

**THE EXTERNAL ENVIRONMENT AND PERFORMANCE OF TEA
PROCESSING FIRMS IN BOMET COUNTY, KENYA**

LILLIAN CHEPKORIR

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DECLARATION

I declare that this research project proposal is my original work and has not been submitted for an award at any university or institution of higher learning.

Signature:



Date: 14/1/2023

LILLIAN CHEPKORIR

D61/85702/2016

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

Signature:



Date: 17 1 2023

MR. GEORGE OMONDI

Department of Business Administration

School of Business, University of Nairobi

DEDICATION

I dedicate this project to my dear parents, my daughter and siblings for their patience, support and encouragement throughout the period of this course.

ACKNOWLEDGEMENT

First and foremost, I thank God for giving me the opportunity to go through this demanding yet rewarding learning session. My appreciation to my family; parents, daughter and siblings for their love and confidence in me. My appreciation to my supervisor for his invaluable guidance during this project.

ABSTRACT

External environment is important to organizations as it affects the readiness of resources and is a source of opportunities as well threats. Organizations are viable if they can take advantage of available opportunities by streamlining their actions through active internal capabilities to achieve the desired goals. The study examined the influence of external environment on performance of tea processing firms in Bomet County, Kenya. The objective of the study was to establish the influence of external environment on the performance of tea processing firms in Bomet County. The study was anchored on three theories; contingency, institutional and open system. Cross-sectional survey design was used. Semi-structured questionnaires were used to collect data from the respondents of all the thirteen identified tea processing firms in Bomet County thus a census survey. Data was analyzed using descriptive and inferential statistics. Descriptive statistics was used to analyze and summarize data while the t-test was used to determine the significance of the relationship between external environmental forces and performance of tea processing firms in Bomet County. All the measures as per the balanced scorecard were adopted in assessing performance of the tea processing firms in Bomet County. T-test was done and the t-value obtained was 2.0124 showing that the relationship is statistically significant hence the influence of external environment on the performance of tea processing firms in Bomet County is statistically significant. It is recommended that the tea firms develop dynamic internal capabilities to ensure effective response to changes in the external environment, particularly understand the government policies or regulations as these have a significant impact on their performance. The limitations of the study are that data was collected at a single point in time leading to less reliability of the results than if a longitudinal study had been conducted. It is proposed that further study is done using different design involving longitudinal tracking of the relationship between external environmental factors and performance of the tea firms.

ABBREVIATIONS AND ACRONYMS

KIPPRA	-	Kenya Institute for Public Policy Research and Analysis
KTDA	-	Kenya Tea Development Agency
MNC	-	Multi-National Corporations
NGOs	-	Non - Governmental Organizations
PESTEL	-	Political, Economic, Socio-cultural, Technological, Ecological and Legal

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CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

All organizations function as an operational part of the society and hence their performance is shaped and affected by the external environment. External environment refers to factors that are beyond control of the firm that influence their choice of direction and actions that lead to their performance (Porter 2008). These factors have implications for organization as they present them with opportunities or threats. Moreover, these factors appear to possess more influence in an organization's decision making hence influencing its performance. Osuagwu (2001) points out that the external environment is perceived to be the sum of all external aspects that determine or affect the performance of an organization. Garg et al., (2003), argue that in complex external environments, managers need to focus keenly on the task sectors of the external environment to enhance high levels of performance. Performance is measured in order to ensure that the general organizational goals are achieved efficiently. This is a role played by organizations in reaction to variations experienced in the external environment.

Three theories underpinning the study were Contingency Theory (Lawrence & Lorsch, 1967), Open Systems Theory (Burtanlanffy, 1956) and the Institutional Theory (Scott 1995). Contingency theory suggests that organizations with internal features that are equivalent to the requirements of the external environments will attain the greatest adjustments and higher levels of performance (Lawrence & Lorsch 1967). The theory further posits that the level of ambiguity and the degree of transformation in an environment influences the progression of internal features like structures and strategies in organizations. Open Systems theory states that the external environment put forth diverse forces of social, political or economic nature that strongly influence organizational functioning (Bastedo 2014). The theory further asserts the fact that the external environment is a source of the key resources that sustain the organization and is the market for its outputs. The Institutional theory sees organizations as ways in which societal values as well as beliefs are imparted in the organization set up and conveyed in organizational change. Thus, organizations have to adhere to the rules as well as beliefs

that are dominant in the external environment for them to gain legitimacy and enhance performance (Scott, 1995).

Tea firms in Bomet County are located in an ever-changing environment presenting both opportunities and / or threats to the firms as manifested in various external environmental factors like political, legal, ecological, socio-cultural, economic and technological factors. The firms are also served by local tea farmers who supply tea leaves to the factories and at the same time are the consumers of the tea products. Tea firms in Bomet are facing many issues such as poor infrastructure, high cost of production, lack of credit facilities and those of policy development. They are required to comply with the labor laws and environmental regulations (Tea Policy Bomet County, 2015). At the same time there exist competing beverages posing competition to the tea industry. Reduction of taxes on mineral water and soft drinks could make drinks to be preferable to tea. However, despite these challenges the firms provide employment to the local communities, contribute to income generation and foreign exchange and sell their products to the community.

1.1.1 Organization's External Environment

The term external environment refers to factors and forces outside the organizations that affect the organizational performance (Peet et al, 2010). The external environment comprises of features that are extrinsic compared to the organization that affects the organizational effectiveness (Kasomi et al., 2016). These are the first conditions encountered by organizations in any given economy (Alkali, 2012). Osuagwu (2001) also talks about the environment as being perceived as the entirety of the aspects that affect, determine or influence the functions or operation of an entity. Porter (2008) defines the external environment to include the aspects outside its limits that influence its functioning. Gupta (2009) explains it to be composed of all the factors in existence external to its boundary but have key effect on its progression and survival. According to Gens (2014), the external environment can include economical, technology, legislation and regulation of activities, traditions and culture, trade union activities, industry sector characteristics and competition.

The external environment has been described differently by various academics and researchers. Machuki and Aosa (2011) describes it in terms of environmental complexity, dynamism and munificence. Dess and Beard (1984) have described external environment in terms of dynamism, where they argued that dynamic environments by definition are also unpredictable, devoid of patterns and regularities. Duncan (1972) further described the environment in terms of complexity and dynamism. Other scholars (Shtal et. al.2018, Akpoviro, 2018), have described the external environment in terms of the political and legal, social-cultural, economic, ecological and technological dimensions (Akpoviro, 2018). This study thus adopts the political, economic, social, technological, ecological and legal framework in describing the external environment.

The continuously changing disposition of the external environment can alter some of the objectives that the organization depends on to operate (Carr & McMahon, 1999). It may establish goals, negotiate and settle on operational pointers for implementation so as to attain superior operation. However, occurrences in the external environment can be inhibited in a way that increases or slows down the association that external environment and organizational functioning has. For organizations to survive and succeed, they have to turn on the skilled relations of the organization's administration with the external environment to appropriately respond to variations in such environment, analyze and account for its effects on the performance of the organization (Kuznetsova & Alekseeva, 2016; Choibamroong, 2014; and Kuznetsova, 2015).

1.1.2 Organizational Performance

Organizational performance refers to how well a of a company does a particular activity to achieve desired goals. There is no unanimously adopted description of this concept. During the 1950s, organizational performance had been described to being a level to which organizations is being seen as a way that social system realized its aims (Georgopoulos & Tannenbaum, 1957). At that time, performance evaluation was directed to organizational structure, people and work. It was not until the 1960s and 1970s that organizations started to investigate different methods of performance assessments. Some defined performance based on organization's capability to explore its environment by

acquiring and putting to use the restrictive resources (Yuchtman & Seashore, 1967). Performance can also be defined to involve a couple of financial and nonfinancial markers that offers information on the level of attainment of goals and results (Euske & Lebens 2006 after Kaplan & Norton, 1992). According to Pierre et al, (2009), organizational performance involves the authentic ways of achieving efficiency or results of the organization in comparison to the anticipated objectives or aims and outputs.

Organization performance has been described differently by various academics and researchers. Organizational performance comprises of three distinct spheres of a firm outcomes; return on investment, financial performance like profit, market performance and shareholder return. Organization performance can be evaluated based on an organization's effectiveness and adeptness of objective attainment (Peet and Coulter, 2002). Bjorn (2006) asserts that the concept of effectiveness is a ratio, this implies therefore, that two features need be exploited to explain and assess effectiveness (e.g return on assets). He further states that efficiency is understood as a range of objective accomplishments, namely, the accomplishment of fruitful aims. Schermerhorn et al. (2002) points out performance as to denote the quantity and quality of group or individual work fulfillment.

Several researches have utilized different ways to assess organization performance (Garnett et al., 2008). In particular, Delaney and Huselid (1996) proposes two modes for assessing organization performance: organization performance and market performance. Tippins and Sohi (2003) explain that organization performance is assessed on four dimensions: relative profitability, customer retention, return on investment and total sales growth. Kington (1990), also developed a framework called the Tripple Bottom Line that emphasizes on three Ps of People, Planet and profits. The framework helped highlight areas such as corporate social responsibility and recognizes the environment aspect (Kington, 1990). Other researches have used the Balanced Score Card as an instrument for performance measurement (Nzuve and Nyaega 2013). Kaplan and Norton (1992) established a strategic model which establish more balanced performance measurement of organizations. They argued that performance measurements based on financial measures alone is inadequate in evaluating company's performance, therefore, the most

contemporary measures of performance are the Balanced Score Card and the Triple Bottom Line frameworks.

1.1.3 Tea Processing Firms in Bomet County

Tea in Bomet County is generally grown in the Eastern region of the county, neighboring the Mau forest. The Farmers in these tea production areas sell their raw tea leaves to Kenya Tea Development Agency (KTDA) tea processing firms. These include as Kapokoros, Tirgaga, Mogogosiek, Kobel, Boito, Kapset, Mogotio, Kiptagich, Chebango and Rorok. The area also has other multinational tea companies such as Sasini tea company particularly Sotik Tea Factory, James Finlay (Kenya) Limited, Unilever and George Williamson. While tea significantly contributes to the county's socio-economic advancement, production is not evenly distributed throughout the year with peaks and troughs causing capacity constraints and slacks respectively.

Tea processing firms in Bomet are facing many challenges regarding access to credit facilities, poor infrastructure and high production costs and those of policy adoption. While they depend on wood fuel to process tea, the government has put a moratorium on tree harvesting and thus forced to procure wood fuel from private farms resulting in high costs of production (Tea Policy Bomet County, 2015). The county government of Bomet is responsible for implementation of tea policies developed by the national government. The policy document has positive recommendations which are meant to improve the tea sector. The specific objectives of the policy addressed the cost cutting measures through improvement of physical and other infrastructure like roads, tea buying centers, transport and improvement of service delivery.

1.2 Research Problem

Turbulence of the external environment forces an organization to search for more precise market and industry insights and to proactively take advantage of opportunities and nimbly sidestep threats by applying their best capabilities and thus ensuring organizational performance. Setbacks in readiness of resources, variations in the economic situations and political interference leads to poor

organizational performance (Kobia& Mohammed, 2006). Adeoye (2012) also established that external business environment had a positive impact on organizational performance in ways linked to rise in sales, effectiveness, attainment of organization goals not to mention efficiency, however, Machuki & Aosa (2011) established that the relationship between external environment and performance was not significant. Phelham (1999) found out that there was no association between organizational performance and the external environment.

Tea firms in Bomet operate in an ever-changing environment presenting both opportunities and threats hence likely to influence their performance. They are facing many challenges regarding access to credit facilities, poor infrastructure and high production costs and those of policy development. In addition, since they serve a wide market area, many farmers are facing congestion in the factories when supplying their tea produce (The Standard digital, April 21st 2013). In addition, they are encouraged to operate in line with the companies act and their respective Articles of association and participate in corporate social responsibility (Tea Policy Bomet County, 2015). This calls for regular scanning of the external environment to gain useful insight in order to survive and improve organizational performance.

Various studies have been done on external environment and organizational performance. A study by Islami et al (2018) on the effect of industrial and internal factors on firm performance in Kosovo established that internal business factors had significant and positive influence on performance. Another study by Menguc (2010) on the interactive influence of internal and external factors on firm performance in manufacturing firms in New Zealand found out that the effect of entrepreneurial orientation on a proactive environment strategy was not direct but advanced by good regulations and customer sensibility to environmental issues. Further, a research done by Manae (2006) on organizational environment and the impact on performance discovered the existence of a significant positive correlation between performance and environmental factors; further, that

performance enhancement cannot take place without the involvement of ecological factors. A study conducted by Kondo (2014) on the National Registration Bureau of Kenya, found out that the external environment was intricate and therefore influenced performance. Besides, external environmental factors that impacted the firm included legal, economic, political, technological, and social aspects. Some research have been done on tea sector in Bomet County. Kirui (2017) did a research on the effects of smallholder tea production in Bomet County, Kenya. Kenya institute for public policy research and analysis (KIPPRA) (2017) did a research on transforming agribusiness trade and leadership an assessment of the tea value chain in Kenya. Rotich (2012) also did a research on on-farm diversification to income of smallholder farmers in Konoin District, Bomet County. No study has been done to demonstrate the influence of external environment of performance of tea processing firms in Bomet County. This led to the question, what is the influence of the external environmental factors on organizational performance of tea processing firms in Bomet County, Kenya?

1.3 Research Objective

The objective of this study was to determine the influence of the external environment on organizational performance of tea processing firms in Bomet County Kenya.

1.4 Value of the Study

The tea processing firms are located in the society with beliefs, rules and norms prevailing in such environment. Recognition of the diversity of the prevailing communities, their value and taste of their products give an enhancement to institutional theory. The firms do recognize that there are changes in the external environment and are trying to enhance their internal features in order to respond to changes in such environment. The external environment is the source of their inputs and is the market for their products hence operating as open systems. This study therefore will enrich this study's theoretical anchorage and add to the existing knowledge on external environment and organizational performance.

The existing literature advanced in this study and the new findings will aid managers of the tea firms on matters of scanning the external environment to ensure organizational alignment and hence organization performance. This study is a source of information from which the management of the tea processing firms can formulate policies on monitoring external environment. In addition, the regulators, the tea board of Kenya will find this study beneficial for purposes of coming up with policies and regulations that can improve the contribution and value of tea companies to Kenyan economy.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter contains theoretical foundation, external environment and organization performance, empirical studies and knowledge gap.

2.2 Theoretical Foundation

This study was anchored in the contingency, institutional and open systems theories respectively.

2.2.1 Contingency Theory

The general orienting principal guides the Contingency theory. It states that organizations or businesses with internal attributes that best corresponds with the requirements of their external environments usually adapts most to the needs. This theory was fostered by Lawrence and Lorsch in (1967), and he alluded that the level of ambiguity and rate of variation in an environment influence the progression of internal features in an organization or business. Various sub-units in an organization or business may encounter varying external requirements. To manage these numerous environments, organizations generate specialized sections with contrasting structural aspects. For example, varying degrees of sanctification, centralized vs decentralized, planning time horizon. When the categories of environments are contrasted by an organization, it further needs to differentiate its structure.

Lawrence and Lorsch (1967) studied six companies dealing in plastics industry. In his conclusion, he stated that in a multifaceted environment the organizations established different sub-units to manage the varying environmental sections. However, the varied sub-units lead to coordination shortfalls. Therefore, the degree to which the companies could segregate to the extent needed by the environment yet still managed to incorporate these varying sub-units into shared achievements affected the organization's rate of success.

Contingency theory idealizes that a universally or unanimously accepted strategies for running an organization or business does not exist. All the subsystems and design that the organizations adopt ought to match with the environment. Efficient organizations or companies do not only need to fit with the environment but also match the sub-units. The managers are tasked with the responsibility to oversee the environment in a manner so as to avert the adverse aspects of environment and varying kinds of varieties of organizations are required in various environments (Fielder, 1960). Mintzberg (1979) identified eleven contingency factors for handling the environment, complexity, stability, diversity as well as hostility. Burns and Stalker (1961) in their study found out that organizations functioning in steady environments are more varied from those that have to encounter the ever-varying environment. Therefore, the management need to translate their insights into effective strategies to cope with the changing circumstances.

2.2.2 Institutional Theory

Institutional theory sees the organization as a way in which societal believes and values are entrenched in organizational structure and portrayed in organizational change. Scott (1995) opines that so as to survive, organizations have to fit to the rules as well as beliefs existing in the current environment since institutional isomorphism, which are procedural and also structural in nature, have to attain organizational legitimacy (Dacin, 1997; Suchman, 1995; Deephouse, 1996). For instance, multinational corporations (MNCs) functioning in other nations with changing institutional environments faces varying burdens. Among of those burdens in home institutional environments are indicated to exercise central implications on organizational performance. Corporations and companies also encounter institutional difficulties from their more key peers within their local community and those in their industry. An example is, Marquis and Tilcsik (2016) who explains that organizations philanthropic contributions are mainly driven by isomorphic difficulties that organizations go through from their industry peers and local peers. Social organizations as well as Non-Governmental Organizations can be vulnerable to isomorphic burdens.

Historically, a hallmark of institutionalism has been that structured actors' purposes were formulated and disenchanted by their institutional environments, (Drori, 2008). Institutionalism acknowledges the role of external environment of organization. As Tolbert and Zucker (1996) observed, institutionalism developed at the same time that other approaches were also taking environment seriously. Institutional studies focus on the boundary between authority in the organization and conformity bestowed by institutional environment, (Meyer& Rowan 1977).

The insight of institutionalism is that organizations are transcended by the institutionalized ideas, beliefs, rules and messages, (Lammers, 2011). Firms in varying sorts of economies respond in different ways to comparable challenges (Knetter, 1989). Social, economic and political aspects make up an institutional composition of a given environment and offers firms the gains for employing given kinds of activities there. Those aspects affect the taste and preference of the firm products by their customers, the crucial marketing insights and the ability to accept change which play important role for organizational performance. Organizations therefore seem to function more effectively if they attain the institutional backing.

2.2.3 Open Systems Theory

Open systems theory states the notion that organizations are highly dependent on their environment. Most organizations are open systems, therefore environment reliant and subject to the environment (Ansoff and Sullivan, 1993). The environment comprises of many organizations that express numerous potencies of political, social or economic nature. The environment likewise offers significant resources to keep the organization and contribute to its endurance. Open systems theory was coined after World War II from the prior theories of organizations for example the administrative theories of Fayol and the human relations perspective of Elton Mayo that regarded the organization mainly as a self-sufficient body (Bastedo, 2004).

Conventional theories saw companies to be efficient on their own, independent and cut off at its external boundaries. Nevertheless, in 1960s, extra all-inclusive and humanistic philosophies came to light. Acknowledging that ancient theories had not taken into

consideration several environmental stimuli that influences the effectiveness of organizations, several theorists and investigators now adopt an open-systems viewpoint of firms. Initially, Bertalanffy (1956), a biologist, coined Open system theory. However, it was instantly applied in all fields. It describes the belief of a system, where they are described by a body or combination of sections with interdependent relations.

Bastedo, (2004) contends that the phrase open systems echoed the recent principle that organizations are distinctive due to their distinctive environment that they function and that they ought to be formulated to contain distinct threats as well as opportunities. For instance, studies done in the 1960s show that conventional bureaucratic institutions, were mostly not successful in environments with markets or technologies that were suddenly experiencing change. They could not grasp the value of regional norms that impact on workers' motivation. Organizations offers comparable structures that are expressed in varying manner based on resources, stakeholders' requirements, goals and connections with the environment. The open-systems theory supposes that all sizeable organizations are composed of several sub-unites, that obtains feedback from other sub-unites and converts them into results to be used by other sub-unites or other stakeholders in the environment (Carlopio et al., 2012). Sections do not practically exemplify the sub-units in a firm, but instead appear as outlines of activity.

This theory therefore shows that organizations rely on the external environment in various operations that are important for the organizations. In this case the resource input and the market for the tea form the basis for its reliance with the external environment. Proper environmental scanning can aid to attain important information that could help in purchase of quality resources and also in coming up with better marketing strategies leading to improved organizational performance.

2.3 External Environment and Organization Performance

Emery and Trist, (1965), posit that the organization's capability of meeting its aspirations in the uncertain environment is usually dependent on how accurately it will foresee the degree and direction of environmental change. According to Ansoff and McDonnel, (1990), for a firm to increase profitability it got to make sure there is an orientation

between the organization and the adjacent environment. This is mainly given emphasis by the considered success strategy put in place by Ansoff and McDonnell, (1990) and Ansoff and Sullivan's, (1993) which postulates that, great firm performance is achieved when the receptiveness of organizational plans rhyme the confusions in the uncertain environment by matching the assertiveness its plans.

The external environment also stimulates managerial consideration to the threats and opportunities that could possibly affect the institution's set plan. As such, there is need to give consideration on the role of executive's assessments of their venture's external environment as it pertains to the development of organizational performance as cited in (O'Cass & Julia, 2002). Organizational performance, therefore, appears to be heralded by environmental factors (Cavusgil & Zou, 1994), for instance, the legal and regulatory policies of host national governments, the level of competition, customer familiarity with the commodity and ideal distribution and communication channels.

The environment is a vital aspect in shaping the degree of existing assets and resources with the ease in which an organization is able to conduct its functions. An example is poor macroeconomic policies which contributed to fluctuating currencies, rising interest rates and many other circumstances that make it hard for most organizations to accomplish its goals. The quality and characteristics that the environment possesses including inadequate infrastructure facilities such as phone lines, roads and electricity contributes to lowered performance (Lusthaus et al., 2002). All attempts detect and advance the performance of an organization and organizations need comprehension of the potentials beyond their boundaries that could expedite or hinder their performance (Savedoff, 1998).

Traditional and upcoming ideas of organizational performance are equally shaped by external environments. It is supposed that greater organizational success is guaranteed when the organization reacts to environmental improbability by continual implementation of technologies to promote an organization in advancing its service delivery. Moreover, variation in economic state influence a company's performance and yields (Kotulic, et. al. 1995). A study conducted by Frishammar, (2005) concerning management of external information in assembly firms and the influence on performance realized that the

technological sector of the environment was directly connected to innovation performance, while suppliers, customers and competitors scanning demonstrated negative association with innovation performance. Moreover, decision making was grounded on information derived from the industry environment and was linked considerably with innovation performance.

Research done by Bourgeois (2017) on strategic objectives, supposed that ambiguity and instability of environments corroborated increased level of supposed ambiguity that greatly and negatively shaped organizational performance. Numerous prior studies denote that the organizational external environmental ambiguity level had effects on Organization Performance. Wiklund et al (2006) suggests that the external environmental ambiguity level impacts on organizational performance despite their being selected strategy and the perspective of operation.

Organizations encounter chaotic and rapidly fluctuating environmental relations that are transformed into compound, complex and interwoven streams of enterprises. These chaos impact daily duties, resource allocation and organizational designs therefore causing changes in performance (Messah & Kariuki, 2011). Political interference, delayed accessibility to resources, and discrepancies on the economic situations have been accredited to low organizational performance (Kobia& Mohamed, 2006) even with a flawlessly articulated tactic. Organization theory advocates reiterates that organizations have to conform to their environment for them to endure (Machuki&Aosa, 2011).

Bagire and Namada (2013) alludes that organizational consequences are partly foreseen by the environmental indices and that alterations in the external environment could either be favorable or unfavorable to organizational performances. A study done by Akinyi, (2015) on external environmental factors that influence financial performance of Kenya Airways established that Kenya airways is currently running in a demanding environment in which understanding of the external environment is significant to its survival. The study showed that Kenya Airway's economic performance is highly impacted by the external environmental aspects among them customers, economic, political, socio-cultural, technological and legal factors. Aluko (2005) conducted a study on the impacts of the environment on organizational performance in some textile companies in Nigeria.

He realized that the organizations focused on were not well accomplished as they seemed to be running in a harsh political, economic and technological environment. Only the socio-cultural environment seemed to be conducive but that could not facilitate organizational performance.

Machuki and Aosa (2011) did a study on the impacts of external environment on performance of publically quoted companies in Kenya. It examined the effects of the external environment on firm performance and approbates that among the firms sampled; there are diverse degrees of external environmental intricacies, dynamism, and generosity, which majorly appear in the market economic and technological factors, rivalry among competing firms and so forth. Though the report indicates that the general results for the influence of external environment on organizational performance were statistically not significant.

Aspects in the external environment impact organizational procedures in a different way (Tacheva, 2007). Greater organization performance is accomplished when the receptiveness of an organization's strategy equals the disorderliness of the environment (Ansoff& Sullivan, 1993). The external environment is still a significant feature in strategic management. Therefore, it can be summarized as manufacturing firms ought to comprehend all these kinds of external business environments and their inferences on organizational performance of their business and bring their knowledge up to date so as to understand and be skilled to attain the foreseen changes in the domain of their enterprise and also calls for consistent monitoring and performing environmental scanning always (Solomon Akpoviro 2018).

Compared to the other research works, some works suggested no association between organizational performance and external environment (Pagell and Krause, 2003). Inconsistence of the results in these studies provide a prospect for more explorations of the association between the external environment as demonstrated in competition level and variations in market need for organizational success.

2.4 Empirical Studies and Knowledge Gap

A review of the literature has highlighted a number of conceptual and contextual gaps. Most of the studies cited have focused on both the external and internal environment factors and how they influence organizational performance (Islami et al.2018, Menguc 2010, Manae 2006). A conceptual gap arises since this study focuses only on the external environment and its impact on organizational performance, therefore the area covered for study is narrower. Another gap also arises since most of the studies (Kirui, 2017, Rotich, 2012) done in the tea sector in Bomet County have not focused on external environment and performance of tea manufacturing firms. A contextual gap also arises since there is no empirical study with evidence of the nature of the relationship between the performance of tea processing firms and external environment. Review of empirical literature has found varied association between external environment and performance. (Pagell and Krause, 2003) found no relationship while others found the relationship to be statistically insignificant such as Machuki and Aosa, (2011) and others such as (Manae, 2006) found the relationship to be statistically significant. Empirical studies demonstrate that external environment influences organizational performance but no agreement has exists regarding the exact details of the relationship.

From the review of the literature, the logic relating environment to performance is compelling and the theorists emphasis that organizations have to adapt to the environment if they are to remain viable. We thus hypothesis that: the relationship between external environment and organizational performance is statistically significant.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains research design, population of study, techniques of data collection and data analysis.

3.2 Research Design

This study used a cross-sectional census survey. According to Mugenda & Mugenda (2003), the main purpose of descriptive research design is to provide information on characteristics of a population at a particular time.

A cross-section survey was appropriate for this study since all the tea processing firms in Bomet County were investigated at a single point (Cooper & Schindler 2006). Studies done by Machuki & Aosa (2011) and Njoroge et al. (2016) successfully used the cross-sectional survey.

3.3 Population of Study

In this study, the target population was all the thirteen tea processing firms in Bomet County, the tea processing firms investigated were; Kapokoros, Tirgaga, Mogogosiek, Kobel, Boito, Kapset, Mogotio, Kiptagich, Chebango and Rorok, Sasini tea company, James Finlay (Kenya) Limited, Unilever and George Williamson (Kenya Agriculture and Food Authority Tea Directorate 2019).

3.4 Data Collection

Primary data was collected using structured questionnaire (Appendix 2) and the respondents were Farm Managers, Production Managers, Human Resource Managers, and Finance Managers in the tea processing firms in Bomet County.

The questionnaire comprised three parts; A, B and C. Part A covered demographic data of the firms and Part B covered the external environmental factors while part C covered

organizational performance. The questionnaires were administered using drop and pick later method.

3.5 Data Analysis

Data was analyzed using descriptive and inferential statistics. Descriptive statistics; frequencies, mean and standard deviation captured the scores of external environmental factors and performance measures of tea processing firms. Inferential statistics using the t – test statistic used to determine the significance of the relationship between independent variable (external environmental forces and dependent variable (performance of tea processing firms). T-test statistic facilitated comparison of the average values of two sets of data and determine the nature of the relationship (Kenton, 2019). This was expressed as:

$$T\text{-value} = \frac{\text{mean1} - \text{mean2}}{\sqrt{\left(\frac{\text{var1}}{n1} + \frac{\text{var2}}{n2}\right)}}$$

where;

T is the t-value,

Mean 1 and Mean 2 are the means of the two variables being compared,

Var1 and Var2 are the variances of the two data sets,

N1 and N₂ are the number of observations in each of the variables.

CHAPTER FOUR: DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter presents data analysis, results and discussion of the findings.

4.2 Demographic Characteristics of Respondents

The demographic characteristics of the respondents included length of service in the tea processing firms and age bracket.

4.2.1 Length of Service time of Respondent in the Firm

The results show that majority (54%) had served for over ten years, 31% between 6-10 years, 15% had served within 3-5 years and none of the managers had served for less than three years (Table 4.2.1 below). This shows that all the respondents, based on their experience, were conversant with the forces that influence operations and results in the tea processing firms.

Table 4.2.1: Length of Service of Respondent in the Firm

YEARS	PERCENTAGE
Under 3 years	0%
3-5	15%
6-10	31%
Over 10 years	54%

4.2.2 Age Bracket of the Respondents

The results shows that majority of senior managers (50%) were 40-50 years, 34% aged between 30-40 years, 16% were over 50 years of age and none being between the age brackets of 20-30 years. This shows all the senior managers are mature and experienced enough to make informed decisions.

Table 4. 2 .2 Age Bracket of Respondents

AGE BRACKET (YEARS)	PERCENTAGE
20-30	0%
30-40	34%
40-50	50%
Over 50 years	16%

4.3 External Environmental and Impact on Performance of Tea Processing Firms

This study sought to find out the effects of external environmental factors on organizational performance and determine their level of influence on performance.

Table 4.3: Table showing the ranking of the effects of external environmental factors on organizational performance

External factors	Average Ranking
Political factors	3
Economic factors	4
Socio-cultural	3
Technological	4
Ecological	4
Legal	4

Average ranking was obtained from ratings of all the firms on each factor of external environment. Likert scale was used to rank the extent to which each external environmental factor influenced performance of the tea processing firms. Economic factors, technological, ecological and legal factors were ranked at an average of 4 showing that the factors influenced the performance to a large extend. This was followed by political and socio-cultural factors at an average of 3 showing a moderate extend.

4.3.1 Economic Factors

The economic factors include exchange rates, interest rates and Tax rates which affect positively or negatively the revenues of the firms. From the study, most of the firms

export tea products to other countries. It was found that exchange rate is one of the fundamental aspects that dictates the firms' decisions pertaining the price to sell their tea products that advance the sales revenue of the firms. It is extensively believed that changes in the same plays an important role in financial decision making and for the profitability of the firms. This was because all the firms export tea to other countries. Further some of the firms borrow money to expand their businesses and higher interest rates result in higher business expenses for the tea processing firms, but the findings implied that favorability of the same help them attain favorable return on investment. Inflation also affects the prices of the tea products in that when there is low inflation rate, the purchasing power of money is increased therefore affordable prices. The overall economic growth of the country enhances more purchase of tea since people can afford more.

Taxation is one of the sources of revenue for the government expenditure. The firms incur high tax levies as they purchase modern machinery needed for production making some of them to prolong the use of machinery such that their purchase is not so frequent. The tea firms as the business entities, incur taxes which are deducted from their earnings at each financial period that reduces their revenue but have to comply and pay as required by the government. However, a tax system that is efficient and fair enough does not discourage the economic activities. All these effects could therefore be explaining the ratings to a high extent level of influence on performance which is at an average of 4 as attained in table 4.3 above.

4.3.2 Political Factors

Political factors on the other hand was found to be one of the elements to be considered when making strategic plans to set up a business enterprise; for instance, no firm wants to build an enterprise in a nation where trade associations are not fairly fixed and stable. Most of the processing firms in the county are EPZ firms and there are also foreign investors in the tea sector in Bomet County such as Sasini Tea and Sotik Tea Company limited. Stable political environments promote growth and advancement and stimulate both local and external tea benefactors. Political factors affect the tea leaves intake to the factory and the tea prices in the auction market. Political factors also affect formation of

tea policies that need to be implemented in the industry to improve the tea sector. For example, some tea firms at a time rejected the tea policy claiming that it only focused on the Kenya Tea Development Agency companies. The tea firms being the export firms, political factors in their customer countries i.e. political instability could affect tea prices negatively leading to low returns. According to the findings however, the level of influence of the political factors on performance of the tea firms was ranked at an average of 3 which is a moderate extent which should therefore be taken into account.

4.3.3 Technological Factors

Technology was found to play an important role in improving the operation and functions of the tea processing firms. Most of the tea processing firms are adopting the use of the new technology because it enhances efficiency in the daily activities in the factories, enhance production of better quality tea products as well as enabling sharing of information between all the systems of the organization. Some tea processing firms for instance are managed from abroad of which technological advancement enables sharing information between the head office and the local factory. Most of the tea processing firms are now striving to move with the new technological advancements with some introducing continuous fermentation units replacing the earlier trolley systems thus enabling production of sufficient output. The use of new technology reduces time spent for production processes while allowing around the clock production thus increased production.

Technology has enabled the firms to better schedule orders and delivery thus reduce inventories. With the ability to store voluminous data in an orderly manner in the systems, technology enables data driven decision making. It has also enabled the design of smarter packaging of the products with bar codes that are appealing to the eyes of the buyers.

The rise of e-commerce technologies like the online transaction processing and the electronic funds transfers technologies has facilitated trading while reducing congestion in the tea firms since customers don't need to avail themselves physically to purchase the tea products. Technology also plays an important role in marketing of the tea products.

The firms advertise their products digitally like through the television thereby creating brand awareness hence more purchase of the products.

More money is needed to invest in new technology, but is usually money well spent since the results of investment in technology is a substantial pay-off in terms of boosting efficiency, decreasing production costs and improvement of quality of the tea products. It therefore means its important considered and could therefore be explaining their ranking at an average of 4 which is considerably a high level of influence on performance.

4.3.4 Ecological Factors

Ecological factors like climate change affect performance of the firms since sometimes there is unexpected long dry season for example and as a result the firms receive little green leaves leading to low factory utilization capacity which impact negatively the sales volume. Availability water was found to be important also as it affects the operations of the firms in which water is used. The tea firms exist in the environment that need to be conserved, they are required to use processes that result in reduced pollution of the environment which imply incurring additional costs for environmental sustainability, as shown in Table 4.3 above, the level of influence is rated at an average of 4, which is high.

4.3.5 Legal Factors

Legal factors affect the firms' performance in that the government expect that tea processing firms are producing tea with the right standard i.e. that are fit for consumption and with proper packaging. Tea firms also have to strike a balance between making a profit and abiding by the labour laws. Health and safety law is also taken into consideration in that they provide cover for their employees and employ safety measures within the processing premises. Legal factors to some extent make the day-to-day running of the firm smooth as they provide important guidelines. It also enhances customer confidence as the firms have tea manufacturing license thus leading to customer loyalty thus sustainably favorable sales revenue. The above forces explain the high ratings at an average of 4 as per Table 4.3 above.

4.3.6 Socio-Cultural Factors

The socio-cultural factors were also found to influence performance of the tea processing firms. The firms are located in a community with values and beliefs which affect the

production and consumption of tea, for instance, people in the local area believe that offering a cup of tea is a sign of cordial welcome hence enhancing the local purchase of tea. Cultural factors such as the roles of women the handling of tea leaves from the farm level to the manufacturing and storage levels. High unemployment in the country also affects tea processing firms in Bomet County, local community expect the firms to employ more labor which is not due to technological innovation. This creates conflict, particularly between the firms and locals community.

The tea processing firms actively participate in corporate social responsibility through offer of job opportunities to the local communities, provision of clean water to the local community and occasional offer of scholarships to students in secondary schools thereby building trust and loyalty from the locals.

To meet the changing customers' tastes and preference, some of the tea processing firms in Bomet County continue to introduce new tea flavors. The firms incur costs in research and production. The socio-cultural factors level of influence on performance is however rated at an average of 3 which is to a moderate extent as portrayed in table 4.3 above meaning it should be taken into account.

4.4 The Strategic Importance of Performance Measures in the Tea Processing Firms Using Balanced Score Card.

From the findings, all the firms had performance measurement policy. The balanced score card as strategic management performance metrics provided a more inclusive indication of performance of each firm, information on performance is collected and analyzed from four perspectives; customer focus, learning and growth, internal processes, and financial performance. The model enhances gathering and interpretation of information used to make decisions for the present and future of the firms.

Customer perspective enabled the firms to gauge customer satisfaction by attaining customer feedback about their satisfaction with the tea products in regards to quality, pricing and availability of products or services, thus, assisting in attraction of more customers, retention and establishment of a good relationship with them. This led to

increased market coverage and increased sales. The effectiveness of the performance measure was determined and rated at an average of 4 which is an acceptable as presented in table 4.4 below.

Learning and growth was accomplished through investigation of ways of attaining knowledge resource and how information is captured and effectively used by staff to attain competitive advantage for the firm. Employees engage in continuous learning through training intervention in which mentors and tutors are availed. Proper communication is also ensured to enable timely problem solving. The ratings of the effectiveness of learning and growth as a measure of performance stood at an average of 4 which is an acceptable level as per the results in table 4.4 below.

Internal processes were evaluated by investigating how well tea production was processed. Management tracked any gaps, delays, shortages and wastes to reduce inefficiencies and ensure smooth running of the firms, this was achieved by conducting internal audits, setting objectives, automating processes; for instance, by implementing online time keeping software to schedule employees for shifts, and review of internal processes to identify areas that require improvement. Results showed that effectiveness of internal processes was rated at an average of 4 which is within the acceptable range.

In regards to financial perspective, the firms measured the amounts, calculated the financial ratios, budget variances and determined income targets. Management analyzed data collected to determine the viability of the enterprise and enhance financial track records. The firms undertake financial performance measure to establish the extent to which the adopted strategies and operations add value to the shareholder. The financial perspective was found to be highly effective at an average of 5 as presented in table 4.4 below.

Finally, it was established that management played an important role in all the firms. They identify inefficiencies, devise plans for improvement and communicate goals and priorities to the employees and other stakeholders.

Table 4.4: A table showing the rankings of the effectiveness of the performance measures

Performance Measures	Average
Customer focus Customer value, satisfaction and retention.	4
Internal processes Efficiency and quality	4
Learning and growth Knowledge and innovation	4
Financial performance Sales revenue, sales volume, return on investment and profitability	5

All the firms had a performance measurement policy. In the essence the tea firms measure performance. They set objectives for achievement, undertake financial performance measurements and carry out internal audits to find areas that need improvement.

The respondents were asked to rate extent of effectiveness of each performance measure. Likert scale was used to rank the level of effectiveness of each performance measure and average obtained for the level of effectiveness of each performance measure. The level of effectiveness of each performance measure was therefore determined and the internal processes, customer focus and learning and growth were rated at an average of 4 displaying acceptable effectiveness and finally the efficacy of the financial performance measures based on sales revenue, return on investment and profitability were ranked at an average of 5 displaying a high level of effectiveness.

4.5: T-test table of relationship between external environment and organizational performance

Set 1 (environment)	Set 2 (performance)
3	4
4	4
3	4
4	5
4	
4	
Mean = 3.667 Variance = 0.2222 T-test value = 2.0124	Mean= 4.25 Variance = 0.1875

F statistics value=1.1851

Correlation coefficient(r)=0.6899

It was found that the external environmental factors have effects on performance of the tea processing firms showing the performance is dependent on environment. Correlation co-efficiency (r) value was determined to find out if there is a positive or negative relationship between external environment and organizational performance. The r value obtained was $r = 0.6899$ showing the relationship exists.

T-test statistic was therefore applied to confirm if the relationship is statistically significant. T-test is a type of inferential statistics used to determine if there is significant relationship between two variables under study. The variance of the two data sets were (var1, 0.2222, var2,0.1875) and the F-value obtained was 1.1851 showing the variances were unequal thus the null hypothesis is rejected and therefore unequal variance t-test was determined and the t-value obtained was 2.0124. With the use of 2-tailed distribution table with an alpha of 0.05 and a degree of freedom of 5, the corresponding value from the table is 2.571 showing the calculated t- value is relatively smaller, and the smaller the t-value the more related the two variables (environment and performance). That shows the relationship between the external environment and organizational performance is statistically significant and therefore the hypothesis is supported.

4.6 Discussion

The study sought to determine influence of the external environment on performance of the tea processing firms in Bomet County.

It was found that the economic factors affect performance of the tea processing firms and that the stability of economic factors such as exchange rates, interest rates and tax rates that dictate the price stability, and facilitate financial decision making affect positively the performance of the tea firms. McMahon and Carr, (1999) noted that continuously changing disposition of the external environment can alter some of the objectives that the organization depend on to operate therefore, supporting the findings of the study. The influence of the economic factors on performance has been ranked at an average of 4 portraying a large extent level of influence rendering it important to be considered.

Political stability is taken into consideration when planning for instance to start with identification of the location to build the business enterprise. It was found to affect the formation of tea policies that need to be implemented in the industry to ensure successful running of the business. This is in agreement with Covusgil and Zou, (1994) who postulates that organization performance is heralded by external environmental factors for instance the legal and regulatory policies of host governments. The level of influence of political factors on performance was ranked at an average of 3 portraying a moderate extent of which should not be ignored.

It was found that there is a high adoption of new technology in the tea firms which facilitate production of quality products, enhance the scheduling of employee shifts as well as enabling the sharing of information between all the subsystems of the organization. This is in agreement with Lusthaus et. al. (2002) who reiterated that inadequate infrastructure facilities such as phone line and electricity lead to low performance. The level of influence on performance was ranked an average of 4 which is to a large extent level thus calls for its advancement regularly.

The legal factors recorded an average 4 which means it influences performance to large extent and therefore should be taken into account to enhance smooth running of the activities in the firms.

The ecological factors were found to influence performance to a high extent since it dictates the level of green leaves intake and the resultant factory utilization capacity. While the socio-cultural factors influence performance to a moderate extent, rendering it important to be taken into account.

The level of efficiency of each performance measure was determined by obtaining the average ratings for the level of effectiveness on each performance measure. A likert scale had been used to rank the level of effectiveness of each performance measure. Customer focus, internal processes and learning and growth scored an average of 4 each which is an acceptable level of their effective use, while the financial aspect scored an average of 5 which is a high level of convincingness of its use. The resultant scores were balanced and therefore in agreement with the prescriptions of Norton and Kaplan (1992) who devised the balanced score card.

Independent t-test was used to determine the significance of the relationship. The outputs of the t-test include mean, variance and the t-value. The variance of the two data sets were not the same ($var1=0.2222$, $var2=0.1875$), therefore unequal variance t-test formula was used to obtain the t-value. The t-values show the significance of the relationship between the two data sets. The t-value obtained was 2.0124. A two tailed distribution table was used with an alpha of 0.05 and a degree of freedom of 5 and the corresponding value from the table was 2.571 showing the calculated t-value is relatively smaller and the smaller the t-value the more related the two sample sets. Therefore, the relationship between the external environment and organizational performance was found to be statistically significant.

The results of the study showed that the relationship between external environment and organizational performance is statistically significant and that indeed the external environment influences the performance of the tea processing firms. This is in agreement with Manae (2006) who discovered the existence of a significant positive correlation between performance and environmental factors. All the political, economic, socio-cultural, technological, ecological and legal factors considered were found to be having impact on the firm performance. All the firms also conceded to the fact that all the performance measures used as per the balanced score card are effective to an acceptable

level. The study findings are therefore explaining new knowledge as well as concurring with information of the past research.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter confer the summary of the findings, recommendation and conclusion, study limitation as well as suggestions for further studies.

5.2 Summary of the findings

The results show that understanding the external environment is essential for the realization of organizational goals. Various academics have described external environment as composed of Political, Economic, Socio-cultural, Technological, Ecological and Legal factors. Organization performance has also been described broadly by scholars (Peet and Coulter, 2002, Bjorn, 2006, Schermerhorn et. al. 2002). This study, however, focused on both financial and non- financial performance using Norton and Kaplan's (1992) balanced scorecard to assess organizational performance.

This study is anchored in three theories; Open System Theory, Institutional Theory and Contingency Theory. Organizations are situated in the environment in which they operate as open systems and thus there is a relation between the organizations and the environment as the source of resources like raw tea leaves and market for the organizations' tea products. Institutional theory is relevant since the firms take into account the values and beliefs of the communities who greatly influence the day-to-day operation of the firms as well as demand for their products. Contingency theory

postulates that organizations progressively develop their internal features to respond to demands in the external environment to achieve success.

All thirteen tea processing firms in Bomet County were targeted. The external environment was found to have impact a significant on performance of the firms. The relationship between the external environment and organizational performance is statistically significant.

5.3 Conclusion

It was established that the external environment has a significant influence on organizational performance. This research affirmed that there is need for tea firms to be familiar with the diverse external environment and the consequence on organizational performance, upon which they should streamline their intelligence to reflect the changes in the environmental aspects in the realm of their companies and calls for monitoring and conducting environmental scanning regularly. The study implies that it is the responsibility of the managers to monitor the environment and are tasked with the responsibility to gather information which is useful when making strategic decisions and is their responsibility to review internal processes to find areas that need improvement. It was therefore affirmed that the firms should take advantage of available opportunities, streamline their actions through active internal capabilities to achieve the desired goals.

The tea firms were found to put more emphasis on financial aspect of performance measure than the other measures of performance as per the balanced scorecard. The financial aspect was found to be considered to be having a high level of effectiveness while the reliability of internal processes, learning and growth and customer focus was found to be at an acceptable level thus calls for the need to facilitate their practices in order to achieve a balanced high level of their effective use.

5.4 Recommendation

The study has confirmed that monitoring of the external environment is very significant in enhancing operational performance of the tea processing firms in Bomet County. It therefore recommended that more dynamic internal features (strategic plans, processes)

should be developed to ensure effective response to changes in the external environment. It's further recommended that management of the tea manufacturing firms understand government policies or regulations in the industry.

5.5 Limitation of the Study

Data was collected at a single point in time leading to less reliability of the results than if a longitudinal study had been conducted.

5.6 Suggestions for Further Research

Future researchers undertake similar study using different designs especially longitudinal tracking of the relationship between external environmental factors and performance of the tea firms.

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APPENDICES

Appendix 1: List of licensed Tea processing firms in Bomet County, Kenya.

NO	Tea Factory	Tea company
1	Kapkoros	Kapkoros Tea Co. Ltd.
2	Kapset	Kapset Tea Factory Co. Ltd.
3	Boito	Boito Tea Co. Ltd.
4	Chebango	Chebango EPZ Tea Co. Ltd.
5	Mogogosiek	Mogogosiek Tea Factory Co. Ltd
6	Rorok	Rorok Tea Co. Ltd
7	Sotik	Sotik Tea Co. Ltd
8	Tirgaga	Tirgaga Tea Co. Ltd
9	Kiptagich	Kiptagich Tea Estate Ltd
10	Kobel	Kobel Tea Factory Co. Ltd
11	Williamson	Williamson Tea Kenya Ltd
12	James Finlay	James Finlay Kenya Ltd
13	Uniliver	Uniliver Tea Kenya Ltd (UTKL)

Source: Agriculture and Food Authority Tea Directorate 2019.

APPENDIX 2: QUESTIONNAIRE

PART A: Demographic Data

1. Name of the tea processing firm.....
2. Your position in the organization.....
3. How long have you worked in the organization? (Tick the appropriate box)

Under 3 years	3-5 years	6-10 years	Over 10 years
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4. How many male employees are working in your organization?
5. How many female employees are working in your organization?
6. Kindly tick the average age bracket of the top managers of your organization.

20-30 []

30-40 []

40-50 []

Over 50years []

6. Tick the average level of education of employees in the firm.

Primary school [] Diploma []

Secondary school [] Degree []

Certificate [] Masters []

PART B: External Environmental Factors

8. Explain the effects of each of the external political factors (political climate, tax policy, tariffs and political stability) on your organizational performance?

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.....

9. Explain the effects of each of the economic factors (interest rate, tax rate and inflation) on your organizational performance?

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10. Explain the effects of each of the legal factors (consumer law, employment law, health and safety law) to your organizational performance?

.....
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.....
.....
.....

11. Do your company embrace the use of new technology?

Yes [] No []

12. Explain the effects of each of the technological factors (automations, technological incentives, rate of technological change and developments) on your organizational performance?

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13. Explain the effects of each of the social-cultural factors (Age, Gender, income and beliefs) on performance of your organization?

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.....

.....

.....

14. Does your firm undertake corporate social responsibility programs?

Yes [] No []

If yes illustrate the programs that the firm undertakes/has undertaken in the last two financial years.

15. Does climate change affect performance of your organization? If yes, explain?

.....

.....

16. To what extent do the following external environmental factors influence performance of your organization? Kindly indicate your rating using the following key.

Key: 5- Very High Extent, 4- High Extent, 3- Moderate Extent, 2- Low Extent, 1-No Extent

No	Statement	Very High Extent 5	High Extent 4	Moderate Extent 3	Low Extent 2	No Extent 1
1	Political factors Political climate Tax policy Tariffs Political stability					
2	Economic factors					

	Economic growth Interest rates Exchange rates Inflation Tax rates					
3	Socio cultural Age Gender Income Beliefs					
4	Technological Automations Technological incentives Rate of technological change Developments					
5	Ecological Climate change					
6	Legal factors Consumer law Employment law Health and safety law					

PART C: Organizational Performance

17. Does your firm have a performance measurement policy?

Yes []

No []

18. If the answer above is NO, please explain why

.....
.....
.....

19. Highlight the strategic importance of the following performance measures using the balanced score card:

CUSTOMER FOCUS

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.....
.....
.....

INTERNAL PROCESSES

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.....
.....

LEARNING AND GROWTH

.....
.....
.....
.....

FINANCIAL PERSPECTIVE

.....

.....

.....

.....

.....

20. How effective are the following in measuring organizational performance.

Kindly indicate your ratings of the statement by applying the following key: (1- Not Effective, 2- Less Effective, 3- Moderately Effective, 4- Highly Effective, 5- Very Highly Effective)?

INDICATORS	Not Effective 1	Less Effective 2	Moderately Effective 3	Highly Effective 4	Very Highly Effective 5
Customer Focus Customer value, satisfaction and retention					
Internal Processes Efficiency and quality					
Learning and Growth Knowledge & innovation					
Financial Performance Sales Revenue, Sales Volume, Return on Investment, Profitability, Return on Equity					

Thank you for your participation.