reserved. No part of this project may be reproduced or transmitted in any form by means of either mechanical, including photocopying, recording or any other information storage or retrieval system without prior written permission from the author or Kabarak University

ACKNOWLEDGEMENT

I thank God for giving me wisdom and courage and for giving me his protection and guidance throughout the study. My sincere gratitude also goes to my supervisors Dr. Gitahi Njenga and Dr. Nehemiah Kiplagat for the valuable guidance, wise counsel and support which has greatly guided the writing of my project. I acknowledge and give special thanks to the management of the tea firms in Nandi County for their kind support during the period of my study, may God bless them all. I also thank my family for their prayers, understanding and encouragement. I am grateful to my friends for their inspiration and support, for their guidance and contribution in one way or another.

DEDICATION

This research project is dedicated to the Almighty God and to my family especially my sons, Liam Kipkoech and Layne Kiptoo.

ABSTRACT

Blue ocean concept plays a critical role in strategic management in organization especially in tea industry which has led to tremendous growth over the past years. It is in regard to this strategic focus that this study sought to establish the determinants of Blue Ocean strategy on performance of Tea firms in Kenya, a case of Nandi County tea firms. The study specifically sought to; establish the effect of increase factors on the performance of tea firms in Kenya, assess the effect of reduce factors on performance of tea firms in Kenya, determine the effect of create factors on performance of tea firms in Kenya and evaluate the effect of eliminate factors on performance of tea firms in Kenya. The study was guided by Beach Theory, Resource-Based Theory and Value Innovation Theory. The study adopted a case study research design. The study population comprised a total of 99 top management staff from tea firms in Nandi County. The study used non-probability sampling design by applying a purposive sampling technique. Questionnaires were used as the primary data collection instrument and they were self-administered to the respondents. A pilot study was undertaken in Mbogo Valley Tea Factory in Nandi County, to test the validity and reliability of the questionnaires. The content validity of the instruments was examined by the experts and their suggestions used to improve the tool before they were used to collect data. The reliability of the instruments was subjected to Cronbach Alpha method. The data collected was analyzed using both descriptive and inferential statistics. Multiple regression model was used to determine the association between independent variables and dependent variable. The findings were presented using tables and graphs. The study is significant to management and shareholders of tea firms, policy makers and regulators and scholars since it contributes to the existing knowledge on the determinants of blue ocean strategy on performance of tea firms in Kenya, a case of Nandi County tea firms. The study found that increase factors was statistically significant to performance of tea firms ($\beta_1=0.888$, $p=0.000$, $p<0.05$), reduce factors also had statistical significance on the performance of tea firm ($\beta_2=0.010$, $p=0.000$, $p<0.05$). The study concluded that create factors had statistical effect on performance of tea firms ($\beta_3=-0.078$, $p=0.000$, $p<0.05$) while eliminate factors had no statistical effect on the performance of tea firms ($\beta_4=0.030$, $p=0.790$, $p>0.05$). The study further concluded that increase factors, reduce factors, create factors and eliminate factors combined are statistically significant in explaining performance of tea firms in Kenya. The study concluded that the major determinants of blue ocean strategy on performance of tea firms were increase factors, reduce factors, create factors and eliminate factors. The study recommendations were; to increase the factory door sales to local markets which will increase the domestic consumption; to reduce on the production costs tea firms should venture in joint hydro-electric power plants to supplement electricity needs as well as establish own tree plantation to keep a steady supply of wood fuel; eliminate mismanagement of tea factories by putting in place proper policies and strict procedures that help factories to gap any malpractices on mismanagement of factories. Introducing electronic weighing machinery to reduce farmers' leaf loss by giving accurate data as well as prevent the theft of the Greenleaf by those collecting the product from the field.

Keywords: *Blue Ocean Strategy, Performance, Tea Industry, Value Innovation*

TABLE OF CONTENTS

DECLARATION	ii
RECOMMENDATION.....	iii
COPYRIGHT.....	iv
ACKNOWLEDGEMENT	v
DEDICATION	vi
ABSTRACT.....	vii
TABLE OF CONTENTS	viii
LIST OF TABLES	xi
LIST OF FIGURES.....	xii
ABBREVIATIONS AND ACRONYMS.....	xiii
CONCEPTUAL AND OPERATIONAL DEFINITION OF TERMS.....	xiv
CHAPTER ONE	1
1.1 Background of the Study	1
1.1.1 Tea Industry in Kenya.....	6
1.1.2 Performance of Tea Firms.....	7
1.2 Statement of the Problem.....	8
1.3 Research Objectives.....	10
1.3.1 General Objective of the Study	10
1.3.2 Specific Objectives of the Study	10
1.4 Research Hypotheses	10
1.5 Justification of the Study	11
1.6 Significance of the Study.....	11
1.7 Scope of the Study	12
1.8 Limitations and Delimitations of the Study.....	12
CHAPTER TWO.....	14
LITERATURE REVIEW	14
2.1 Introduction	14
2.2 Theoretical Review	14
2.2.1 Value Innovation Theory.....	15
2.2.2 Resource Based Theory	17
2.2.3 Beach Theory.....	19
2.3 Empirical Literature Review	21

2.3.1 Increase Factors on Performance of Tea Firms in Kenya	21
2.3.2 Reduce Factors on Performance of Tea Firms in Kenya	23
2.3.3 Create Factors on Performance of Tea Firms in Kenya	24
2.3.4 Eliminate Factors on Performance of Tea Firms in Kenya	25
2.4 Conceptual Framework	27
2.5 Summary of Reviewed Literature and Research Gaps	29
CHAPTER THREE.....	32
RESEARCH DESIGN AND METHODOLOGY	32
3.1 Research Design.....	32
3.2 Population of the Study	32
3.3 Sampling Procedure and Sample Size.....	33
3.4 Instrumentation	33
3.4.1 Pilot Study	34
3.4.2 Validity of Research Instrument	34
3.4.3 Reliability of Research Instrument.....	34
3.5 Data Collection Procedure	35
3.6 Data Analysis and Presentation.....	35
3.8 Ethical Consideration	36
CHAPTER FOUR	38
DATA ANALYSIS, PRESENTATION AND DISCUSSION	38
4.1 Response Rate	38
4.3 Reliability Analysis	38
4.4 Demographic Information	39
4.4.1 Distribution of Respondents by Gender	39
4.4.2 Distribution of Respondents by Age	39
4.4.3 Distribution of Respondents by Years Served	40
4.4.4 Distribution of Respondents by Education Level	41
4.5 Descriptive Statistics	42
4.5.1 Descriptive Statistics for Increase Factors.....	42
4.5.2 Descriptive Statistics for Reduce Factors	44
4.5.3 Descriptive Statistics for Create Factors.....	45
4.5.4 Descriptive Statistics for Eliminate Factors	47
4.5.5 Descriptive Statistics for Performance of Tea Firms.....	49
4.6 Correlation Analysis.....	51

4.7 Inferential Statistics.....	52
4.7.1 Hypothesis One Testing	53
4.7.2 Hypothesis Two Testing	54
4.7.3 Hypothesis Three Testing	56
4.7.4 Hypothesis Four Testing	57
4.8 Multiple Regression Analysis	59
4.9 Analysis of Variation (ANOVA)	60
4.10 Coefficients of Variables.....	61
CHAPTER FIVE	65
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS	65
5.1 Summary of the Findings	65
5.1.1 Effect of Increase Factors on Performance of Tea Firm	65
5.1.2 Effect of Reduce Factors on Performance of Tea Firms.....	66
5.1.3 Effect of Create Factors on Performance of Tea Firms	67
5.1.4 Effect of Eliminate Factors on Performance of Tea Firms	68
5.2 Conclusions	68
5.3 Recommendations	70
5.3.1 Recommendation for Practice and Policy	70
5.3.2 Recommendation for Further Studies	71
REFERENCES	72
APPENDICES.....	76
Appendix I: Introduction Letter	76
Appendix II: Questionnaire.....	77
Appendix III: Distribution of Population of The Top Management of Tea Firms in Nandi County.....	80
Appendix IV: KUREC Approval Letter.....	81
Appendix V: Introductory Letter	82
Appendix VI: NACOSTI Research Permit	83
Appendix VII: Evidence of Conference Participation	84
Appendix VIII: List of Publication	85

LIST OF TABLES

Table 1: Response Rate.....	38
Table 2: Reliability Statistics.....	38
Table 3: Respondents by Gender.....	39
Table 4: Respondents by Age.....	40
Table 5: Increase Factors.....	43
Table 6: Reduce Factors.....	44
Table 7: Create Factors.....	46
Table 8: Eliminate factors.....	48
Table 9: Descriptive Statistics for Performance of tea Firms.....	50
Table 10: Correlation Analysis Results.....	52
Table 11: Model Summary for Hypothesis One.....	53
Table 12: Coefficients for Increase Factors.....	54
Table 13: Model Summary for Hypothesis Two.....	55
Table 14: Coefficients for Reduce Factors.....	55
Table 15: Model Summary for Hypothesis Three.....	56
Table 16: Coefficients for Create factors.....	57
Table 17: Model Summary for Hypothesis Four.....	58
Table 18: Coefficients for Eliminate Factors.....	59
Table 19: Overall Model Summary.....	60
Table 20: Analysis of Variation (ANOVA).....	60
Table 21: Regression Model Coefficients for the Study.....	61

LIST OF FIGURES

Figure 1: The Four Action Framework.....	16
Figure 2: Conceptual Framework	28
Figure 3: Respondents with respect to number of years worked.....	41
Figure 4: Distribution of Respondents with respect to level of Education.....	42

ABBREVIATIONS AND ACRONYMS

BOS	Blue Ocean Strategy
CSR	Corporate Social Responsibility
CTC	Cut, Tear and Curl
EATTA	East African Tea Trade Association
FAO	Food and Agriculture Organization
HR	Human Resource
RBT	Resource Base Theory
ROA	Return on Asset
ROE	Return on Equity
ROI	Return on Investment
SPSS	Statistical Package for Social Sciences

CONCEPTUAL AND OPERATIONAL DEFINITION OF TERMS

Blue Ocean Strategy: Refers to a concept that enables organizations think and create Innovation in their business that can assist organization to thrive in financial and economic sectors which is the main concern of the firm to generate sustainable profit. The Blue Ocean Strategy offers users a framework for creating uncontested market place and change the concentration from the current competition to the creation of innovative value and demand where the traditional Red Ocean strategy accustomed to involve in competition (Samsul& Mohammad, 2017). In this study, this definition was also used to refer to the same concept.

Red Ocean Strategy: Refers to the traditional way of achieving organizational performance through intense competition in existing market, exploiting existing demand, beating the rivals, make value or cost trade-off and align company's functional process activities with its strategic choice of low-cost or differentiation (Samsul& Mohammad, 2017). For the purpose of this study, red ocean strategy refers to the traditional way of achieving performance through intense competition among the tea firms in Kenya.

Performance: Refers to a multi-dimensional concept driven by stakeholders, timeframe and land scape which performance is determined. It is viewed as encompassing three specific areas of outcomes that consist of financial performance, product performance and shareholder return (Richard et al., 2009). The researcher has incorporated this definition in the study and the term has been used to refer exactly the same.

Tea Industry: Refer to a branch of the food processing industry for the production of loose and pressed teas from leaves of the tea plant. It deals with processing, packaging and marketing of the end product to the consumers (Tea Act, 2013). In this study the term is used to mean exactly the same branch of the food processing industry as indicated in the definition.

Value Innovation: Refers to the cornerstone of Blue Ocean Strategy which involves pursuing differentiation and low cost simultaneously to create a leap in the value for both consumer and company to shift from the competition and create new customer demand and uncontested market space (Kim and Mauborgne, 2005). The same definition was also adopted for this study.

Strategic Decisions: Refer to decisions concerned with whole environment in which the firm operates. The decisions have major resources propositions of an organization and are more concerned with acquiring new resources and reallocating the existing ones. They deal with harmonizing organizational resources capabilities with the threats and opportunities (Porter, 2000). For the purpose of this study, it is used to refer to decisions that allow the configuration of resources within the tea firms to meet the needs of the market and to fulfill stakeholder expectations.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Strategic decisions influence the way organization respond to their environment. Strategy results are influenced by detailed strategic planning process. Strategy can be defined as a general direction set for the company and its various components to achieve a desired state in the future (Cooper, 2009). Strategy can also be defined as an action taken by managers to achieve one or more of the organizations goals. Companies need to develop unique strategies that enhance their capacity to maintain the high levels of profit and that distinguish them from their rivals while pursuing a significant and sustainable competitive advantage (Thompson, Peteraf, Gamble and Strickland, 2012).

According to Samsul and Mohammad (2017), Blue Ocean concept enables organizations to create innovation in their business that can assist them to thrive in financial and economic sectors which is the main concern of the firm to generate sustainable profit. However, formulating a unique and a consistent strategy is a difficult task for any management team and making that strategy operational is far more challenging. According to Porter (2008), eliminating rivals is a risky strategy. By competing in existing market, it is quite challenging for companies to establish new market space and earn profits. To avoid being trapped in old markets, organizations need to focus on attracting new customers, understand markets, and stop focusing on premium versus low-cost strategies and differentiation (Kim and Mauborgne, 2015).

With the growing infrastructural development across the country coupled with a growing middle class and national policies focused on improving agricultural sector, the tea industry may continue to witness intense competition rivalries. The Blue Ocean strategy

concept of value innovation help organizations survive in the competitive market. Adapting Blue Ocean strategy is appropriate in assisting firms explore opportunities in the market space which is the root of the growth (Samsul and Mohammad, 2017). Tea industry is in need for identifying new techniques and ways for growth and makes these techniques and ways greatly recognized in the tea markets. It is expected that through adopting the concept of the Blue Ocean and applying in the tea firms, growth may occur beyond the existing level. The study aimed at identifying the possible relationship between the adopted strategies and the overall performance of the company through the examination of the implemented blue ocean strategy at tea firms in Nandi County

Globally, Companies operate in a market universe that is seen as being composed of two oceans; Red Ocean which denotes all the industries in existence today, with known products, strategies and competitors and the Blue Oceans which denotes the non-existing industries with uncontested market space, untainted by competition. It is a strategic space where the first entrant will create the product, demand, rules that will be beneficial in a long-term perspective (Kim and Mauborgne, 2005). Blue Ocean strategy is a consistent pattern of strategic thinking that enables business players to create a market space so that they can go out of the red ocean competition and make the competition irrelevant (Kim and Mauborgne, 2006). Keller (2016), show-cased some real-world examples of successful blue ocean strategy applications. These include: Cirque du Soleil- a Canadian Entertainment business. By using the BOS, the company has become the largest theatrical producer in the world with over US\$ 1 Billion in revenue annually as of 2011. The company achieved total return on Investment (ROI) of 35000% where investment is US \$ 1.5 Million.

The Nintendo Wii - Japanese Home Entertainment Company. Nintendo took a blue ocean strategy focusing on targeting families including the elderly as opposed to the

young male hardcore gamer that the industry had been focusing on. Apple - a USA technology company and the largest company in the world by market capitalization. Apple focused on manufacturing computer software systems until 2001 when it implemented BOS and launched the iPod music player which revolutionized how people listened to music. Netflix- a USA company also adopted the BOS which has enabled it to become the movie streaming service in the world with US\$3.6 billion in revenue and US\$ 17 million in profit in 2012.

In a study in Bangladesh, Rahman & Choudhury (2019) examined the influence of blue ocean strategy on organizational performance. The study noted that there is a significant contribution of BOS to the enhancement of organizational performance. A study by Abdallah & Khali (2016) on blue ocean strategy in Saudi Arabia Telecommunication companies and its impact on competitive advantage found that the application of the principles of blue ocean strategy will contribute significantly to achieve a competitive advantage to the company over its competitors in the market. In addition, the study found that there is a strong positive relationship between the competitive advantage variable and every principle of the blue ocean strategy which are; reconstruct market boundaries, focus on the big picture, not the numbers, reach beyond existing demand, get the strategic sequence right, overcome key organizational hurdles and build execution into strategy.

A study by Hanifah, Setyawati & Octaviani (2015) explored the implementation of Blue Ocean strategy to create a market Niche on Indonesian Freight forwarding company. The study noted that the implementation of BOS carried out by the company leads the company to be market leader because the company has an excellent strategy to compete which the competitors do not have or although the strategy is the same the application is different. In addition, a study conducted by Rawabdeh (2012) on a Jordanian chocolate

manufacturing company stated that the company managed to identify a number of new products that can develop its own new markets (blue markets) for it.

In the African region, Blue Ocean Strategy is increasingly being adopted by companies to create business opportunities and generate profits. Different companies in the region present unique challenges which are specifically related to companies in the Africa continent, better known as developing countries. A study by Okechukwu, Ekwochi and Eze (2018) explored effect of Blue Ocean strategy on the performance of Telecommunication firms in South East Nigeria. The study findings revealed that blue ocean strategy has a positive significant effect on market share in the Nigerian telecommunication industry. The study concluded that the formulation of the blue ocean strategy is quite an accomplishment and dynamic process as it affects market shares and customer satisfaction and recommended that management of various telecommunication firms should strive to develop innovative products and services that are beyond the traditionally known services in order to improve their profitability.

In addition, in South Africa, Priilaid, Ballantyne & Packer (2019) examined a Blue Ocean Strategy for developing visitor wine experiences: Unlocking value in the Cape region tourism market. The study found that red ocean activities like wine estate bus-tours were less attractive to tourists than potential Blue Ocean activities like paired wine and dinner tasting. Such activities are not commonly available at the present and represent a significant blue ocean opportunity. The study concluded that blue ocean thinking should become part of the key words of tourism managers in the wine sector and that tour operators need to think about being different in a different way: looking towards designing visitor experiences offering value innovation, providing potential customers with experiences that align with their interests, motivation and wallets.

Looking at Kenya, firms especially those in hyper competition have moved to build new advantages and erode the advantages of their rivals. According to Nyambane (2012), companies should explore Blue Ocean either by creating new untapped market spaces from non-existing industry boundaries and or creating untapped spaces from within red oceans by expanding existing industry boundaries. Ndungu (2014) conducted a research study on the effects of Blue Ocean Strategy on organizational performance. A case of Liaison Group Insurance Brokers. The study noted that absence of strategic leadership amongst the top management staff hampered implementation of blue ocean strategy in the organization and this negatively affected realization of increased organizational performance. The study concluded that the major factors affecting implementation of blue ocean strategy and organization performance includes strategic leadership, core competencies and application of organizational structure.

A study by Sang (2021) conducted in Nandi County focused on Blue Ocean Strategies as panacea to sustainable performance at tea firms in Kenya. The study noted that implementing the four factors that is eliminate, reduce, raise and create factors could lead to sustainable performance of Kenya's tea industry. The study concluded that tea branding value addition of tea, increasing domestic consumption, productivity and eliminating long and inefficient supply chain would lead to sustainable performance. The researchers also recommended that the tea industry should add value and brand its tea.

In conclusion the blue ocean theory is relevant to hyper-competitive environments such as the tea industry. It provides tea firms with new ways on how to outperform their competitors in the same market space where there are limited customers with a rising number of competitors by creating new market space where there is less competition.

1.1.1 Tea Industry in Kenya

Tea is a global product which faces global competition. Tea like most agricultural crops is seasonal and therefore varies in production at different times of the year (Omari, 2015). The tea (*Camelia Sinensis*) history in Kenya can be traced back to 1903 when G.W.L Caine, a white settler introduced the first seedlings from India and planted them in Limuru near Nairobi (Tea Board of Kenya, 2018). The commercial cultivation of tea began and remained exclusive activities of the colonialists until 1956 when African farmers were allowed to start growing tea. The producers of the Kenyan tea are the small-scale farmers and large-scale producers mainly the multinationals. Small-scale farmers account for about 60% of the Kenya's total tea production and about 6% of the global tea production (Omari, 2015).

Kenya mostly produces black tea, whereas the green tea production is far less common. The tea leaves harvesting is done majorly through hand picking whilst machine harvesting is mostly used by the large-scale producers. The leaves are most often processed using the CTC (Cut, Tear and Curl) technique. The processed tea is both in primary and secondary grades.

The Kenyan tea is mainly traded through the Mombasa auction by East African Tea Trade Association (EATTA) which was established in 1957 to facilitate tea auctions for the country (Tea Directorate, 2018). The membership of EATTA comprises of tea producers, buyers, brokers, warehousemen and packers and it is the largest CTC auction center in the world (Mudibo, 2014). The tea industry contributes 23% of Kenya's Gross Domestic Product (GDP) and 2% of the Agricultural Gross Domestic Product (Tea Directorate, 2021). The domestic market is limited and accounts for only about 8% of the total production and 92% exported to other countries (Tea Board of Kenya, 2018). The

main market destinations for the Kenyan tea are Pakistan, Egypt, United Kingdom and Afghanistan among other countries. Kenya is the third after only China and India in production. The global tea industry is largely dominated by India which is the largest producer and consumer of tea. Other producers include China, Sri Lanka, Kenya and Indonesia. Omari (2015) indicated that although Kenya is the 3rd largest producer of black CTC tea it leads in exportation too, an indication that local consumption is low compared to China, India and Sri Lanka. This means Kenya Tea industry should explore value addition to diversify its market and serve the untapped markets.

1.1.2 Performance of Tea Firms

Performance is viewed as encompassing three specific areas of outcomes that consist of financial performance, product performance and shareholder return (Richard et al., 2009). Ahmed and Shaffiq (2014) describe performance as the most essential criterion in managing and accessing the actions and environments of the organizations.

According to Kaplan and Norton (1992), the performance of an organization should be measured on both financial and non-financial parameters through the concept of balance score card. This is simply because no single measure can provide a clear performance target and hence managers should choose financial and operational measures. The dimensions or perspectives of the balance score card include financial perspective, customer perspective, internal business perspective and learning perspective (Chavan, 2009). Balance score card is the most critical tool which provides help or framework to ensure that the strategy is translated into rational set of performance measurement (Kaplan and Norton, 1992).

Financial performance can be measured using the operating ratios, return on asset (ROA), return on equity (ROE) and return on investment (ROI). Financial measures

remain widely accepted as a primary indicator of performance for both internal and external shareholders of an organization (Kiptoon, 2014). According to Wanjohi (2013), financial measures identify the weaknesses within the organization; clarify where a company should focus its efforts and what business need improvement. Non-financial performance on the other hand, which include customer perspective, learning perspective and internal business perspective can be measured through sales growth, market share in a competition, service and product qualities, customer relations, innovation capabilities, employee motivation, empowerment and alignment and corporate compliance measures such as environmental impact compliance and tax compliance.

1.2 Statement of the Problem

The tea industry in Kenya has been characterized by intense rivalry and competition since the year 2017. This is due to the high volumes of tea being produced and exported to the global markets. According to Tea Directorate (2020) statistics, Kenya produced 570.5 million kgs of tea in 2020, 458.9 million kgs in 2019, 493 million kgs in 2018 and 439.9 million kgs in 2017. The made tea exported to other world destinations in the years 2020, 2019, 2018 and 2017 were 518.9 million kgs, 496.7 million kgs, 474.8 million kgs and 415.7 million kgs respectively. In order to compete effectively in this space, it is important to have an aggressive search and development of strategies that position the company in a competitive advantage as competitors explore both defensive and offensive strategies to protect their performance. Kim and Mauborgne (2005), indicates that Blue Ocean strategy seeks to render competition irrelevant instead of the firms competing in the flooded market spaces. It is a consistent pattern of strategic thinking behind the creation of new markets and industries where demand is created rather than fought for and the rule of competition is irrelevant (Kim and Mauborgne, 2005). It is in this

perspective that this concept of Blue Ocean Strategy has been applied in various industries both locally and internationally.

Research studies have been carried out on the Blue Ocean Strategy by various researchers on different industries. Samsul and Mohammad (2017) conducted a research study on the impact of Blue Ocean strategy on organizational performance. The study confirmed that Blue Ocean strategy affects the organizational performance positively. Nyambane (2012) conducted a research study on the challenges in the implementation of Blue Ocean strategies by three large indigenous banks in Kenya. The study determined that there are challenges in implementation of Blue Ocean strategy due to factors such as organizational structure, culture and resources, the banks were able to sufficiently address the challenges. Ngaruiya (2013) studied application of value innovation as a basis of Blue Ocean strategy by Safaricom Limited. The study documented the process taken by the mobile communication company in creating sustainable value for its customers through value innovation.

Miano (2013) studied the determinants for the implementation of Blue Ocean strategy among commercial banks in Kenya. The study found that the factors that influence the application of Blue Ocean Strategy in the banks were the need to create and capture new demands, breaking the replacement of the value cost and integration of total system activities of the organization. Kiptoon (2014) conducted a research study on the impact of the Blue Ocean strategy on the performance of Bamburi Cement Limited in Kenya. The study established that the aggressive implementation of new value innovations strengthened the organizations strategic position. Kamuhoro (2018) studied Blue Ocean strategy on sustainable competitive advantage at Coca Cola Kenya Limited. The study determined that in implementing the strategies the company has experienced a positive increase in the general performance and has gained sustainable competitive advantage.

These studies have focused on analyzing the application of Blue Ocean strategy in different industries without actually analyzing the overall importance of the strategy on the organizational performance. This study therefore, aimed at evaluating the determinants of Blue Ocean strategy on the performance of the tea firms in Kenya, a case of Nandi County.

1.3 Research Objectives

1.3.1 General Objective of the Study

The general objective of this study was to establish the determinants of Blue Ocean Strategy on performance of tea firms in Kenya, a case of tea firms in Nandi County.

1.3.2 Specific Objectives of the Study

The study was guided by the following specific objectives:

- i. To establish the effect of increase factors on performance of tea firms in Kenya.
- ii. To assess the effect of reduce factors on performance of tea firms in Kenya.
- iii. To determine the effect of create factors on performance of tea firms in Kenya.
- iv. To evaluate the effect of eliminate factors on performance of tea firms in Kenya.

1.4 Research Hypotheses

- H₀₁ There is no statistically significant effect of increase factors on performance of tea firms in Kenya
- H₀₂ There is no statistically significant effect of reduce factors on performance of tea firms in Kenya.
- H₀₃ There is no statistically significant effect of create factors on performance of tea firms in Kenya.

H₀₄ There is no statistically significant effect of eliminate factors on performance of tea firms in Kenya.

1.5 Justification of the Study

This study is important to management and shareholders of all tea firms in Kenya in the decision-making process with regards to adapting and implementing the most suitable strategic responses from the various strategic competing alternatives. The dominant focus of strategy work over the years has been on the competition based on Red Ocean strategies. The outcome has been a good understanding of how to compete skillfully in the red waters focusing on how existing industry should adapt strategic position of low cost, differentiation or focus and bench marking the competition. Thus, the obtained findings will help the management of the tea firms to formulate and implement new products and marketing policies that will lead to capitalization of the undiscovered market spaces hence increased revenue.

The study provides insight on determinants of the Blue Ocean strategy as a way of improving performance in a highly competitive market space. This will help industry players prepare adequately when focusing to enter into Blue Ocean space. The study shall also assist in filling existing information gaps on the significance of the Blue Ocean strategy and its importance on the policy and regulation. This is because Blue Ocean Strategy will require different operating procedures which may be a challenge to policy makers and regulators.

1.6 Significance of the Study

The study findings shall significantly inform the tea firms in Kenya in redesigning and re-evaluating their strategies to perform effectively in a very competitive environment.

To the researchers and academicians, the study aims at providing additional knowledge and understanding of the Blue Ocean strategy theory within academia hence this study will boost the existing knowledge on Blue Ocean Strategy and will form a basis for contrast and comparison on various theories on innovation. The study finally forms a guide for further research in the future. The study will guide the County Governments on the areas to partner with the tea firms in order to create a positive impact for the benefit of the tea farmers. The findings of this study will inform the government in its regulations of the tea sector by ensuring that all companies employing the blue ocean strategy do benefit from new innovation while observing ethical consumer standards and allowable competitive behaviours, The study findings will give Kenya a platform in which it can increase the foreign earning resulting in enhanced economic growth if the determinants of Blue Ocean strategy are well managed to produce best performance in tea firms in Kenya

1.7 Scope of the Study

This study would establish determinants of blue ocean strategy on performance of the tea firms in Kenya. The study focused on Nandi County tea firms. The targeted respondents are top management personnel of the tea firms in Nandi County as they are responsible for strategy formulation and implementation. The study was limited to determining how eliminate factors, reduce factors, increase factors and create factors will influence performance of the tea firms in Kenya. This study was carried out for a period from July 2021 to December 2023.

1.8 Limitations and Delimitations of the Study

The target respondents were senior personnel whose work schedules are tight making it difficult to have free time to attend the interviews. This caused delay in data collection

within the planned time. This problem was mitigated by use of emails and telephone calls for follow-up. There was also an anticipated unwillingness to provide information due to confidentiality of the information to be collected. To overcome this fear, the researcher assured the respondents of the confidentiality of the information to be provided and that it was purely for academic purposes only. The concept of Blue Ocean is relatively new and is not well understood. The respondents took time to understand the concept and relate it to the strategic orientation of their respective tea firms. This took time to receive responses to the questionnaires. This problem was addressed by giving a brief explanation on what Blue Ocean Strategy is and how it can be incorporate in a firm's strategic decision.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This Chapter presents the literature review of the study. Theoretical literature and empirical literature will be reviewed, the conceptual framework will be formed and the research gaps to be filled by the study identified.

2.2 Theoretical Review

Firms have strategies that keep them going. It is often believed that strategies that a firm pursues have a major impact on its performance compared to that of the competing firms. Andrews (1965) and Aldrich (1979) defines strategy as a rational decision-making process in allocating company's resources to match opportunities arising from the business setting.

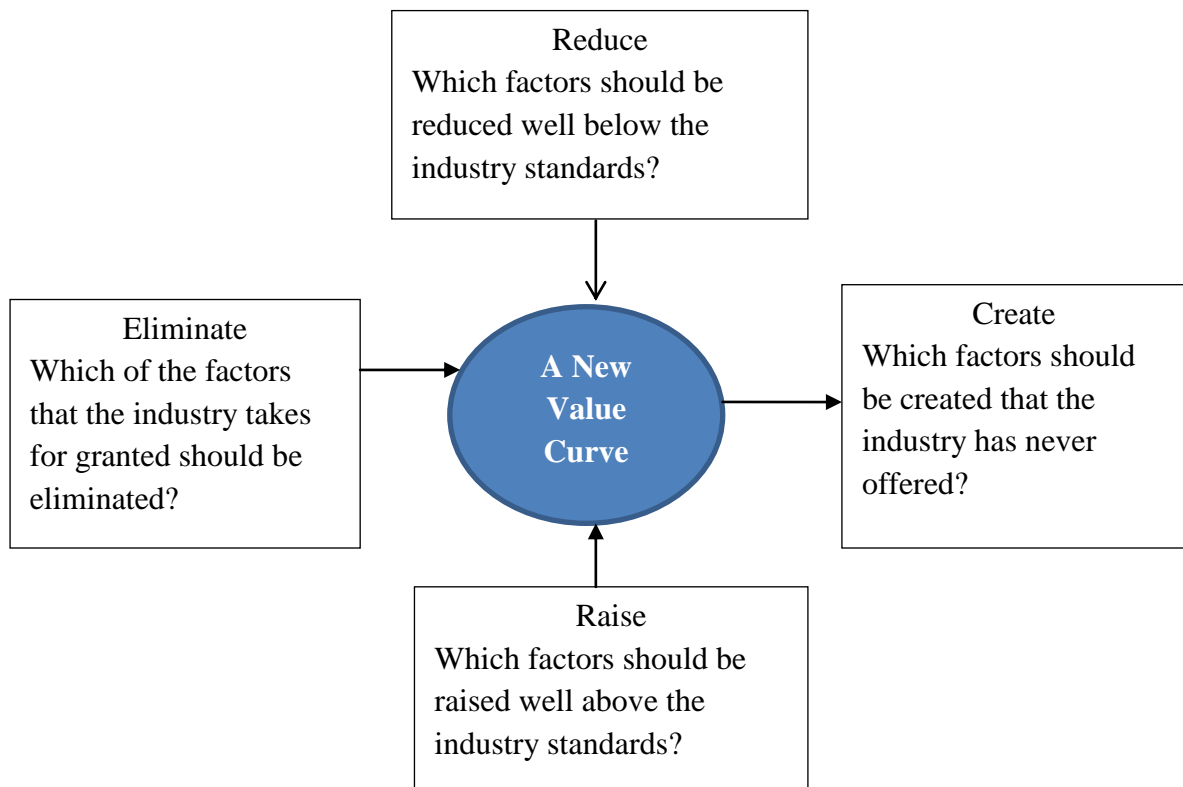
Competitive strategy and Blue Ocean strategy emphasize the importance of firms to avoid competition. According to Penrose (1959), in the competitive strategy framework, avoiding competition has much to do with resource-based view of the firm. Unique resources limit imitation and create a sustainable competitive advantage and enhance profits (Barney, 1991, Amit and Schoemaker, 1993 and Peteraf, 1993). A number of different theories have been used to explain how Blue Ocean strategy can assist a firm attain sustainable organizational performance. According to Burke *et al.* (2009), the theory that seems to have been successful in explaining the Blue Ocean strategy in attaining organizational performance is the Beach theory. Therefore, the theories that are reviewed in this study include the Value Innovation theory, Resource Based theory and the Beach theory.

2.2.1 Value Innovation Theory

Value Innovation is the cornerstone of Blue Ocean strategy which means pursuing differentiation and low cost simultaneously to create a leap in value for both consumer and company to shift from the competition and create new customer demand and uncontested market space (Kim and Mauborgne, 2005). For a better understanding on the explanation in pursuing value innovation that drives customer value up while lowering the company's cost, Kim and Mauborgne (2005) developed Four Actions Framework. This set of four key questions assists in the development of new value curve that differs from the existing market value consideration. The four key questions consist of determining: what factors should be raised within the industry, what factors should be reduced, which factors should be created and what factors should be eliminated with the aim of minimizing costs and increasing the customer value simultaneously.

Figure 1

The Four Action Framework



Source: Kim and Mauborgne (2005)

Kim and Mauborgne (2005) postulates that by pursuing the first two questions on elimination and reduction the organization achieves ways on how to manage its costs factors as compared to its competitors. The last two questions on raising and creation of some factors in the industry gives the firms new sources of value for buyers and new demand is enhanced. Amit and Zott, (2012) explains that value to buyers comes from offering utility minus its price and value to the company is generated form offering price minus its cost, value innovation is thus achieved only when the whole system of utility, price and cost is aligned. According to Amit and Zott (2012), Eliminate-Reduce-Raise-Create Grid can be applied to identify the new market, “Blue Ocean”. This is a supplementary analytic to the four actions that pushes companies to create new value curve. It encourages companies not only focus on eliminate and create factors but also

reduce and raise factors. The value Innovation theory thus applies well to the present study since it gives meaningful insight into the key variables of the study, which is increase factors, reduce factors, create factors and eliminate factors. That by pursuing the reduction and elimination objectives the company gains insight into how to manage its cost elements compared to its rivals and on creating and raising certain industry factors, new sources of value for buyers and new demand is enhance. This can be easily understood by managers in any level and encourages the companies to enthusiastically analyze each competitive factor.

Blue Ocean Strategy is presumably based on the use of Value Innovations (Brady, 2005). These are actions which drive costs down while simultaneously driving value up for the buyer and how a leap in value for both the company and its buyers is achieved. However, Kim and Mauborgne (2005) stated that Value Innovation cannot be achieved only when companies can align innovation with utility, price and cost position. There should be an understanding on customers' needs and willingness and a close relationship with them. There should be a link between Value Innovation and customer values with customer satisfaction and customer loyalty.

2.2.2 Resource Based Theory

This theory was developed by Werner in 1990. The idea of looking at the firms as a broader set of resources is explained in the theory of the growth of the firm by Penrose (1959). However, advances have occurred on several fronts. Resources are defined as those tangible and intangible assets which are tied semi-permanently to the firm (Caves, 1980). Examples of resources are: brand names, in-house knowledge on technology, employment of skilled personnel, trade contacts, machinery, efficient procedures, and capital among others. According to Barney (1991) and Peteraf (1993), a firm's key

sources of competitive advantage and strategy formulation are derived from its resources and capabilities endowment.

Resource based theory holds that firms can create economic benefits through possession of valuable, rare, inimitable and non-substitutable resources bundled together within the organization using its capabilities to implement value-creating strategies (Barney, 1991). According to Barney (1991) and Peteraf (1993), resources are important for the firm to implement its strategy to the extent where it can create and gain a competitive advantage that cannot be easily duplicated by competing. Therefore, resources and capabilities become the core of the firm's strategy formulation (Grant, 1991). Resources that cannot be easily transferred or purchased, that require an extended learning curve or a major change in the organization climate and culture are more likely to be unique to the organization and therefore the more difficult to imitate by competitors (Barney 1986, Hamel and Prahalad, 1996).

A resource must fulfill four criteria in order to provide competitive advantage and sustainable performance; valuable, rare, non-imitability and non-substitutability. Resources are considered valuable if it helps firms in exploiting market opportunities or helps in reducing market threats (Barney, 1991). Barney (1991) outlines those resources must be difficult to find among the existing and potential competitors of the firm for them to be considered rare or unique, because the resources that are possessed by many firms in the market space cannot provide competitive advantage as they cannot execute a unique business strategy in comparison with other competing firms. The fourth criterion that must be fulfilled by the firm in order to achieve competitive advantage and sustainable performance is the non-imitability. This means duplication or imitation of resources will not be possible. Barriers to non-imitability include difficulties in acquiring resources, complexity of resources (Wernerfelt, 1984).

Finally, the criterion on non-substitutability of resources, which implies that resources cannot be substituted by an alternative resource. A competitor cannot achieve same performance by replacing resources with other alternative resources. Wernerfelt (1984) postulates that Resource Based theory helps managers of firms to understand what resources can be perceived as the firms' most important asset and at the same time appreciate how those assets can be used to improve business performance. Barney notes that the utilization of resources in an effective and efficient way within the firm ultimately determines its competitive advantage. Superior strategy requires continuous rethinking of company's scope to ensure maximum utilization of its resources and to ensure that entry or expansion into existing markets or to new markets has some competitive advantage which will ensure profitability of investment as a result of expansion (Penrose, 1959). Therefore, Kenya tea industry firms should consider industry structure and dynamics deciding which resources to invest in. Thus, this theory gives meaning to the variables on reduce and eliminate factors suggesting that those resources which cannot give value to an organization can be reduced or eliminated to pave way for valuable, rare, inimitable and non-substitutable resources that will give a firm competitive advantage over other firms in the industry.

Resources contribute to the firm performance advantages to the extent that they are valuable, rare, costly to imitate and non-substitutable (Barney, 1991). However, the realization of the potential value of resources is dependent on strategy of the firm and how the strategy is implemented and resources utilized (Hitt et al., 2001; Newbert, 2007)

2.2.3 Beach Theory

This theory was proposed by Burke, Stel and Thurik in 2009. Beach Theory is a theoretical framework that can be used to give a comparison between competitive

strategy and blue ocean strategy. The core features can easily accommodate the central assumptions of both competitive strategy and blue ocean strategy (Burke, Stel and Thurik, 2009). Burke, Stel and Thurik (2009) outlines that the essence of beach theory is depicted by ice cream firms (vendors) which are identical in products and services and location along the beach. The only feature which differentiates one firm from another in a beach goer's perspective is the convenience of the firm's location; the consumers buy ice cream from the stand which is the shortest distance away. The researchers Burke, Stel and Thurik have come up with three firms selling ice cream on a beach. The locations of these three firms along the beach represent the optimal differentiation strategies of each of the firms selling ice cream on the beach where consumer density is equally distributed. All the three firms maximize their profits by trying to differentiate themselves from one another while still competing for customers. Burke, Stel and Thurik (2009) further explain that if a fourth firm enters the market, it will cause existing firms to further differentiate themselves by relocating along the beach with one extra firm competing for customers on the same beach. All the firms will face tougher competition and eventually lower profits. This is clearly explained by Porter (1980, 1985), more firms mean more competition and lower profits.

In Blue Ocean strategy, the analysis is different. To explain this, Burke, Stel and Thurik (2009) suggested that two new beaches are created away from the first beach; the new beaches represent untapped markets. Demand for ice cream on the new beaches may not be recognized by others until a new firm starts selling ice cream on them. The researchers further explain that if one firm relocates from the current beach to one of the new beaches and another firm enters the other new beach, the number of firms in the beach ice cream industry has increased and the average profit has increased because the new firms have found untapped markets. These firms achieve this through entering to

new markets (innovation) in order to align their offerings with the needs of the untapped markets. Therefore, in line with Amit and Zott (2012), the value to buyers comes from offering utility and the value to the company is generated from offering price minus the cost. As the firms relocate to new markets, each possesses larger consumer base and the profits levels become higher than before.

Burke, Stel and Thurik (2009) further analyses a different scenario where there exists other untapped beaches populated by consumers who want ice cream but have no access to it. If new firms enter these untapped markets rather than entering known beaches and competing with existing firms then the increase in firms should lead to increase in profits. Burke, Stel and Thurik (2009) concludes that there are sufficient numbers of untapped markets that can be accessed through differentiating or innovating to the extent that more firms mean less competition. Thus, this theory gives meaning to the variable on create factors showing when a firm can create a new uncontested market or introduce a product in a new market. Burke, Stel and Thurik found that average firms' profits were positively related to the number of firms. Whereas profitability and the number of vendors rose simultaneously over time indicating that Blue Ocean Strategy was at play over the long-term, this may be contrary to the reality of business operations as the number of vendors rise, the profitability decline in the long run.

2.3 Empirical Literature Review

2.3.1 Increase Factors on Performance of Tea Firms in Kenya

Increase factors are those factors that the firms should raise above the industry standards to give valuable meaning to customers and company. A study conducted by Sang (2021) on Blue Ocean strategies as panacea to sustainable performance at tea firms in Kenya, observed that implementing the four factors, that is eliminate, reduce, raise and create

factors could lead to sustainable performance of Kenya's tea industry. The study concluded that branding, value addition of the tea, increase in domestic consumption and productivity would lead to sustainable performance. The overall objective of the study conducted by Kamuhuro (2018) was to determine how the choice of Blue Ocean strategy affects sustainable competitive advantage of Coca Cola Kenya Limited. The findings of the study demonstrated that with the help of the managers, the company applies four steps in order to come up with effective marketing strategies: gathering facts, development of goals or objective and measures to be pursued, and development of strategies by having tactical plans and by performance management use of PDR through the Human resource. The study further indicated that product proper distribution, innovations uniqueness, affordable pricing and promotion lead to an increase in product awareness and increased sales and ultimate increased profitability.

Okechukwu, Ekwochi and Eze (2018) in their research study on the effects of Blue Ocean strategy on the performance of Telecommunication firms in South East Nigeria, revealed that BOS has a positive significant effect on market share in Nigeria telecommunication industry. Therefore, it is concluded that BOS should be adopted in the company and an increase in those factors that affect the implementation of Blue Ocean strategy should be raised. According to Samsul and Mohammad (2017), Blue Ocean Strategy positively affects the organization performance if applied in organization. Organizations therefore should increase awareness among those in strategic management positions on the need to adopt Blue Ocean Strategy within the organization in order to realize the positive effects on their performance.

Abdallah&Khali (2016) conducted a study on blue ocean strategy in Saudi Arabia Telecommunication companies and its impact on competitive advantage. The study found that there is a strong positive relationship between the competitive advantage

variable and every principle of the blue ocean strategy. Therefore, an increase in application of principles of Blue Ocean Strategy would contribute significantly towards achieving a competitive advantage to the company over its competitors in the market.

2.3.2 Reduce Factors on Performance of Tea Firms in Kenya

These refer to those factors which the firms need to reduce below the industry level. Some of the factors that could be reduced below the industry level by the tea firms include, production costs, overhead and indirect costs, bulk export of tea and climate effects. Dehkordi *et al.* (2012) expounded on the obstacles and constraints facing the application of Blue Ocean Strategy like simulation and Imitation. The study compared the competitive environment to the BOS and looked at the importance of the role of management in the use of BOS to increase revenue. Tea firms should also reduce any obstacles and constraints facing application of the Blue Ocean, apart from the cost related factors in order to improve on their revenue generation. Mwende (2016) evaluated the impact of BOS on competitive advantages of MFIs in Kenya. The study aimed at establishing the effect of Blue Ocean systems on competitive advantage of microfinance foundations in Kenya. The outcome of the study showed that 64.9% of the variety in the competitive advantage of microfinance foundations in Kenya was clarified by: separation, minimal effort technique, uncontested market space, opportunity and dangers and esteems development systems.

A study by Miano (2013) on determinants of the implementation of the Blue Ocean strategy in commercial banks in Kenya indicated that most banks are aware of BOS and know the issues to eliminate, reduce, raise or create. The study found that some of the factors that should be reduced well below the banking industry standards were time taken

on the queues, operating costs, and overheads and indirect costs. The study focused on commercial banks in Kenya where this study will focus on Tea Firms in Kenya.

2.3.3 Create Factors on Performance of Tea Firms in Kenya

Create factors are those factors which the firms never offered that can create new customer demands for goods and services and definitely new markets. Hanifah, Setyawati and Octaviani (2015) analyzed the implementation of Blue Ocean strategy to create a market niche. The study aimed at analyzing the condition of a company implementing BOS. The analysis showed that BOS implementation makes an organization a market leader because the company has an excellent strategy that competitors do not have. Kiptoon (2014) on his study on the impact of the Blue Ocean Study on the performance of Bamburi Cement Limited in Kenya noted that the aggressive implementation of new value innovations strengthened the organization's strategic position.

A study by Ngaruiya (2013) on the application of value innovation as a basis of the Blue Ocean strategy by Safaricom Limited indicated that Safaricom Limited focused on existing and future customers and capitalizes on the knowledge economy and investing in intellectual assets which it considers more strategic to maintain leadership. The study showed that a firm creating sustainable value for its customers through value creation would make a company be a market leadership. Rawabdeh (2012) conducted research on Blue Ocean strategy as a tool for improving a company's marketing function on Jordanian market. The research study focused on a privately-owned Jordanian firm embedded in a very competitive market. The study used different tools and techniques such as value curves, strategy canvas, six path method, Four Actions Framework, utility

matrix and conjoint analysis. The results showed that the firm identified a number of new products that can develop Blue Ocean markets for.

Vester (2012) assessed how Blue Ocean strategy could be applied by electronic musical instrument companies to enhance their performance. The study analyzed existing competitive strategies employed within this industry and imperative to shift focus to creating uncontested market spaces, capturing new demand and pursuing value innovation. Guillaume (2011) confirmed that by creating the blue ocean the company will be in a strong position to survive because it will set the rules, prices, regulations and standards, hence difficult for any entrant to compete. The competition will be irrelevant for sometimes and the company will achieve high profit margins, sufficient time to secure the loyalty of customers and create a strong knowledge and analysis of the environment. This implies that the company that creates the blue ocean will have strong competitive advantages that might prevent imitation.

2.3.4 Eliminate Factors on Performance of Tea Firms in Kenya

These refer to those factors that bind long-term unnecessary cost to the firm despite not earning profits or value to the firm. Eliminating unnecessary activities, costs and embracing the Blue Ocean activities and practices should be key to organizations in order to achieve sustainable performance.

Priilaid, Ballantyne &Packer (2019) examined a Blue Ocean Strategy for developing visitor wine experiences: Unlocking value in the Cape region tourism market. The study found that red ocean activities like wine estate bus-tours were less attractive to tourists than potential Blue Ocean activities like paired wine and dinner tasting as such activities are not commonly available at the present and represent a significant blue ocean opportunity. The study concluded that blue ocean thinking should become part of the key

words of tourism managers in the wine sector and that tour operators need to think about being different in a different way: looking towards designing visitor experiences offering value innovation, providing potential customers with experiences that align with their interests, motivation and wallets.

Ndungu (2014) conducted a research study on the effects of Blue Ocean Strategy on organizational performance. A case of Liaison Group Insurance Brokers. The study noted that absence of strategic leadership amongst the top management staff hampered implementation of blue ocean strategy in the organization and this negatively affected realization of increased organizational performance. The study concluded that the major factors affecting implementation of blue ocean strategy and organization performance includes lack of strategic leadership, weak core competencies and application of poor organizational structure. This should be therefore eliminated in order to encourage implementation of Blue Ocean Strategy and realization of increased organizational performance

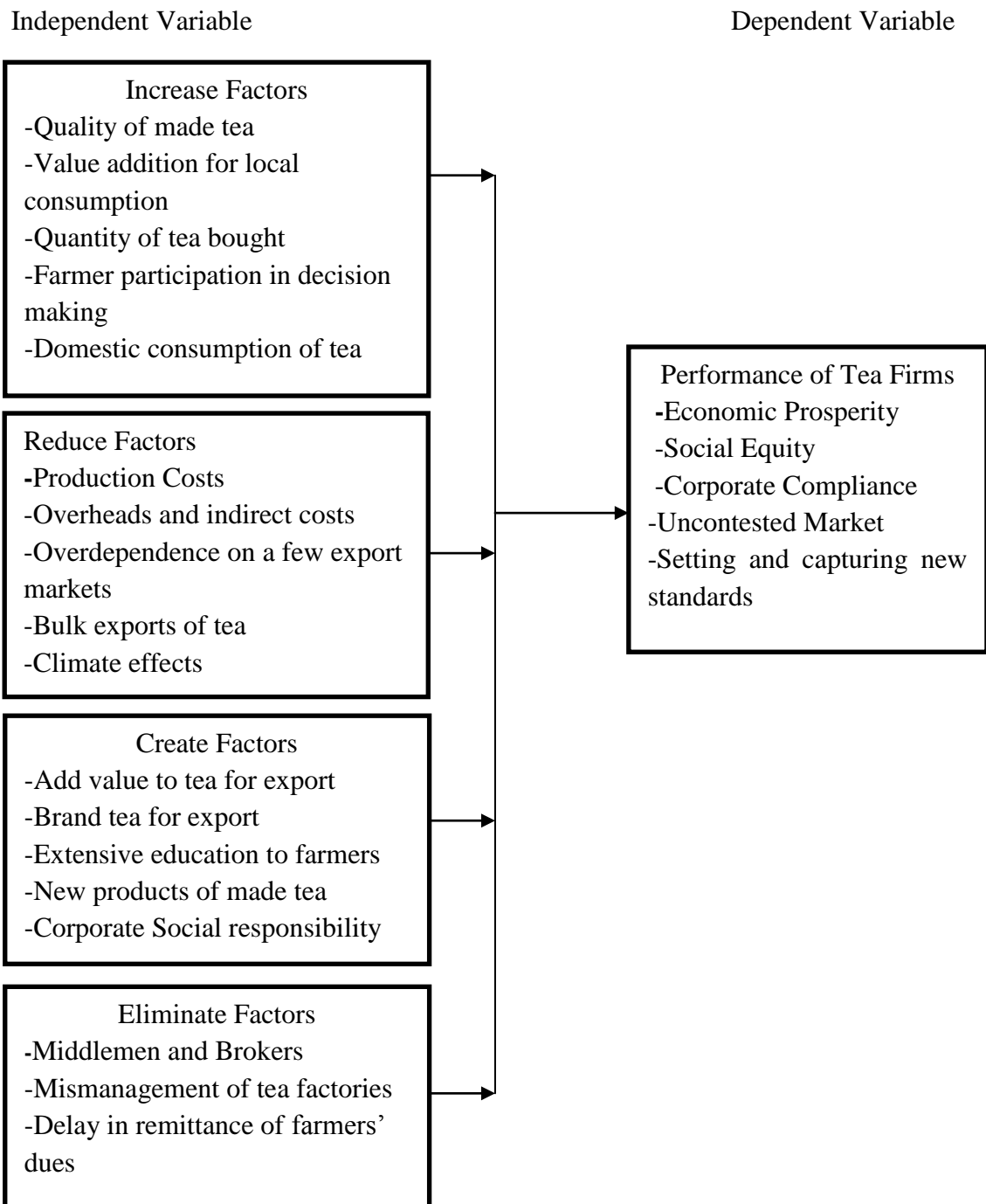
Nyambane (2012) evaluated the challenges in the implementation of Blue Ocean Strategy in large indigenous banks in Kenya. The study focused on the three large commercial banks in Kenya namely; Co-operative Bank, Equity Bank and Kenya Commercial Bank. The study confirmed that banks encounter a number of challenges in the implementation of BOS which include organizational culture, organizational structure, resources, employees, leadership and senior management etc. In line with this finding tea firms should try to eliminate any factors that hinder them from implementing the blue ocean strategy which could help them realize the best performance in the industry.

2.4 Conceptual Framework

According to Kothari (2014) conceptual framework is a theorized representation that guides researcher to identify the model and the relationship between the dependent and independent variables. The main aim of conceptual framework is to group and describe concepts relevant to the study and map relations among them. The study established independent variables which include reduce factors, eliminate factors, increase factors and create factors and the dependent variable is performance of tea firms as shown in Figure 2 below.

Figure 2

Conceptual Framework



Source: Researcher (2023)

The first objective of the study was to find out whether increase or raise factors affect the performance of the tea firms in Kenya. These are the factors that the tea firms in Kenya should raise above the industry standards to give valuable meaning to customers and

company. The second objective of the study was to assess whether reduce factors affect the performance of the tea firms in Kenya. With the stiff competition in the tea industry, the tea firms should identify the factors that need to reduce below the industry level. The third objective of the study was to determine whether create factors affect the performance of the tea firms in Kenya. These are factors which the firms never offered that can create new customer demand for goods and services and definitely new markets. Lastly, the researcher sought to evaluate whether eliminate factors affect the performance of the tea firms in Kenya. These are factors that bind long term unnecessary cost to the firm despite not earning profits or value to the firm.

2.5 Summary of Reviewed Literature and Research Gaps

Sang (2021) sought to determine Blue Ocean strategies as panacea to sustainable performance in Kenya. The study found that implementation of the four factors could lead to sustainable performance of Kenya's tea industry. The study concluded that branding tea, adding value to it, increasing domestic consumption, productivity and eliminating long and inefficient supply chain would lead to sustainable performance. The study recommended that the Kenya tea industry should add value and brand tea for domestic consumption to ensure sustainable performance. The target population of the study was 1150 employees drawn from 10 registered Tea Estates in Nandi County whereas the target population of the current study is 99 top management employees from 14 factories in Nandi County which comprise those factories with estates and those without and this will provide a wider scope of the study and information obtained from those employees who are involved in making strategic decisions.

According to the study conducted by Kamuhuro (2018) on the choice of Blue Ocean strategy on sustainable competitive advantage at Coca Cola Kenya limited. The study

found that the company by the help of managers applies four steps in order to come up with effective marketing strategies, that is gathering facts, developing goals or objectives and measures to be pursued, develop strategies by having tactical plans and by performance management use of PDR through the Human resource. The study failed to show how the blue ocean strategy helps the company to achieve uncontested market space which can lead to its sustainable performance. The study recommended that the management of Coca Cola Company should diversify their products and introduce healthy drinks due to the change in customer preference which is healthy drink.

Okechuku, Ekwochi and Eze (2018) assessed the effects of Blue Ocean strategy on performance of Telecommunication firms in South East Nigeria. The outcome was that the formulation of BOS is quite an accomplishment and dynamic as it affects market shares and customer satisfaction. The existing gap in the research study was that the study focused on market share and customer satisfaction only and the current study will focus on both the financial and non-financial performance. Samsul and Mohammad (2017) investigated the impact of Blue Ocean strategy on organizational performance. The results found that Blue Ocean strategy positively affects the organizational performance if applied in organizations. This study failed to show what determinants of BOS are suitable to be adopted by the organization, the current study shall recommend on the factors of BOS that can be adopted within the organization which will positively affect its performance.

Kiptoon (2014) analyzed the impact of the Blue Ocean strategy on the performance of Bamburi Cement Limited in Kenya. The analysis established that the aggressive implementation of new value innovations did strengthen the organization's strategic position. The study focused only on financial and market performance and the current

study sought to fill this gap by focusing on the determinants of the Blue Ocean strategy on the overall performance of the organization.

Studies have indicated a range of items as determinant factors of Blue Ocean strategy influencing performance of an organization. These factors include reduce factors, eliminate factors, increase factors and create factors. The present study therefore sought to analyze what determinants of Blue Ocean Strategy can be applied in the tea firms in Kenya on its overall performance.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

Research design is the conceptual structure within which research is conducted (Kothari, 2012). The purpose of research design is to guide data collection and analysis as well as acquire answers to different questions (Waiganjo, 2013).

This study took the form of a case study of Nandi County tea firms. Case study is viewed as a holistic empirical inquiry whose goal is to gain insight and investigate complexity in phenomenon within its real-life context (Farquhar, 2012). The primary purpose of the case study is to determine factors and relationships among the factors under study. This research focused on the tea firms in Kenya as the unit of analysis and the unit of observation is Nandi County tea firms. A case study looks in depth into a phenomenon rather than emphasizing on a survey. It compresses a broad research field into a small researchable topic.

This research project adopted a case study research design as Kothari (2006) explains a case study design organizes data and looks at the area of study as a whole in terms of a detailed examination of a single or a group of subjects. The study hence considered case study design that allow for the collection of data from one source, Nandi County and use to represent how the determinants of blue ocean strategy affect performance of tea firms in Kenya.

3.2 Population of the Study

The target study population were the top managers of the tea firms in Nandi County. The study specifically selected top management from the tea firms on the basis that they are

more knowledgeable about strategic issues and undertake strategic responsibilities in the organization. The top managers are considered the most appropriate to answer the questions ranging from aspects of structure, strategy and performance of the organization. The target population comprised of top managers from the six departments namely; General Manager, Finance and Accounts manager, ICT manager, Production Manager, Human Resources Manager and Sales & Marketing totaling to 99 top managers from the 14 Tea Firms in Nandi County as shown in Appendix III.

3.3 Sampling Procedure and Sample Size

Singh (2014) explains the sample size determination as the technique of electing the number of observations to include in a sample. The study employed census sampling technique as denoted by (Singh & Masuku, 2013). Singh & Masuku (2013) explain census sampling as involving collection of data from the entire population as the sample, that is the sample size is equal to the entire population size. Census approach was suitable to this study as the entire number of 99 top management personnel drawn from 14 firms in Nandi County was used for the study.

3.4 Instrumentation

The study used structured questionnaire developed by the researcher for the primary data collection. The questionnaire method allowed collection of comprehensive information on the questions being researched. In this kind of primary data collection method, the questionnaire was addressed to the top managers of tea firms in Nandi County. The questionnaire comprised of closed-ended questions developed by researcher using the Likert scale questionnaire.

3.4.1 Pilot Study

Pilot study is critical in research project and plays a key role in ensuring validity of the research instruments. According to Sekaran and Bougie (2010), the size of a sample to be used for pilot testing differs depending on time, cost and realism, but the same would tend to be 5-10% of the main study population. In this study, data collection instrument was tested on 10% of the total study population and this resulted in one factory to apply the questionnaire. The researcher undertook pilot study by distributing ten questionnaires to the top management personnel of Mbogo Valley Tea Factory Ltd in Nandi County. According to Saunders, Thornhill and Lewis (2009), pilot study refines the questionnaires to ensure that respondents encounter no problems in answering the questions. The firm participating in the pilot study was not included in the final study to avoid research fatigue and response biasness.

3.4.2 Validity of Research Instrument

Validity is the degree to which results obtained from analysis of the data actually represent the phenomenon under study (Kothari, 2010). It is the meaningfulness and accuracy of inferences which are based on the research outcomes. Validity is quantified by comparing measurements with values that are close to the real values as possible. The researcher sought the comments and recommendations of the expertise of the researcher's supervisors on the content validity of the interview guide to ensure that the guide is organized and measures relevant concepts.

3.4.3 Reliability of Research Instrument

Reliability is the measure of the extent to which research gives consistent results or data whenever it is repeatedly used (Mugenda & Mugenda, 2003). To ensure reliability,

questionnaires were piloted in Mbogo Valley Tea Factory and the results are presented in chapter four. The Cronbach Alpha method was used to estimate the reliabilities. According to Borg & Gall (2003), Cronbach Alpha method is recommended whenever a test tool is administered only once and has multiple response items, hence this method was considered. Sekaran (2003), the closer the reliability coefficient gets to 1.0 the reliability is better. Therefore, higher alpha coefficient values mean that scales are more reliable. In general, reliability coefficient less than 0.60 are considered poor, those in the range of 0.70 and above are acceptable and considered as good.

3.5 Data Collection Procedure

Before collecting data, the researcher sought approval from the Institute of Postgraduate Studies to be allowed to collect data. Therefore, the researcher applied for a research permit from National Council of Science, Technology and Innovation (NACOSTI). After receiving the permit, the researcher proceeded to seek the consent of the top management of the tea firms in Nandi County regarding the research study. The researcher explained to the respondents the purpose of the study and sought their cooperation. The data was collected through open-ended questionnaires which were self-administered to the top managers.

3.6 Data Analysis and Presentation

Data analysis process involves examination of the data after collection to ensure its completeness, consistency and usability. The data collected were reconstructed and checked for errors and omissions. Both qualitative and quantitative methods of data analysis were used. The data responses from the questionnaire were reported by descriptive narratives arising from content analysis. Content analysis is the systematic qualitative description of the composition of the objects or materials of study. The data

collected were analyzed with the aid of the Statistical Package for Social Sciences (SPSS). Inferential statistics inform of multiple linear regression model were used to test the association between reduce factors, eliminate factors, increase factors and create factors and performance of tea firms in Kenya. The respondents' insight on each determinant of blue ocean strategy on the performance were presented in graphs and tables. The regression model was as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y = Performance of Tea Firms in Kenya.

β_0 = Constant

$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression coefficients of variables

X_1 = Increase factors

X_2 = Reduce factors

X_3 = Create factors

X_4 = Eliminate factors

e = Error term which captures the unexplained variations in the model.

3.8 Ethical Consideration

To ensure compliance with ethical standards, the researcher obtained ethical clearance from Kabarak University Research Ethics Committee (KUREC) through the Institute of Post Graduate Studies before issuance of research permit by National Commission for Science, Technology & Innovation (NACOSTI).

When conducting research there are a number of ethical issues that must be considered. The issues include; consent, courtesy and respect, privacy and treating people equitably

(Hammersley and Traianou, 2012). A researcher must obtain informed consent in writing or verbally from each respondent before engaging them in a study. An introduction letter was given to the respondents to make this research authentic as it explained what the study is all about, assuring the respondents that the study was purely for academic purposes. Safety of those who participate in a study should be of primary concern to the researcher. This was done by conducting risk assessment before the research and continually monitoring it as it proceeded. However, in this research study the risk associated with the research is disclosure of sensitive information of the company from the respondents.

The safety of the respondents was ensured by meeting them in their respective places of work or offices. The data collected was stored in lockable places and in case of the soft copy documents they were encrypted with passwords accessible to the researcher only. The data collected will be in use for a period up to six (6) months after which the documents bearing the data may be shredded. Privacy and confidentiality were ensured by using codes instead of the names of the respondents and reporting only aggregated data.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Response Rate

The target population of the study was 99 top management employees of the tea firms in Nandi County and the responses are as shown in Table 1 below

Table 1

Response Rate

Distributed Questionnaires	Validated Questionnaires	Response Rate
99	79	80%

A total of 99 questionnaires were administered to the respondents in the fourteen tea firms in Nandi County. After data entry, cleaning and validation, 79 questionnaires were found complete translating to 80%. A response rate of above 50% is adequate for analysis and reporting, a rate of 60% is good and that over 70% is excellent (Mugenda and Mugenda, 2007).

4.3 Reliability Analysis

This study adopted Cronbach's alpha to assess the internal consistency on the questionnaire items. The finding was provided in Table 2 below

Table 2

Reliability Statistics for the Whole Questionnaire

Cronbach's Alpha	Cronbach's Alpha Based on Standardized items	No of Items
0.971	0.974	23

The study found an alpha of 0.971. The closer the reliability coefficient gets to 1.0 the reliability is better (Sekaran, 2003). Hence, the questionnaire was deemed excellent on this basis.

4.4 Demographic Information

The demographic information of the study included the use of gender, age of the respondents and the duration worked at the respective tea firms.

4.4.1 Distribution of Respondents by Gender

The study sought the gender of the respondents with the aim of determining if the top management of the tea firms involved either males or females. To achieve this, the respondents were asked to indicate their gender. The results were as shown in Table 3

Table 3

Respondents by Gender

Gender	Frequencies	Percentage
Female	30	38%
Male	49	62%
Total	79	100%

The results in Table 3 show that 38% of the top management employees in the tea firms in Nandi County were female while 62% were male. This shows that most top management level positions are held by male employees as compared to female counterparts.

4.4.2 Distribution of Respondents by Age

The distribution of the age of the respondents were examined and the findings shown in Table 4.

Table 4*Respondents by Age*

Age	Frequency	Percentage
23-34 Years	20	25.3%
35-44 Years	43	54.4%
45- 54 Years	9	11.4%
Above 55 Years	7	8.9%
Total	79	100%

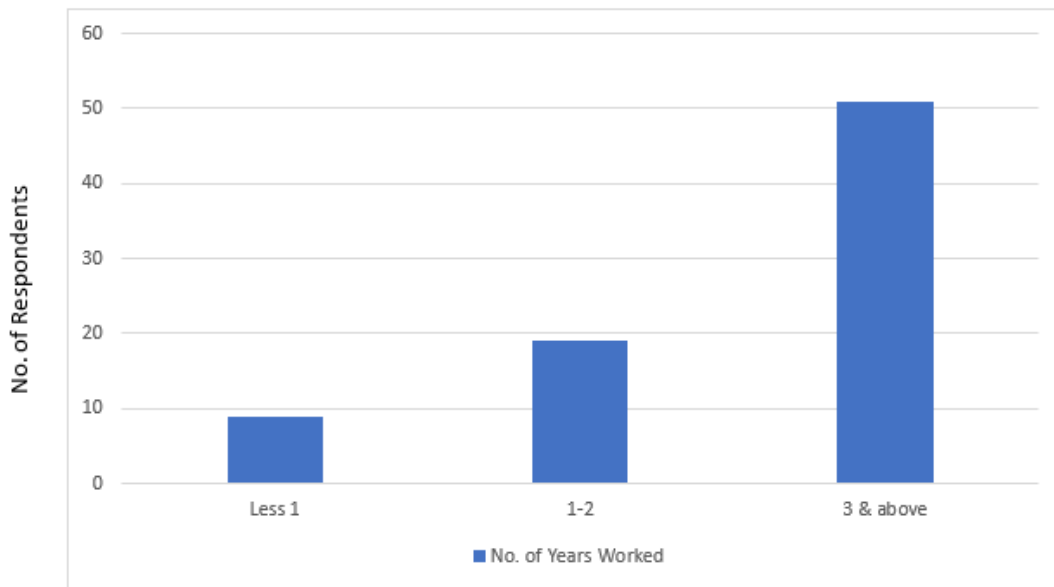
The results indicated the greatest proportion of the employees was between 35-44 years of age whose proportion was 54.4%. 25.3% of the top management level employees were between 23-34years of age while those between 45-54years of age were 11.4%. A proportion of 8.9% of the top-level management were above 55 years of age. The study noted that a large proportion of the top-level employees at the tea firms are in between 35-44 years of age. This could be attributed to the fact that an employee can only be employed after completing required formal education and have acquired work experience at an age of 23 years and retires at an age of 60 years.

4.4.3 Distribution of Respondents by Years Served

The researcher also sought information from the respondents on duration of time worked at the respective tea firms. The results were as shown in Figure 3.

Figure 3

Respondents with respect to number of years worked



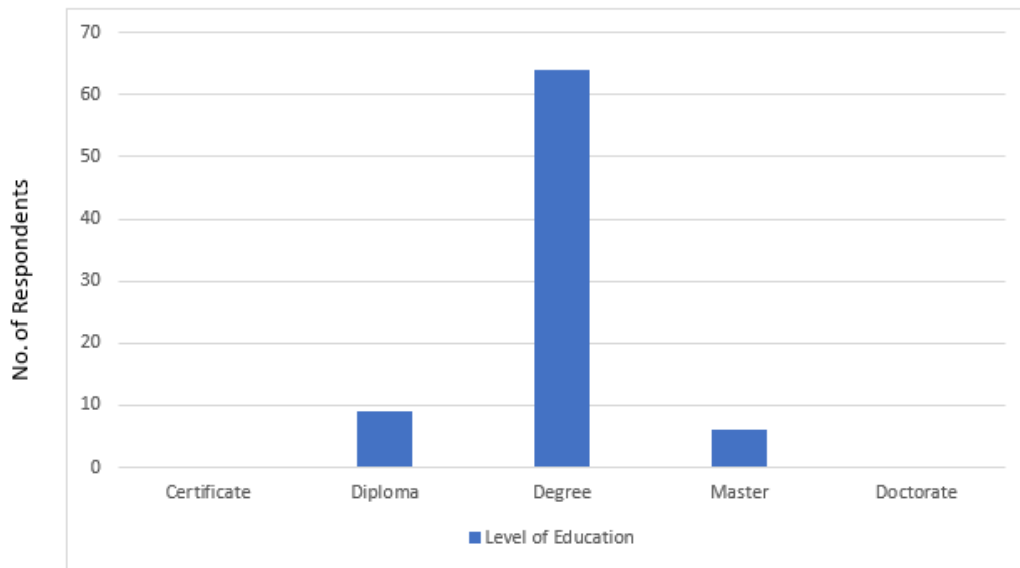
The findings show that 64.6% of the employees had served as the top managers in the tea firms for more than three years. 24.0% had served for between 1 to 2 Years. Only 11.4% of the top managers had served for less than a year. This showed that the majority of the respondents had served more than three years indicating that they were in a good position to give information on their experience of the performance of firm. This was relevant to the findings by Braxton (2008) that respondents with high working experience assist in providing reliable data on the problem in hand since they have relevant experience on the problem being investigated under the study.

4.4.4 Distribution of Respondents by Education Level

The study sought to examine respondents by education level. The results were displayed as in Figure 4.

Figure 4

Distribution of Respondents with respect to level of Education



The responses show that the largest proportion of the top managers held degrees at a proportion of 81% while 11.4% held diplomas. 7.6% held master’s degrees. This indicates that the top managers of the tea firms have attained diverse level of education ranging from diplomas to Masters Degrees and therefore they have a varied level of competencies when executing their roles according to the positions they hold. This also shows that the tea firms have employed trained personnel who can execute their roles without knowledge gaps.

4.5 Descriptive Statistics

4.5.1 Descriptive Statistics for Increase Factors

To analyze the third objective of the study on the effect of increase factors on performance of tea firms, a total of five items was subjected to five -point Likert Scale.

The results of the study are shown in Table 5

Table 5*Increase Factors*

	Strongly Disagree F N%	Disagree F N%	Neutral F N%	Agree F N%	Strongly Agree F N%
Improve quality of made tea	0 0.00%	0 0.00%	0 0.00%	13 16.46%	66 83.54%
Increase value addition for local consumption	0 0.00%	14 17.72%	0 0.00%	47 59.49%	18 22.78%
Increase the quantity of tea bought by better marketing	0 0.00%	0 0.00%	0 0.00%	22 27.85%	57 72.15%
Increase farmer participation and roles in decision-making in factories.	0 0.00%	24 30.38%	7 8.86%	38 48.10%	10 12.66%
Increase domestic consumption of tea	0 0.00%	3 3.80%	0 0.00%	62 78.48%	14 17.72%

According to the study findings, majority of the respondents agreed that improved quality of made tea should be considered as an increase factor. To ensure the quality of made tea, firms need to adhere to legislation put in place to control the quality of tea being produced in the country. This can also be done through continuous advisory services on tea production and quality enhancement to the tea production team. Likewise, majority of the respondents agreed that there should be an increase in the value addition for local consumption as shown by a proportion of 82.27% (Strongly agreed and agreed) while 17.72% remained neutral on the same issue. This can be done by adding flavor and packaging it into tea bags before being circulated to the local market shelves. The study findings are consistent with a study conducted by Maina (2018) which states that up scaling of value addition on Kenya Tea enhances its competitiveness.

The study findings further revealed that an increase in quantity of tea bought by better marketing affect the performance of tea firms in Kenya. This statement was strongly

agreed by 72.15% and agreed by 27.85% of the respondents who took part in the study. This is consistent with the view of Maina (2018) that revealed that marketing enables new market development thus increasing competitiveness of Kenyan Tea in the global market.

The study revealed that the respondents who agreed to increase in farmer participation and roles in decision making in factories accounted for 60.76%, 30.38% disagreed while 8.86% remained neutral. The results also revealed that majority, 96.20% support increase in domestic consumption. However, there was 3.80% of respondents who disagreed that domestic consumption of tea should be increased.

4.5.2 Descriptive Statistics for Reduce Factors

The study sought to assess the effect of reduce factors on performance of tea firms in Kenya. A total of five items were subjected to the Likert scale. The findings are presented in Table 6

Table 6

Reduce Factors

	Strongly Disagree F N%	Disagree F N%	Neutral F N%	Agree F N%	Strongly Agree F N%
Reduce production costs	0 0.00 %	0 0.00%	0 0.00%	15 18.99%	64 81.01%
Reduce Overheads and indirect costs	0 0.00%	2 2.53%	14 17.72%	46 58.23%	17 21.52%
Reduce overdependence on a few export markets	0 0.00%	0 0.00%	6 7.59%	21 26.58%	52 65.82%
Reduce climate effects	0 0.00%	0 0.00%	10 12.66%	52 65.82%	17 21.52%
Reduce bulk exports of tea	7 8.86%	15 18.99%	0 0.00%	49 62.03%	8 10.13%

The study found that majority 81.01% strongly agreed that the cost of production should be reduced, 18.99% agreed the same statement. The study also found that the majority of the respondents, 79.75% (Strongly agreed and agreed) support reduction of overheads and indirect cost, and 17.72% remained neutral while 2.53% does not agree to reduction of overheads and indirect costs. Those who agreed to reduction of overdependence on a few export markets accounted for 92.4% (Strongly agreed and agreed) according to the study while 7.6% accounted for the neutral respondents. This shows that there is need to look for alternative new markets for the processed tea. This can be done by developing a marketing strategy for the processed tea and negotiating with potential tea consuming countries.

Further, 87.34% (Strongly agreed and agreed) believe that reducing climate effects contribute to performance of tea firms while 12.66% remained neutral on the statement. This study also established that 72.16% both strongly agreed and agreed accept that reducing bulk exports of tea contributes to performance of tea firms and 27.84% disagreed to this statement. Adding flavor and packaging the teas into tea bags before exporting to other markets instead of selling in bulk can give higher earnings. The study findings on cost reduction are in support with observation of Mita, Ochieng & Mwebi (2017) which notes that the ways in which firms have been able to cut costs is through cost efficiency in non-priority areas.

4.5.3 Descriptive Statistics for Create Factors

The study sought to determine the effect of create factors on performance of tea firms in Kenya. The study asked five questions, the responses ranged from strongly disagree to strongly agree. The findings were presented in table 7 below.

Table 7*Create Factors*

	Strongly Disagree F N%	Disagree F N%	Neutral F N%	Agree F N%	Strongly Agree F N%
Add value to the tea for export e.g making green and herbal tea	0 0.00%	16 20.25%	6 7.59%	44 55.70%	13 16.46%
Brand the tea for export	0 0.00%	21 26.58%	0 0.00%	42 53.16%	16 20.25%
Extensive education to farmers on production of better quality of tea	0 0.00%	0 0.00%	0 0.00%	25 31.65%	54 68.35%
Creation of new products of made tea	0 0.00%	29 36.71%	6 7.59%	34 43.04%	10 12.66%
Corporate social responsibility especially to the surrounding communities	0 0.00%	8 10.13%	1 1.27%	52 65.82%	18 22.78%

The study found that majority 72.16% agreed that value should be added to the tea for export, 20.25% disagreed while 7.59% remained neutral. The tea for export should be value added in various forms such as flavored tea, organic tea and even iced tea. Also, tea-based soaps, shampoo and other products that attract higher earnings in international market should be introduced. The study findings concur with Mbui *et al.* (2015) where advised that low value addition of Kenyan Tea affects its competitiveness in the global market, hence the performance. Seventy-two percent agreed that the tea for export should be branded. Only 21 respondents were of different opinion. Majority, 68.4% strongly agreed and a further 31.6% agreed that extensive education to farmers on production of better quality of tea should be introduced. The tea firms should therefore invest more on the extensive education to farmers as well as diversify the training by issuing high quality tea seedlings to boost the production during the harvest.

The respondents that agreed to creation of new products of made tea accounted for 55.7%, 36.71% disagreed while only six respondents were neutral on the statement. The study findings were consistent with a study by Murphy (2011) which states that product branding makes the product or service more appealing to the consumer than the competitor thus potentially dominating at a higher price. However, the study findings did not concur with the view of Maina (2018) that Kenyan tea lacks patents making innovation of new products unattractive.

The study results additionally revealed that tea firms should carry out corporate social responsibility especially to the surrounding communities with those respondents in agreement accounting to 88.6% (Strongly agreed and agreed), eight respondents disagreed and only one remained neutral. Corporate social responsibility tends to boost the relationship between an organization and the surrounding communities, giving the firm an easy time to achieve its goals. The study findings are consistent with other studies. Amongst these studies include Cheronno & Maende (2022) who noted that Corporate Social Responsibility activities not only enhance the welfare and dignity of people in the society but it is also a marketing tool for boosting its image.

4.5.4 Descriptive Statistics for Eliminate Factors

The study sought to evaluate effect of eliminate factors on performance of tea firms in Kenya. A total of three items were subjected to Likert Scale. The findings are presented in Table 8.

Table 8*Eliminate Factors*

	Strongly Disagree F N%	Disagree F N%	Neutral F N%	Agree F N%	Strongly Agree F N%
Eliminate too many middlemen and brokers	0 0.00%	0 0.00%	6 7.59%	9 11.39%	64 81.01%
Eliminate mismanagement of tea factories	0 0.00%	0 0.00%	0 0.00%	10 12.66%	69 87.34%
Eliminate delay in remittance of farmers' dues	0 0.00%	0 0.00%	0 0.00%	34 43.04%	45 56.96%

Majority of the respondents 92.40%, according to the study findings, agreed that eliminating too many middlemen and brokers affects performance of the tea firms, 7.6% were neutral on the same statement. Too many middlemen and brokers contribute to the loss of income by the growers and the tea factories. If the middlemen and brokerage were to be eliminated and a single autonomous agent owned, the tea factories and growers would be able to earn their worth.

The respondents further agreed that eliminating mismanagement of tea factories affects the performance of tea firms in Kenya. Mismanagement of the factories would lead to insolvency or eventual close down of the factories when they can no longer sustain their operations. This could be as a result of poor coordination of the factories' operations, unreliable and inconsistent leaf collection and processing leading to significant losses and wastage in the supply chain and lack of transparency and accountability in the procurement system of inputs. Kagira, Kimani & Githii (2012) noted that poor coordination of factory operations can be tackled through investment in information

technology to ensure accessibility of information to various parties in the supply chain. Unreliable and inconsistent leaf collection and processing can be addressed through such measures as investment in more trucks, implementing a schedule for leaf collection and improving capacity in tea factories.

The results also revealed that 56.9% and 43.1% of the respondents Strongly Agree and Agreed respectively to elimination of delay in remittance of farmers' dues. Delay in remittance of farmers' dues would discourage the farmers from continuous supply of the crop to the factories and they may eventually diversify to crops or activities that are more profitable to them.

4.5.5 Descriptive Statistics for Performance of Tea Firms

Performance was the dependent variable for the study. To analyse the variable, five questions regarding performance of tea firms were asked to assess the perception of the respondents. The findings were presented in Table 9.

Table 9*Performance of Tea Firms*

	Strongly Disagree F N%	Disagree F N%	Neutral F N%	Agree F N%	Strongly Agree F N%
Blue Ocean Strategy led to economic prosperity of tea farmers and factories	0 0.00%	0 0.00%	0 0.00%	31 39.24%	48 60.76%
Blue Ocean Strategy leads to social equity	0 0.00%	17 21.52%	10 12.66%	36 45.57%	16 20.25%
Blue Ocean strategy leads to corporate compliance such as better environmental protection and tax compliance	0 0.00%	6 7.59%	0 0.00%	35 44.30%	38 48.10%
Blue Ocean strategy leads to creating non-competitive market space	0 0.00%	19 24.05%	7 8.86%	42 53.16%	11 13.92%
Blue Ocean strategy leads to setting and capturing new demands	0 0.00%	0 0.00%	6 7.59%	47 59.49%	26 32.91%

Majority of the respondents agreed that blue Ocean strategy led to economic prosperity of tea farmers and factories. 60.76% strongly agreed and 39.24% agreed on this statement.

Majority, 65.82% (strongly agreed and agreed) also supported that Blue Ocean strategy leads to social equity, 21.52% disagreed and 12.66% were neutral on the same statement. The study findings indicated that majority of the respondents, strongly agreed and agreed that blue ocean strategy leads to corporate compliance such as better environmental protection and tax compliance at 92.4% while only six respondents disagreed. The study findings were in support of the study report by FAO (2013) which observed that standard-compliant tea production grew by thirty-three percent per annum from 2009 to

2012 with majority of the producers of standard-compliant tea production in 2012 at 40% in Kenya.

According to the study findings, 67.08% agreed that blue ocean strategy leads to creating non-competitive market space, while 24.05% disagreed. Similarly, majority of the respondents agreed that Blue Ocean strategy leads to setting and capturing new demands while only 6 respondents were neutral. The findings are in line with those of Hanifa, Aswanti & Octaviani (2015) which states that Blue Ocean leads the company to be the market leader because the company has an excellent strategy to compete that the competitors do not have or although the same but different in its application. This study findings also support the view of Ebele, Chigozie & Eberechukwu (2018) which stipulates that Blue Ocean Strategy enables an organization to look beyond standard competitive practices of the Red Ocean, to creating new demand in uncontested market space.

4.6 Correlation Analysis

A correlation analysis is a table showing correlation coefficients between sets of variables. The correlation analysis allows detection of pairs that are highly correlated which forms basis for further analysis and diagnostics. Table 10 below displayed the findings of the study.

Table 10*Correlation Analysis Results*

		Create	Increase	Eliminate	Reduce	Performance
Create	r	1	.731**	-.208	.666**	.820**
	p		.000	.456	.000	.000
Increase	r	.731**	1	-.069	.914**	.926**
	p	.000		.808	.000	.000
Eliminate	r	-.208	-.069	1	.449	.075
	p	.456	.808		.093	.790
Reduce	r	.666**	.914**	.449	1	.864**
	p	.000	.000	.093		.000
Performance	r	.820**	.926**	.075	.864**	1
	p	.000	.000	.790	.000	

The study correlated the variables increase factors, reduce factors, create factors, eliminate factors and performance of tea firms. The study found that there was a strong positive correlation between create factors and increase factors at 1% level of significance ($r=0.731$, $p=0.000$, $p<0.01$). However, there was a negative correlation between create factors and eliminate factors ($r=-.208$, $p=0.456$, $p>0.01$). The study also found a negative correlation between increase factors and eliminate factors ($r=-0.069$, $p=0.808$, $p>0.01$). There was a strong positive correlation between create factors and reduce factors at 1% level of significance ($r=0.666$, $p=0.000$, $p<0.01$). Also, increase factors were positively correlated with reduce factors at 1% level of significance ($r=0.914$, $p=0.000$, $p<0.01$)

4.7 Inferential Statistics

The study sought to find-out the effect of increase factors, assess the effect of reduce factors, determine the effect of create factors and evaluate the effect of eliminate factors on performance of tea firms in Kenya. This was achieved by conducting a regression

analysis. The study used simple regression analysis to help predict the outcome variable given the exploratory variable. In this context, the study intended to establish the extent to which the dependent variable is affected by independent variable. However, a major assumption in linear regression is that there must be significant linear relationship between the independent and the dependent variable.

The exploratory variables were measured using Likert items with values ranging from strongly disagree to strongly agree. The response variable, performance of tea firms was measured using the same Likert scale as well.

4.7.1 Hypothesis One Testing

H₀1: Increase factors have no significant effect on the performance of tea firms in Kenya.

The study sought to find out the effect of increase factors on the performance of tea firms in Kenya. The study findings were presented in Table 11 below.

Table 11

Model Summary for Hypothesis One

Model R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
					F	df1	df2	
.926 ^a	.858	.851	6.643	.858	121.215	1	20	.000

- a. Predictors: (Constant), Increase
- b. Dependent Variable: Performance

The study found that there was a strong positive relationship between increase factors and the performance of tea firms in Kenya (Adjusted R²= 0.851). This indicates that 85.1% variation on the performance of tea firms in Kenya was explained by increase factors. This relationship was significant at 5% level of significance (p=0.000, p<0.05) as

the p-value is less than 0.05. Therefore, we reject the null hypothesis and conclude that increase factors are significant determinants in the performance of the tea firms in Kenya.

Table 12 below shows results of further study on the effect of increase factors on the performance of tea firms in Kenya.

Table 12

Coefficients for Increase Factors

Model	Unstandardized		Standardized		Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta	T	
(Constant)	3.650	1.728		2.112	.047
Increase	.763	.069	.926	11.010	.000

$$Y=3.650+0.763X_3$$

The study reveals $Y=3.650+0.763X_3$ which implies that an increase in one unit of increase factors leads to an increase of 0.763 units in performance of tea firms in Kenya at 5% significance level. The results show that p-value is less than the critical value of 0.05 ($p=0.000$, $p < 0.05$) and therefore increase factors has statistically significant effect on performance of tea firms in Kenya hence, reject the null hypothesis and the study concluded that there was statistically significant relationship between reduce factors and performance of tea firms in Kenya.

4.7.2 Hypothesis Two Testing

H_0 2: Reduce factors has no significant effect on performance of tea firms in Kenya. The study assessed the relationship between reduce factors and performance of tea firms in Kenya. The results of the study were shown in Table 13.

Table 13*Model Summary for Hypothesis Two*

Model	R	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
					F Change	df1	df2	
1	.864 ^a	.736	8.710	.747	67.763	1	23	.000

a. Predictors: (Constant), Reduce

b. Dependent Variable: Performance

The study found that 73.6% variation on performance of tea firms in Kenya was explained by reduce factors. The relationship between the reduce factors and the performance of tea firms was significant at 5% level of significance ($p=0.000$, $p<0.05$), hence a good fit for the data. Therefore, we reject the null hypothesis and the study concluded that there was statistically significant relationship between reduce factors and performance of tea firms in Kenya.

The study further assessed how reduce factors affect the performance of tea firms. The results were presented in Table 14.

Table 14*Coefficients for Reduce Factors*

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	4.296	2.233		1.924	.067
Reduce	.728	.088	.864	8.232	.000

$$Y=4.296+0.728X_1$$

The estimated model from Table 14 above is $Y=4.296+0.728X_1$. This indicates that a change of one unit in the reduce factors results to an increase in 0.728 units in performance of tea firms at 5% level of significance ($\beta_1=0.728$, $p=0.000$, $p<0.05$).

Therefore, we reject the null hypothesis and the study concluded that there was statistically significant relationship between reduce factors and the performance of tea firms in Kenya.

4.7.3 Hypothesis Three Testing

H₀₃: Create factors has no significant effect on the performance of tea firms in Kenya. The study sought to determine the relationship between the create factors and the performance of tea firms in Kenya. The study found that there was a strong positive relationship between the create factors and the performance of tea firms in Kenya (Adjusted R²=0.658). Which implies that 65.8% variation in performance of tea firms in Kenya was explained by create factors at 5% level of significance (p=0.000, p< 0.05). Therefore, we reject the null hypothesis and the study concluded that create factors is a significant predictor of performance of tea firms in Kenya. These findings were presented as in Table 15 below.

Table 15

Model Summary for Hypothesis Three

Model R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change	
					F Change	df1	df2		
1	.820 ^a	.673	.658	9.901	.673	47.250	1	23	.000

- a. Predictors: (Constant), Create
- b. Dependent Variable: Performance

The study further determined whether the create factors affect the performance of tea firms in Kenya. The results were presented in Table 16 below.

Table 16*Coefficients for Create Factors*

Model		Unstandardized		Standardized	T	Sig.
		Coefficients		Coefficients		
		B	Std. Error	Beta		
1	(Constant)	3.287	2.690		1.222	.234
	Create	.792	.115	.820	6.874	.000

$$Y=3.287+0.792X_4$$

The model $Y=3.287+0.792X_4$ shows that a unit increase in create factors results to an increase in performance of tea firms by 0.792 units at 5% level of significance ($p=0.000$, $p< 0.05$). Hence, create factors is a strong determinant of the performance of tea firms in Kenya. Therefore, the null hypothesis stating that create factors has no statistically significant effect on performance of tea firms in Kenya is therefore rejected and the study concluded that there was a statistically significant relationship between create factors and performance of tea firms in Kenya.

4.7.4 Hypothesis Four Testing

H_0 4: Eliminate factors has no significance effect on the performance of tea firms in Kenya. The study sought to evaluate the effect of eliminate factors on performance of tea firms in Kenya. The study results were presented as in Table 17.

Table 17*Model Summary for Hypothesis Four*

R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change
				F Change	df1	df2	
.006	-.071	6.714	.006	.074	1	13	.790

- a. Predictors: (Constant), Eliminate
- b. Dependent Variable: Performance

The study showed that there is negative relationship between eliminate factors and performance of tea in Kenya. (Adjusted $R^2=-0.71$). This implies that performance of tea firms cannot be explained by eliminate factors. The relationship was also not significant at 5% level of confidence as the p-value was greater than 0.05 ($p=0.790$, $p>0.05$). Therefore, we reject the null hypothesis and the study concluded that there was statistically significant relationship between reduce factors and performance of tea firms in Kenya. This reflects Resource- Based Theory which holds that a resource must fulfill a four criteria in order to provide competitive advantage and sustainable performance. That is valuable, rare, non-imitability and non-substitutability and if the resource does not fulfill any of the criterion, then should be eliminated or reduced.

The study further evaluated how eliminate factors affect performance of tea firms. The results are presented in Table 18.

Table 18*Coefficients for Eliminate Factors*

Model	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	4.021	2.080		1.933	.075
Eliminate	.020	.073	.075	.271	.790

$$Y=4.021+0.020X_2$$

The results in Table 18 are: $Y=4.021+0.020X_2$. This implies that a unit change in the eliminate factors results to an increase of 0.020 units in performance of tea firms in Kenya. As from the results, there is no significance in the eliminate factors and performance of tea firms in Kenya at 5% level of significance as the p-value is greater than 0.05 ($p=0.790$, $p>0.05$). Therefore, we fail to reject the null hypothesis and conclude that eliminate factors has no statistically significant effect on the performance of tea firms in Kenya.

4.8 Multiple Regression Analysis

Multiple regression is an extension of simple regression. It evaluates the relationship between the predictor and the exploratory variables. Multiple regression analysis is used to analyze the relationship between a single dependent variable and several predictor variables (Hair *et al.*, 2016). This study used reduce factors, create factors, eliminate factors and increase factors as the exploratory variables and performance of tea firms as response variable to conduct multiple regression.

The overall Model summary illustrates the proportion of variation of the dependent variable that can be explained by the exploratory variables. Table 19 represent the study findings.

Table 19*Overall Model Summary*

Model Summary									
Model	R	Adjusted Square	Std. Error of the Estimate	Change Statistics					
				R Square	F Change	df1	df2	Sig. F Change	
1	.859 ^a	.738	.634	3.926	.738	7.059	4	10	.006

a. Predictors: (Constant), Increase, Reduce, Create, Eliminate

b. Dependent Variable: Performance

The model shows that the adjusted R^2 is 0.634. This implies that 63.4% of the total variation in the performance of tea firms in Kenya can be explained by increase factors, reduce factors, create factors and eliminate factors. Therefore 36.6% of the total variation in performance of tea firms was due to other factors other than the variation in the study.

4.9 Analysis of Variation (ANOVA)

ANOVA test was used to assess whether the model was a good fit for the data. The study findings were presented in Table 20.

Table 20*Analysis of Variation (ANOVA)*

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	435.205	4	108.801	7.059	.006 ^b
	Residual	154.128	10	15.413		
	Total	589.333	14			

a. Dependent Variable: Performance

b. Predictors: (Constant), Increase, Reduce, Create, Eliminate

The test results of ANOVA in Table 20 showed that the model was fit for the regression analysis ($F=7.059$, $p=0.006$, $p < 0.05$). All the independent variables; increase factors, reduce factors, create factors and eliminate factors combined are statistically significant in explaining the performance of tea firms in Kenya.

4.10 Coefficients of Variables

The regression results on how increase factors, reduce factors, create factors and eliminate factors affect performance of tea firms in Kenya were shown in Table 21.

Table 21

Regression Model Coefficients for the Study

Model		Unstandardized Coefficients		Standardized	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.434	1.600		.896	.391
	Create	-.078	.248	-.109	-.313	.761
	Increase	.888	.320	.951	2.775	.020
	Eliminate	.030	.049	.114	.605	.558
	Reduce	.010	.216	.008	.046	.964

a. Dependent Variable: Performance

The multiple linear regression equation was presented as below:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y = Performance of Tea Firms in Kenya.

β_0 = Constant

$\beta_1, \beta_2, \beta_3, \beta_4$ = Regression coefficients of variables

X_1 = Increase factors

X_2 = Reduce factors

X_3 = Create factors

X_4 = Eliminate factors

e = Error term which captures the unexplained variations in the model.

The final model results achieved was;

$$Y = 1.434 + 0.888X_1 + 0.010X_2 - 0.078X_3 + 0.030X_4 + e$$

As shown in Table 21, there was a positive and significant effect of increase factors on performance of tea firms ($\beta_1=0.888$, $t=2.775$; $p<0.05$). There was a positive but insignificant effect of reduce factors on performance of tea firms ($\beta_2=0.010$, $t=0.046$; $p>0.05$). Create factors portrayed negative and insignificant effect on performance of tea firms ($\beta_3=-0.078$, $t=-0.313$; $p>0.05$). Eliminate factors depicted positive but insignificant effect on performance of tea firms ($\beta_4=0.030$, $t=0.605$; $p>0.05$). The t test and its associated p-value were used for the purposes of testing the research hypothesis. A statistically significant regression coefficient indicates that the relationship between the specific independent variable and dependent variable is significant different from zero in the population (Tharenou et al., 2007).

In regards to the effect of increase factors on the performance of tea firms, the results in Table 21 displayed the achieved results ($\beta_1=0.888$, $t=2.775$; $p=0.020$). These results illustrate that due to a beta coefficient of 0.888, a unit increase in increase factors leads to an increase in the performance of tea firms by 0.888 units. The p-value of 0.020 was less than the level of significance of 5%. Therefore, the relationship between increase factors and performance of tea firms in Kenya was significant, hence the null hypothesis was rejected.

This indicates that increase factors affect performance of tea firms in Kenya. Further, the study indicated that through increment in improving quality of made tea, value addition

for local consumption, increase in farmer participation and roles in decision making in factories and increase in domestic consumption of made tea great performance of tea firms in Kenya would be achieved and would be sustainable. This agrees with observation by Sang (2021) which stipulates that to ensure sustainable performance, tea industry should add value and brand tea as well as increase domestic consumption and productivity.

The study found that a positive relationship between reduce factors and performance of tea firms as indicated by a coefficient of 0.010, ($\beta_2=0.010$, $t=0.046$; $p>0.05$). This is an illustration that one unit change in reduce factors increases performance of tea firms in Kenya by 0.010 units. However, the p- value of 0.964 indicates that the relationship between the two variables was insignificant at 5% level of significance. Thus, the null hypothesis was not rejected.

The study reflected that there was a negative relationship between performance of tea firms in Kenya and create factors ($\beta_3=-0.078$, $t=-0.313$; $p=0.761$). This was indicated by a coefficient value of -0.078. This explains that a unit change in create factors decreases performance of tea firms in Kenya. The p- value of 0.761 was greater than 0.05 level of significance. This therefore means that the null hypothesis was not rejected. Thus, create factors is not considered a key determinant that can realize the immediate performance of tea firms in Kenya. This is because when a new innovation is introduced it takes time to yield results. Also, introduction of a new process, product or service may need a lot of research which is costly in terms of financial and human resources thus the negative effect on the performance of the firms.

In respect to the effect of eliminate factors on the performance of tea firms, the results from Table 21 showed the achieved results ($\beta_4=0.030$, $t=0.605$; $p=0.558$). This indicates

that with a beta coefficient of 0.030, a unit increase of eliminate factors was associated with a positive increase on the performance of tea firms by 0.030 units. The p-value was 0.558 which was greater than 0.05 level of significance. Therefore, the relationship between the eliminate factors and performance of tea firms was insignificant. This means that elimination of too middlemen and brokers, elimination of mismanagement of tea factories and elimination of delay in remittance of farmers' payment would not have a significant effect on the performance of tea firms if tried alone by the individual factories. Rather, it is achieved through partnering with other bodies like government agencies. This is in support of observation by Mbui (2016) that only few organizations in the Kenyan tea industry practiced business partnerships in export markets. However, Maina (2018) concluded that strategic alliances enable creation of business networks between local and multinational tea firms that involved marketing of tea hence increase in marketability thus enhance its competitiveness in the global market

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary of the Findings

The study examined the determinants of Blue Ocean strategy on performance of tea firms in Kenya, a case of tea firms in Nandi County. The study sought to establish the effects of increase factors, to assess the effects of reduce factors, to determine the effects of create factors and to evaluate the effects of eliminate factors on performance of tea firms in Kenya. The findings were as follows.

5.1.1 Effect of Increase Factors on Performance of Tea Firm

The first objective sought to establish the effect of increase factors on the performance of the tea firms in Kenya. The study found out that the management of the tea firms in Nandi County agree that tea firms should improve the quality of made tea as well as increasing the quantity of tea bought by better marketing. This can be achieved through continuous advisory services on the tea production and quality enhancement to the tea production team, The study also established that the management of the tea firms in Nandi County support an increase in value addition for local consumption, this include adding flavor to the tea before circulation into the local markets. Further, the study showed that the management of the tea firms agreed that farmers' participation and roles in decision making in factories should be increased.

The regression analysis model was used to establish the relationship between increase factors and performance of tea firms in Kenya. The study results found that the relationship between the two variables was positive. The study also showed that 85.1% variation on performance of tea firms in Kenya was explained by increase factors ($R^2=$

0.851). This relationship was significant at 5% level of significance ($p=0.000$, $p<0.05$) as the p-value is less than 0.05. It implies that the increase factors affect the performance of the tea firms. The null hypothesis that stated, there is no significant relationship between the increase factors and the performance of tea firms in Kenya was thus rejected. The results concurred with the observation of Sang (2021) which stipulates that to ensure sustainable performance, tea industry should add value and brand tea as well as increase domestic consumption and productivity.

5.1.2 Effect of Reduce Factors on Performance of Tea Firms

The second specific objective of the study sought to assess the effect of reduce factors on performance of tea firms in Kenya. The results indicated that reduction of the cost of production was highly considered by the respondents who took part in the study. The management of the tea firms in Nandi County also indicated that tea firms should reduce overheads and indirect costs. Generally, the study findings showed that the tea industry should reduce overdependence on a few export markets. As such, there is need to look for alternative new markets for the processed tea. 87.34% (Strongly agreed and agreed) of the findings supported the reduction of climate effects. The study also revealed that the tea firms should reduce bulk export of tea. Adding flavor and packaging the teas into tea bags before exportation to other market destinations can earn more revenue to the country. In general, the top management of the tea firms believe that reduce factors affect performance of tea firms in Kenya.

The study found that 73.6% variation on performance of tea firms was explained by reduce factors. The study further showed $Y=4.296+0.728X_1$, this implied that a unit change in reduce factors resulted into an increase in 0.728 unit change in performance of tea firms at 5% level of significance ($\beta_1=0.728$, $p=0.000$, $p<0.05$). The null hypothesis

that stated, there is no significant relationship between the reduce factors and the performance of tea firms in Kenya was thus rejected.

5.1.3 Effect of Create Factors on Performance of Tea Firms

The third objective of the study was to determine the effect of create factors on performance of tea firms in Kenya. The study findings showed that the top management of the tea firms agreed that tea firms should introduce value addition to their teas for export as well as brand their tea for export. The tea can be value added in various forms such as flavored tea, organic tea and iced tea to improve the competitiveness of the Kenyan tea in the global market. The study findings indicated that the top management of the tea firms majorly agreed that an extensive education to farmers on production of better quality of tea should be conducted. In addition, the findings showed that the tea firms should engage in corporate social responsibility especially to the surrounding communities. CSR enhance the welfare and dignity of people in the society as well as act as a marketing tool that boost the image of the company.

The study found that 65.8% variation in performance of tea firms in Kenya was explained by create factors ($R^2=0.658$). Further, the study showed that there was a significant effect of create factors on performance of tea firms in Kenya where, $Y=3.287+0.792X_4$. This showed that a unit change in the create factors resulted into 0.792 change in the performance of tea firms at 5% level of significance ($p=0.000$, $p<0.05$). The null hypothesis that stated, there is no significant effect of create factors on the performance of tea firms in Kenya was rejected. The results are consistent with the view of Okechukwu, Ekwochi and Eze (2018) where they explained that organization could enhance their chances by simultaneously introducing innovative products and

services that add value as well as drafting new strategic means of a unique customer satisfaction.

5.1.4 Effect of Eliminate Factors on Performance of Tea Firms

The fourth objective of the study sought to evaluate the effect of eliminate factors on the performance of tea firms in Kenya. The results revealed that the top management of tea firms in Nandi County generally concur with elimination of too much middlemen and brokers. Too many middlemen and brokers contribute to the loss of income to the tea farmers and the tea firms. The study findings also showed that eliminating mismanagement of tea factories and delay in remittance of farmers' dues were highly considered by the top management of the tea firms in Nandi County.

The relationship between the eliminate factors and the performance of the tea firms was evaluated by conducting a simple regression analysis. The study showed that there was a negative relationship between eliminate factors and performance of tea in Kenya, ($R^2=0.71$). This implies that performance of tea firms cannot be explained by eliminate factors. The study revealed that there is no significant relationship between the two variables at 5% level of significance as the p-value is greater than 0.05 ($p=0.790$, $p>0.05$).

5.2 Conclusions

The study sought to establish the determinants of Blue Ocean Strategy on performance of tea firms in Kenya. The study findings indicated that increase factors are significant determinants of the performance of tea firms in Kenya. Majority of the top managers agreed that quality of made tea and increase in quantity of tea bought by better marketing should be enhanced. This is an illustration that quality processed tea and large quantities

of tea sold boosts the performance of the Kenyan tea in the global markets hence the performance of the tea firms.

The study also concludes that reduce factors are key determinants of the performance of tea firms in Kenya. Majority of the managers in the tea firms would reduce production costs. Additionally, the top management of the tea firms would consider a reduction in overdependence on few export markets and a reduction in bulk exports of tea, these are hindrance to maximum earnings by the Kenyan tea in the global markets.

The study further found that create factors affect performance of tea firms. From the results obtained in this research study, adding value to the tea for export should be introduced to fetch higher earnings in the global markets. The top managers of the tea firms also, considered it significant to introduce extensive education to farmers on production of better quality of tea. This will ensure production of quality processed tea which will earn higher prices in the market thus improving the financial performance of the tea firms. Majority of the top managers of the tea firms in Nandi County agreed that Corporate Social Responsibility especially to the surrounding communities should be introduced, generally this will boost the image of the company as well as the relationship between the company and the surrounding communities.

The study results of the fourth objective portrayed that the relationship between eliminate factors and performance of tea firms was positive and insignificant. Given that the relationship between the two variables was positive and insignificant, the conclusion was that eliminate factors were not major determinants of performance of tea firms in Kenya.

5.3 Recommendations

5.3.1 Recommendation for Practice and Policy

From the study, a large portion of the total tea produced by the tea firms in Kenya is sold to the international markets (exported) while a small percentage is sold locally. The tea firms should increase the factory door sales to the local markets which will increase domestic consumption. The tea firms should also engage brand ambassadors to promote their brands of the local teas as well as allow the factory employees to take part in trade fair exhibitions within the county to show case their products.

The study recommends that tea firms should reduce production costs. The tea firms should adapt mechanization and lean production processes to reduce on the labour costs. Also, training of staff and capacity building should be enhanced by the Human Resources departments to improve efficiency. The rising cost of electricity, wood oil and diesel impact negatively on the performance of tea firms and to mitigate this challenge, the tea firms should venture into joint construction of hydro -electric power plants to supplement the electricity needs. The tea firms should establish their own tree plantation to keep a steady supply of wood fuel which is considered cheaper for curing tea.

The study has shown that tea firms should eliminate mismanagement of tea factories. The management of the tea firms should put in place proper policies and strict procedures that help factories to gap any malpractices on mismanagement of factories. Introducing electronic weighing machinery would reduce farmers' leaf loss by giving accurate data as well as prevent the theft of the Greenleaf by those collecting the product from the field.

5.3.2 Recommendation for Further Studies

The study established the determinants of Blue Ocean Strategy on Performance of tea firms, case of tea firms in Nandi County. The study specifically drew emphasis on the effects of increase factors, reduce factors, create factors and eliminate factors on Performance of tea firms. Only four determinants of Blue Ocean Strategy were included and data was gathered in tea firms in only One County. Further studies are therefore encouraged to help in exploring other determinants of Blue Ocean strategy that affect the performance of tea firms. Further studies would also help in determining if the established determinants of Blue Ocean strategy on performance of the tea firms will also affect the performance of other tea firms in other counties in Kenya.

REFERENCES

- Ahmed, M., & Shaffiq, S. (2014). The Impact of Organizational Culture on Organizational Performance: A case study of telecom sector. *Global Journal of Management and Business Research: Administration and Management* 14(3), 20-30
- Amit, R., Schoemaker, P.J.H. (1993). Strategic Assets and Organizational Rent, *Strategic management Journal*, 14, 33-46.
- Amit, R., & Zott, C. (2010). Business Model innovation: *Creating value in times of change*. Philadelphia, PA: The Wharton School, University of Pennsylvania.
- Barney, J.B. (1991). 'Firm resources and sustained competitive advantage' *Journal of Management*, 17, 99-120.
- Borg, W.R. & Gall, M.D. (2013). *Educational Research: An introduction*. New York: Longman Inc.
- Brady, J., R. (2005). W.Chan Kim and Renee Mauborgne's Blue Ocean Strategy. How to create uncontested market Space and make the competition irrelevant. Harvard Business Press
- Bryman, A., & Cramer, D. (2012). *Quantitative data analysis with IBM SPSS 17, 18 & 19: A guide for Social Scientists*. London: Routledge.
- Burke, A. Stel, A. & Thurik, R. (2009). Blue Ocean versus Competitive Strategy: Theory and Evidence, *ERIM report series research in Management Erasmus Research Institute of Management, ERIM Report Series Research in Management*.
- Cherono, C.R. & Maende, C. (2022). Corporate Social Responsibility on Brand Equity in Kenya Tea Development Agency (Holdings) Limited. *International Journal of Education and Research*, 10(1)
- D'Aveni, R.A., Thomas, L.G. (2014). The rise of hyper competition from 1950 to 2002. Evidence of increasing industry destabilization and temporary competitive advantages.
- Dehkordi, G.J., Rezvani, S., & Navid, B. (2012). "Blue Ocean Strategy: A study over A Strategy which help the firm to survive from competitive Environment, *International Journal of Academic Research in Business and Social Sciences*, 2(6)
- East African Tea Trade Association, (2014). *Annual Report*, Nairobi: East African Tea Trade Association.
- Ebele, C.O., Chigozie, P.M., & Eberechukwu, E.O (2018). Applicability of Blue Ocean Strategy among Selected Manufacturing in South East Nigeria. *Scholars Journal of Economics, Business and Management*, 5(10): 916-927
- Farquhar, J.D. (2012). Case study research for business. London: Sage Publications.
- Food and Agriculture Organization of the United Nations (FAO.2015): Rome, 2015 *World Tea Production and Trade Current and Future Development Market and Policy Analyses of Raw Materials, Horticulture and Tropical (Ramhot) Products Team*.
- Grant, R.M. (1991). *The resource-based view of competitive advantage: Implications for strategy formulation California Management review*, 33(3), 114-135.

- Hair Jr.J.F,Hult, G.T.M., Ringle, C., &Sarstedt, M. (2016). *A primer on partial least squares structural equation modelling (PLS-SEM)*. London: Sage Publications
- Hitt, M.A., Bierman, L., Shimizu, K., & Kochhar, R. (2001). Direct and moderating effects of human capital on strategy and performance in professional service firms: A resource-based perspective. *Academy of management Journal*, 44:13-28
- Israel, GlennD. (1992). Sampling the Evidence of Extension Program Impact. Program Evaluation and Organization Development, IFAS, University of Florida.
- Kagira, E.K., Kimani, S.W., & Githii, K.S. (2012). Sustainable methods of Addressing Challenges Facing Small Holder Tea Sector in Kenya: A supply Chain Management Approach. *Journal of Management and Sustainability*; 2(2)
- Kamuhuro, E.W. (2018). Blue Ocean Strategy on Sustainable Competitive Advantage at Coca Cola Kenya Limited.*Unpublished MBA Thesis, University of Nairobi.*
- Kaplan, R.S. &Norton.D.P. (1992). The balance score card: Measures that drive performance, *Harvard Business Review*, 70(1), 71-79
- Keller, C. (2016). BOS examples & Return on Investment. Profitworks.ca. [http://www.profitworks.ca/blog/371-blue-ocean-startegy-examples-and-return-on-investment:](http://www.profitworks.ca/blog/371-blue-ocean-startegy-examples-and-return-on-investment)
- Kim, W.C &Mauborgne,R.(2004).Blue Ocean Strategy. *Harvard Business Review*, 82(10), 76-84.
- Kim, W.C &Mauborgne,R.(2005).Blue Ocean Strategy: *How to create uncontested marketspace and make the competition irrelevant*. Boston: Harvard Business School Press.
- Kiptoon, C.K.(2014).The impact of the Blue Ocean Strategy on the performance of Bamburi Cement Limited in Kenya. *Unpublished MBA Thesis, University of Nairobi.*
- Kothari, C.R (2010). *Research Methodology and Techniques*. (2nded.). New Delhi: Published by New Age International.
- Kothari, C.R (2014). *Research Methodology and Techniques*. (2nd ed.). New Delhi: Published New Age International.
- Maina,E.W.(2015). Influence of Strategic Management Practices on Competitiveness of Kenyan Tea.*Unpublished PhD. Thesis. Juja: Jomo Kenyatta University of Agriculture and Technology.*
- Mbui, C. K., Namusonge, S.G., &Mugambi, F. (2015). Effect of Cost Leadership on Value Addition on Tea Sub-Sector in Kenya. *Prime Journal of Business Administration and Management*, 5, 1936-1940.
- Miano, E.M.(2013).Determinants of implementation of Blue Ocean strategy in Commercial Banks in Kenya. *Unpublished MBA Thesis, University of Nairobi.*
- Mita, G.O., Ochieng, I., &Mwebi, R. (2017). Influence of Generic Strategies on Performance of Metal Works SME Business in Naivasha Town. *International Academic Journal of Human Resource and Business Administration*, 2(3), 477-500.
- Mugenda,O.M.& Mugenda, A.G. (2003). *Research Methods: Qualitative and Quantitative Approaches*, ACTS Press, Nairobi

- Mwende, M.J (2016). Effect of Blue Ocean strategies on Competitive Advantage of Microfinance Institutions in Kenya. *Unpublished MBA Thesis, University of Nairobi.*
- Newbert, S.L (2007). Empirical research on the Resource-Base view of the firm; An assessment and suggestions for future research. *Strategy Management Journal, 28:121-146*
- Ngaruiya, G.N (2013). Application of Value Innovation as the basis for Blue Ocean strategy at Safaricom Limited, *Unpublished MBA Thesis, University of Nairobi.*
- Nyambane, G.O (2012). Challenges in the implementation of blue Ocean strategies in large indigenous banks, *Unpublished MBA Thesis, University of Nairobi.*
- Okechukwu, E.U., Ekwochi, E.A & Eze, J.O (2018). Effect of Blue Ocean strategy on the performance of Telecommunication Firms in South East Nigeria. *European Journal of Business and Management, 10(21)*
- Omari, I.M. (2015). Determinants of export performance of Kenya Tea Development Agency managed factories in Kenya. *Unpublished PhD. Thesis. Juja: Jomo Kenyatta University of Agriculture and Technology.*
- Peteraf, M.A. (1993). The Cornerstones of Competitive Advantage: A Resource-based view, *Strategic management Journal, 14, 179-191.*
- Porter, M.E. (2008). *On competition, Updated and Expanded Version.* Harvard Business, School Press; Boston, USA.
- Porter, M.E. (1985). *Competitive advantage: Creating and sustaining superior performance,* New York, Free Press.
- Porter, M.E. (1980). *Competitive Strategy: Techniques for analyzing industries and competitors.* New York, Free Press.
- Priilaid, D., Ballantyne, R., & Packer, J. (2019). A Blue Ocean Strategy for Developing Visitor Wine Experience: *Unlocking Value in the Cape Region Tourism Market. Journal of Hospitality and Tourism Management.*
- Rahman, M.H. & Choudhury, S. (2019). The Implementation of Blue Ocean Strategy on Organizational Performance: *Global Disclosure of Economics and Business 8(1)*
- Rawabdeh, I., Raqab, A., Al-Nimri, D., & Huddadine, S. (2012). Blue Ocean Strategy as a tool for a company's marketing function: The case of Jordan. *Jordan Journal of Business Administration 8(2): 390-406*
- Richard, P., Devinney, T., Yip, G. & Johnson, G. (2009). Measuring Organizational Performance as a Dependent Variable: Towards Methodical best practice, *Journal of Management. 35(3) 718- 804*
- Samsul, A., & Mohammad, T.I. (2017). Impact of Blue Ocean strategy on Organizational performance: A literature review toward implementation logic. *IOSR Journal of Business and Management.*
- Sang, J.C., & Kimitei, E. (2021). Blue Ocean Strategies as Panacea to Sustainable Performance of Tea Firms in Kenya. *African Journal of Business Management Vol. 15(2) Pg. 59-69*
- Saunders, M., Lewis, P., & Thornhill, A. (2009). *Research methods for business students.* New York: Pearson.

- Sekeran, U. (2003). *Research Methods for Business: A Skilled-building approach*. New York, NY: John Wiley & Sons.
- Tea Act (2013). *Tea Act*, Nairobi: Government of Kenya
- Tea Directorate of Kenya (2020). *Kenya tea industry performance*. Tea Board of Kenya Report. Nairobi
- Tharenou, P., Donohue, R., & Cooper, B. (2007). *Management Research Methods*. New York: Cambridge University Press.
- Thompson, A., Peteraf, M., Gamble, J., & Strickland, A. (2012). *Crafting and executing strategy: Concepts and readings* (1st ed.). New York: McGraw-Hill
- Waiganjo, E. (2013). Relationship between strategic human resource management and firm performance of corporate institutions. *Unpublished PhD. Thesis. Juja: Jomo Kenyatta University of Agriculture and Technology*.
- Wanjohi, N. (2013). Strategic control systems in strategy implementation & financial performance of Bamburi Cement Limited, Kenya. *Unpublished MBA Project, University of Nairobi*.
- Wernerfelt, B. (1984). A Resource-Based view of the Firm. *Strategic management Journal*, 5, 71-80.

APPENDICES

Appendix I: Introduction Letter

School of Business and Economics,
Kabarak University,
Nakuru.

Dear Respondent,

Re: Data Collection for Research Project

I am a student at Kabarak University pursuing a Master of Business Administration-Strategic Management at the Nakuru Town Campus. I am conducting research in partial fulfillment of requirement for the award of a degree in Master of Business Administration-Strategic Management. The title of my research is “Determinants of Blue Ocean Strategy on Performance of Tea Firms in Kenya. A case of Nandi County tea firms”.

I kindly request you to fill the attached questionnaire. All information that you will provide will be treated with utmost confidentiality and will be used only for the purpose of this research.

Thank you for your assistance.

Yours faithfully,

Winy Cheptoo Marisin

Part B: Determinants of Blue Ocean Strategy and Performance of Tea Firms in Kenya.

The following are items intended to establish determinants of blue ocean strategy. On a scale of 1-5 (where Strongly Agree=5 Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1). Please tick appropriately your level of agreement with each of the following statements.

I.	Reduce Factors. To what extend do you agree that the following factors should be reduced below the industry standards	1	2	3	4	5
1.	Reduce production costs					
2.	Reduce Overheads and indirect costs					
3.	Reduce overdependence on a few export markets					
4.	Reduce climate effects					
5.	Reduce bulk exports of tea					
II.	Eliminate factors. To what extend do you agree that the following factors are taken for granted by the tea firms and should be eliminated	1	2	3	4	5
6.	Eliminate too many middlemen and brokers					
7.	Eliminate mismanagement of tea factories					
8.	Eliminate delay in remittance of farmers' dues					
III.	Increase Factors. To what extend do you agree that the following factors should be increased well above the industry standard.	1	2	3	4	5
9.	Improve quality of made tea					
10.	Increase value addition for local consumption					
11.	Increase the quantity of tea bought by better marketing					
12.	Increase farmer participation and roles in					

	decision-making in factories.					
13.	Increase domestic consumption of tea					
IV.	Create factors. To what extent do you agree that the following factors should be created that the industry has never offered.	1	2	3	4	5
14.	Add value to the tea for export e.g. making green and herbal tea					
15.	Brand the tea for export					
16.	Extensive education to farmers on production of better quality of tea					
17.	Creation of new products of made tea					
18.	Corporate social responsibility especially to the surrounding communities					

Part C: Performance of Tea Firms

The following are items intended to establish performance of tea firms in Kenya. Please tick appropriately your level of agreement with each of the following statements on a scale of 1-5 where Strongly Agree=5, Agree=4, Neutral=3, Disagree=2 and Strongly Disagree=1

	Statements	1	2	3	4	5
19.	Blue Ocean Strategy lead to economic prosperity of tea farmers and factories					
20.	Blue Ocean Strategy leads to social equity					
21.	Blue Ocean strategy leads to corporate compliance such as better environmental protection and tax compliance					
22.	Blue Ocean strategy leads to creating non-competitive market space					
23.	Blue Ocean strategy leads to setting and capturing new demands					

Thank you for your time. God bless you.

Appendix III: Distribution of Population of The Top Management of Tea Firms in
Nandi County

Factories	Cheburi	Chepkumia	DI Koisagat	Emrok	Eastern Produce-K	Kaimosi	Kamarich	Kapchorwa	Kaptumo	Kilbwoini	Mbogo Valley	Nandi Tea Estate	Tindiret	Sangalo
Finance & Accounting Department	1	1	1	1	5	1	1	1	1	1	2	1	1	1
General Manager	1	1	1	1	5	1	0	1	1	1	1	1	1	1
Human Resources & Admin Department	1	1	1	1	1	1	1	1	1	1	1	1	1	1
ICT Department	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Production Department	1	1	2	1	5	1	1	2	1	1	2	2	1	1
Sales & Marketing Department	1	1	1	1	1	1	1	1	1	1	1	1	1	0
Total	6	6	7	6	18	6	5	7	6	6	8	7	6	5

Source: Tea Firms' Database (2022)

Appendix IV: KUREC Approval Letter



KABARAK UNIVERSITY RESEARCH ETHICS COMMITTEE

Private Bag - 20157
KABARAK, KENYA
Email: kurec@kabarak.ac.ke

Tel: 254-51-343234/5
Fax: 254-051-343529
www.kabarak.ac.ke

OUR REF: KABU01/KUREC/001/20/07/22

Date: 27th July, 2022

Winny Marisin Cheptoo,
Kabarak University,

Dear Winny,

RE: DETERMINANTS OF BLUE OCEAN STRATEGY ON PERFORMANCE OF TEA FIRMS IN KENYA: A CASE OF NANDI COUNTY TEA FIRMS

This is to inform you that **KUREC** has reviewed and approved your above research proposal. Your application approval number is **KUREC-200722**. The approval period is **27/07/2022 – 27/07/ 2023**.

This approval is subject to compliance with the following requirements:

- i. All researchers shall obtain an Introduction letter to NACOSTI from the relevant head of institutions (Institute of postgraduate, School dean or Directorate of research)
- ii. The researcher shall further obtain a RESEARCH PERMIT from NACOSTI before commencement of data collection & submit a copy of the permit to **KUREC**.
- iii. Only approved documents including (Informed consents, study instruments, MTA Material Transfer Agreement) will be used
- iv. All changes including (amendments, deviations, and violations) are submitted for review and approval by **KUREC**.
- v. Death and life-threatening problems and serious adverse events or unexpected adverse events whether related or unrelated to the study must be reported to **KUREC** within 72 hours of notification;
- vi. Any changes, anticipated or otherwise that may increase the risk(s) or affected safety or welfare of study participants and others or affect the integrity of the research must be reported to **KUREC** within 72 hours;
- vii. Clearance for export of biological specimens must be obtained from relevant institutions and submit a copy of the permit to **KUREC**;
- viii. Submission of a request for renewal of approval at least 60 days prior to expiry of the approval period. Attach a comprehensive progress report to support the renewal and,
- ix. Submission of an executive summary report within 90 days upon completion of the study to **KUREC**

Sincerely,

Prof. Jackson Kitemu PhD.
KUREC-Chairman

Cc Vice Chancellor
DVC-Academic & Research
Registrar-Academic & Research
Director-Research Innovation & Outreach
Institute of Post Graduate Studies



As members of Kabarak University family, we purpose at all times and in all places, to set apart in one's heart, Jesus as Lord
(1 Peter 3:15)



Kabarak University is ISO 9001:2015 Certified

Appendix V: Introductory Letter



KABARAK UNIVERSITY
OFFICE OF THE DIRECTOR
INSTITUTE OF POST GRADUATE STUDIES

Private Bag - 20157
KABARAK, KENYA
<http://kabarak.ac.ke/institute-postgraduate-studies/>

E-mail: dir@icmopostgraduate@kabarak.ac.ke

1st August 2022.

The Director General
National Commission for Science, Technology & Innovation (NACOSTI)
P.O. Box 30623 – 00100
NAIROBI

Dear Sir/Madam,

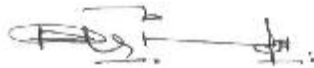
RE: WINNY CHEPTOO MARISIN – GMB/NE/0146/01/16

The above named is a student at Kabarak University. She is carrying out a research entitled “*Determinants of the Blue Ocean Strategy on Performances of Tea Firms in Kenya: A Case of Nandi County Tea Firms.*”

The student has been granted ethical clearance by Kabarak University Research Ethics Committee and is ready to undertake field research.

Kindly provide the student with a research permit to enable her to undertake the research.

Thank you.



Dr. Wilson O. Shitandi
DIRECTOR, POSTGRADUATE STUDIES






Kabarak University Moral Code

As members of Kabarak University family, we purpose at all times and in all places, to set apart in one's heart, Jesus as Lord. (1 Peter 3:15)



Kabarak University is ISO 9001:2015 Certified

Appendix VI: NACOSTI Research Permit

 REPUBLIC OF KENYA	 NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
RefNo: 430768	Date of Issue: 22/August/2022
RESEARCH LICENSE	
	
This is to Certify that Miss. Winny Cheptoo Marisin of Kabarak University, has been licensed to conduct research in Nandi on the topic: Determinants of Blue Ocean Strategy on Performances of Tea Firms in Kenya: A Case of Nandi County Tea Firms for the period ending : 22/August/2023.	
License No: NACOSTI/P/22/19618	
430768 Applicant Identification Number	 Director General NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY & INNOVATION
	Verification QR Code 
NOTE: This is a computer generated License. To verify the authenticity of this document, Scan the QR Code using QR scanner application.	

Appendix VII: Evidence of Conference Participation



Appendix VIII: List of Publication

Analysing the Effect of Increase Factors on the Performance of Tea Companies in Nandi County, Kenya

***¹Winnie Cheptoo Marisin**

Kabarak University, School of Business and Economics

*Email of corresponding authors: winnymarisin@gmail.com

²Nehemiah Kiplagat, PhD

Kabarak University, School of Business and Economics

³Gitahi Njenga, PhD

Mount Kenya Rwanda, School of Business & Economics

How to cite this article: Marisin, W. C., Kiplagat, N. & Njenga, G. (2023). *Analysing the Effect of Increase Factors on the Performance of Tea Companies in Nandi County, Kenya*, *Journal of Strategic Management*, 7(6), 78-90. <https://doi.org/10.53819/81018102t4212>

Abstract

Blue ocean concept plays a critical role in strategic management in organization especially in tea industry which has led to tremendous growth over the past years. It is in regard to this strategic focus that this study sought to establish the effect of increase factors on the performance of tea firms in Kenya. The study was guided by the Value Innovation Theory and adopted a case study research design. The study population comprised a total of 99 top management staff from tea firms in Nandi County. The study used non-probability sampling design by applying a purposive sampling technique. The primary method employed for data collection was the use of questionnaires, which were self-administered by the respondents. The data collected was analysed using both descriptive and inferential statistics. Data was analysed with aid of SPSS software and linear regression model was used to determine the association between independent variable and dependent variable. The findings were presented using tables and graphs. The study found that increase factors was statistically significant to performance of tea firms ($\beta_1=0.888$, $p=0.000$, $p<0.05$). The study concludes that increase factors are statistically significant in explaining performance of tea firms in Kenya. The study recommendations was to increase the factory door sales to local markets which will likely increase the domestic consumption.

Keywords: *Increase factors, Performance, Tea Industry, Value Innovation*

1.0 Introduction

Strategic decisions influence the way organization respond to their environment. Strategy results are influenced by detailed strategic planning process. Strategy can be defined as a general direction set for the company and its various components to achieve a desired state in

<https://doi.org/10.53819/81018102t4212>