

DECLARATION

**" STRATEGIC PLANNING BY TEA
MANUFACTURING COMPANIES IN KENYA "**

BY

BETT COLLINS



**A Management Research Project Submitted
In Partial Fulfillment Of The Requirements
For The Degree Of Master Of Business Administration
Faculty of Commerce
University Of Nairobi.**

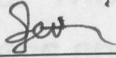
March 2003

DECLARATION

DEDICATION

This management project is my original work and has not been presented for a degree in any other University.

Signed



Date

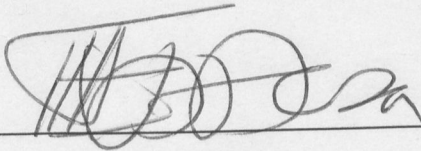
6/11/2003

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This management project has been submitted for examination with my approval as the University Supervisor.

Signed



Date

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ACKNOWLEDGEMENTS

DEDICATION

The path towards the completion of this management research project has been long and with many challenges. There are many people, who in one way or another, greatly assisted in the process. I wish to convey my heartfelt gratitude to all of them.

To my parents for their continued support and guidance and to my brothers and sisters for their much valued encouragement.



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Special thanks to my supervisor Prof. Evans Aosa for his invaluable advise and effort put in reviewing the work. Many thanks also to my colleagues at the work place for their patient and support during the preparation of this report.

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KTDA	Kenya Tea Development Agency	IV
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TBK	Tea Board of Kenya	VII
TRFK	Tea Research Foundation of Kenya	I
EATTA	East African Tea Trade Association	6
KTGA	Kenya Tea Growers Association	6
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ABSTRACT

Organizations generally depend on the environment for their inputs and outputs. The nature of this dependency is crucial for the survival of the organization, particularly in the long-term. In an environment, which is continually changing, it is imperative that organizations interact with the environment in a way, which establishes a fit between itself and the environment through corresponding changes in organizational capability and the strategies adopted.

This research is aimed at studying and documenting strategic planning practices by all the 15 tea-manufacturing companies, existing at the time of the study, in Kenya. The data collection instrument used was a structured questionnaire, which was dispatched to all the organizations participating in the study, with the target respondents being the Chief Executive Officers of these companies.

From the population of 15 companies, 9 responded to the questionnaire. The data collected was first checked for consistency, coded and then analyzed to arrive at various conclusions.

The study concluded that the tea manufacturing companies in Kenya practice strategic planning. Generally, 89% of these companies have been in existence in the country for over 40 years. Substantial foreign interest is present in a majority of these organizations. Mission statements were implemented, in 56% of these organizations, less than two years ago and a

majority of them place a lot of importance on the use of long-term goals, analysis of key success factors and annual goals. Ongoing evaluation, short-term action plans and competitor analysis follow in that order in terms of importance in strategic planning in these organizations. These indicate that the changes in the operating environment particularly in relation to climatic conditions, exchange rates and fluctuating tea auction prices have led to a situation where these companies are tending towards the use of strategic planning for their future survival. From the findings of the study, it is recommended that further research be carried out in the area of strategic planning practices for other players in the tea industry for instance, tea blenders, packers, marketers and brokers in Kenya.

CHAPTER ONE: INTRODUCTION

1.1 Background of Study

Organizations depend on the environment as a source of inputs in the form of resources and as an outlet for their outputs. Since the organization inevitably has to interact with its environment, it must therefore establish a match between itself and the environment in which it operates (Pearce and Robinson, 1999). This match is crucial for the very survival of the organization.

David (1999) acknowledges that the natural environment has certainly become an important strategic issue which requires due consideration by an organization's management. Johnson and Scholes (1999) observes in this context, that this match is the underlying purpose of strategy, an activity which they refer to as 'the search for a strategic fit'

Pearce and Robinson (1999) identify two types of the external environment which consists of all the conditions and forces that affect the organizations strategic options – the operating environment and the remote environment. The operating environment basically consists of the forces and conditions within a given competitive situation while the remote environment involves forces and conditions that originate beyond the immediate operating environment under consideration. Irrespective of the type of environment, the organization must adjust to the changes taking place for them to achieve their desired objectives and goals.

The establishment of a fit between the environment and the organization involves the strategic management process, a concept based on the belief that organizations would be expected to continuously monitor what transpires in their environments (David,1999). The strategic management process commences from the stage of strategy formulation, then proceeds through the implementation stage and finally the strategy evaluation stage during which the actual results or conditions are examined against the expected. Any

adverse deviations would require corrective measures to steer the organization back to the desired path.

Tea production in Kenya commenced in 1903 when a few bushes were planted at the Mabroukie area in Limuru. By 1925, large-scale plantations were developing in Kericho after which tea growing spread to other various parts of the country.

The tea growing areas can be classified into two main belts: the East of rift which includes Limuru and other parts of Central province; the West of rift which includes Kericho, Sotik, Bomet, Nandi Hills, Kisii and parts of Western province. Tea growing and manufacture is carried out by either the large-scale companies or by the small holders mainly under the umbrella of the Kenya Tea Development Agency (KTDA). The KTDA contributes approximately 57% of the total Kenya Crop (Appendix II). The KTDA emerged from the Special Crops Development Authority (SCDA) formed during the colonial era to introduce cash crop farming to the indigenous Kenyans (Kenya Tea Development Authority, 1999). A similar organization to the KTDA is the Nyayo tea zones but the latter doesn't carry out any tea processing. However, all processing factories are required by the Tea Board of Kenya (TBK) to have at least 250 ha of mature tea bushes. The Tea Act also requires all tea growers to register with the manufacturing factories near them. The factories then file grower registration returns with the board each year.

From the tea fields, the tea shoots are manufactured in 83 factories spread across the tea growing districts (45 of these factories are managed by the KTDA). Once processed to yield black tea, the tea is disposed of through various outlets like the Mombasa auction, direct export and local sales.

The bodies which play a significant role in the tea business in Kenya are:

- a) The KTDA – which handles crop from the small holder sector
- b) The Kenya Tea Growers Association (KTGA)- which is an association of private tea growing and manufacturing companies
- c) The East African Tea Trade Association (EATTA)- which handles the marketing

concerns of the tea industry players at the Mombasa auction.

d) The Tea Board of Kenya (TBK)-which is a regulatory body formed under the Tea Board Act

e) The Tea Research Foundation of Kenya (TRFK)-which handles the research activities in tea growing and manufacture

In the past 75 years, tea volumes in Kenya have increased to an all time high of 294 million kgs in 2001 obtained from tea fields now covering approximately 125,000 ha. in Kenya (Tea Board of Kenya, 2001). A Government of Kenya (2001) report presented at the World Tea Convention in Kenya, indicated that the tea industry's turnover in 2000 reached Ksh 38 billion (\$475 million), of which Ksh 35 billion (\$437.5 million) accrued from export earnings with the balance being the value of local tea sales. Tea contributes 20% of the country's total export earnings. It leads the other agricultural based sectors like coffee and horticulture.

The tea growing and manufacturing business in Kenya (which is also applicable to many other tea growing regions of the world) rests on four key success factors all of which have undergone significant changes. The first among these is rainfall, which is crucial for tea production. Reports from the meteorological department indicate that rainfall patterns in the tea growing districts have become more unpredictable. All stations show generally a decreasing trend of rainfall since the fifties through to the year 2000 (Wairoto, 2001). This has led to excessive variability's in production thereby leading to inefficient use of resources.

The second key success factor is the exchange rate. A stable exchange rate or one, which is strengthening, is detrimental to the tea business in Kenya, which is mainly export oriented. The tea proceeds are received in dollars and a stronger local currency means that the tea proceeds in local currency terms would be much lower.

Production costs is the third key success factor. Tea production costs are mainly in labour (plucking and manufacture), power (electricity, oil/firewood), packing materials and

fertilizer. All these have been escalating in the past decade.

The fourth key success factor is the auction prices. Auction prices in dollar terms have basically remained the same in the past decade (Chijs, 2001). This implies that with a stable exchange rate or one, which is strengthening, the tea manufacturing companies are facing a situation where the margin between revenues and expenditure is gradually diminishing.

On the world scale, Kenya is among the top five major producers of tea in the world and produces about 10% of the world's annual production (Appendix 111). It is however the second largest exporter of black tea after Sri Lanka, since the top producers – India and China – basically consume almost all their production domestically. The trends towards industry globalization is increasingly subjecting Kenyan teas to a lot of competition especially from Sri Lanka. Chijs (2001), points out that the world market is basically full of plain teas to which a number of Kenyan producers contribute to thus making the prices extremely competitive. These Kenyan producers must thus strive to get out of this category of teas.

There are various studies, which have been carried out to determine aspects of strategic management and responses in a number of organizations in Kenya. However, none of these has specifically tackled the tea manufacturing companies in the country. The studies that have been carried out (Aosa 1992; Kiliko 2000; Mbayah 2001; Sharbani 2001) among others, have indicated that there exists some formal strategic planning in organizations particularly those with substantial foreign ownership. Organizations tend to resort to strategic management as a way of survival as the environment becomes more unpredictable and competitive.

The tea industry in Kenya has been facing challenges in the recent years. In an article in the Brooke Bond in-house magazine 'BBK News', Stanning (2000) pointed out a number of the factors making the tea business difficult; deforestation leading to reduced rainfall levels, wage inflation and high cost of operating with a poor national infrastructure and

escalating expenditure associated with supporting the welfare needs of employees. The industry has also experienced rising competition leading to a stagnation of prices in the world tea market as supply exceeds demand (Chijs, 2001). The liberalization of the Kenyan economy in the 1990s and the changes in the political-legal environment introduced a new dimension to the environmental turbulence organizations in the country had to address. The tea industry has not been spared in these transitions leading to situations where some organizations like the Kenya Tea Packers Ltd which had operated like monopolies were suddenly faced with rapidly increasing competition especially from start up companies. Exchange rate fluctuations have increased leading to more variability in tea sales proceeds, from dollars when converted to local currency equivalents, since the local currency is subjected to market forces of supply and demand. The gradual deterioration of the infrastructure particularly in the road conditions and erratic power supply, as experienced two and a half years ago when power had to be rationed, has compounded the complexities of the business environment the tea companies have had to cope with. The effects of industry globalization and regional trading blocks like the Common Market of East and Central Africa (COMESA) introduced another dimension to the environment. When Egypt was admitted into the COMESA, an immediate impact was felt by the tea industry when trade disputes arose as Egypt, one of the key importers of Kenyan tea, demanded preferential trading terms (Chijs, 2001). The war in Afghanistan in late year 2001 and in the early part of year 2002 severely hampered tea exports to the country, which is also a key importer of Kenyan tea. The direct effect of this was a decrease in tea prices as supply tended to exceed demand during the period (Kenya Tea Development Agency, 2002)

Other changes which have also taken place in the tea business environment include rainfall patterns which have increasingly become unpredictable, as witnessed in the 1997 drought followed by the el-nino floods in 1998, thereby disrupting normal tea production and an escalation of costs (Smyth, 1999). With such changes and the challenges in the tea industry, one would expect the tea manufacturing companies to resort to strategic planning in response to these challenges.

1.2 Statement of the Problem

The increasing competition and challenges in the tea industry in Kenya due to industry globalization, adversely changing climatic patterns and narrowing margins between revenues and expenditure would be expected to force the tea manufacturing companies to resort to strategic planning for their own survival and for prosperity. The use of strategic planning provides management with a holistic view of the future direction of an organization.

Various studies have been carried out on the subject of strategic planning in Kenyan organizations but non specifically touching on the tea manufacturing companies in Kenya. Strategic planning is sensitive to context such that when the setting changes, there is a high likelihood that the strategic planning practices would also change.

It is apparent that the tea industry in Kenya has been facing many challenges. As the environment becomes more turbulent and complex, companies/organizations tend to resort to strategic planning as a means of survival. Have the tea manufacturing companies in the country actually done this?

1.3 Objective of the Study

To study and document strategic planning practices by tea manufacturing companies in Kenya.

1.4 Importance of the Study

The research is expected to be of value to various stakeholders. Firstly, to the researchers, the study will provide a holistic view of the strategic planning practices in the tea industry, especially as a basis for further research. It will also assist in the focusing of research attention to the key issues, which determine the success of the tea industry. Secondly, the study will enable practitioners (Manufacturers and various other players in

the tea industry) to be more proactive and anticipate environmental changes through a better understanding of the strategic planning practices in the tea industry. Finally, to the Policy makers (Government Ministries/Departments/ Parastatals), the study will provide pertinent information for policy making and planning in the tea industry.

The concept of strategy can be seen as a multi-dimensional aspect that embraces all the critical activities of the firm pursuing it with a sense of unity, direction and purpose as well as facilitating for necessary changes induced by its environment (Hax and Majluf, 1998). Strategy has aspects of establishing the organizations long-term purpose and as a response to external opportunities and threats, and internal strengths and weak points in order to achieve a sustainable competitive advantage. Other authors have offered their own definitions of strategy. Thompson and Strickland (1993) have defined strategy as a management's long run or far future, where the ultimate goal is to achieve the desired results. Jalilov and Scherer (1999) define strategy as "the direction and scope of an organization over the long term, which achieves advantages for the organization through the configuration of resources within a changing environment to meet the needs of markets and to fulfill stakeholder expectations".

Strategy therefore is concerned with the survival of the organization in the long term in the face of changing environmental conditions and situations. It is in essence a tool for guiding the organization forward and providing a framework through which it will operate. Farwell (1986) articulates the view that an environment, which constantly asserts a plan, should demand for more planning and constant monitoring to keep organizational performance under surveillance to environmental changes.

From the concept of strategy comes the aspect of strategic management, which can be defined as the set of decisions and actions resulting in the formulation and implementation of strategies designed to achieve the objectives of an organization (Pitso and Mubvumba, 1998). It involves the managers' efforts to monitor the environment in order that they may deliver the intended results. Thus, the formulation and implementation of strategies for the organization is the core management functions and the management must be vigilant. Strategy formulation is however an intrinsic task for the organization's top

CHAPTER TWO: LITERATURE REVIEW

2.1 Strategy and Strategic Management

The concept of strategy can be seen as a multidimensional aspect that embraces all the critical activities of the firm providing it with a sense of unity, direction and purpose as well as facilitating the necessary changes induced by its environment (Hax and Majluf, 1996). Strategy is a means of establishing the organizations long-term purpose and as a response to external opportunities and threats, and internal strengths and weaknesses in order to achieve a sustainable competitive advantage. Other authors have offered their own definitions of strategy. Thomson and Strickland (1993) have defined strategy as a management's game plan for the business, where the ultimate goal is to achieve the desired results. Johnson and Scholes (1999:10) define strategy as "the direction and scope of an organization over the long term: which achieves advantage for the organization through its configuration of resources within a changing environment to meet the needs of markets and to fulfill stakeholder expectations".

Strategy therefore is concerned with the survival of the organization in the long term in the face of changing environmental conditions and situations. It is in essence a tool for guiding the organization forward and providing a framework through which it will operate. Fubara (1986) articulates the view that an environment, which constantly upsets a plan, should demand for more planning and constant monitoring to keep organizational performance ready to respond to environmental changes.

From the concept of strategy comes the aspect of strategic management, which can be defined as the set of decisions, and actions resulting in the formulation and implementation of strategies designed to achieve the objectives of an organization (Pearce and Robinson, 1999). It involves the management of the strategies in order that they may deliver the intended results. Thus, the formulation and implementation of strategies for the organization are core management functions and top management must be involved. Strategy formulation is however an intricate task for the organization's top

management. Courtney et al (1997) argue that all too often, executives take a binary view of the situation and thus may either underestimate uncertainty to come up with the forecasts required by the companies planning or capital budgeting process or they overestimate it, put aside all analysis and go with their gut instinct. Brandenburger and Nalebuff (1995) on this scenario, stress that successful business strategy is not only about playing the game you find but also actively shaping the game you find. On the role of the Chief Executive Officer, Aosa (1999) emphasizes that it is the CEO who should be in charge of the whole process and is ultimately accountable for the results of the organization. Adegbite (1986) however found out in a study of companies quoted in the Nigerian Stock Exchange that the final responsibility for setting corporate objectives lay with the board although the groundwork was in most cases done by the CEO.

To determine whether or not strategic planning exists in an organization, Boyd and Elliot (1998) identifies seven items which can be used as key indicators. These are: the mission statement, trend analysis, competitor analysis, long-term goals, annual goals, short-term action plans and ongoing evaluation. These items address the strategic management process from the formulation, through to the implementation and evaluation stages. Johnson and Scholes (1999) elaborates that this process includes strategic analysis, strategic choice and strategy implementation. Strategic analysis involves an examination of the organization's strategic position in relation to its external environment and internal conditions. Strategic choice is concerned with the understanding of the bases determining the strategies to be adopted, while strategy implementation essentially involves the conversion of strategy into action with the goal of achieving the desired results.

2.2 The Origins of Strategy

The word *strategy* may have arose from the Greek word '*stratego*' meaning 'to plan the destruction of one's enemies through the effective use of resources' (Bracker, 1980). The concept of strategy could have initially been confined to military operations due to the need for victory in war after which it found its way into the business circles. Chandler (1962), however argues that the exact process of strategy development is untraceable and

puts forward the view that the emergence of strategy in civilian organizational life could have resulted from the awareness that there were opportunities arising from demographic, economic and technological changes. The need to use resources more efficiently and profitably became more acute. Other authors have challenged the analogy of military to business strategy. Hoskin (1990) advocates that the modern concept of strategy bears little resemblance to military strategy and further argues that the origins of business strategy are largely untraceable.

From the 1950s, the post effects of the world war brought with it an expansion in businesses forcing many companies particularly in America, to reconsider their business planning systems (McKiernan, 1992). This led to the development of long-range planning techniques which basically involved plotting trends and planning the action required to achieve the identified growth targets as formulated, while reducing the gap between the levels of demand the company expected (as planned) and the actual demand finally realized or observed.

The inherent biasness, mainly towards financial targets as well as budgeting controls in long-range planning gradually proved incapable of accurately forecasting future demand and the problem of the gap between the level of demand expected and actual demand increased. This turn of events can be attributed to the extrapolative nature of the planning systems which had little consideration for the wider macro-economic factors, competitor actions and moves, and the general increase in environmental turbulence leading to inaccurate forecasts (McKiernan, 1992).

From the early 1970's to around 1985, widespread dissatisfaction with strategic planning was witnessed. In response to the failure of long-range planning, the concept of strategic planning began to emerge. This 'new' concept focused on the environmental assumptions that underlie market trends and incorporates the possibility that changes in trends can and do take place and is not based on the assumption that adequate growth can be assumed (Mintzberg and Quinn, 1991). This concept thus directs effort towards such

actions like winning market share from competitors rather than relying on market growth. Strategic planning thus had to be re-examined again in what Porter (1987) referred to as a “recast” and “re-thought”. Strategic planning thus adopted the following features (Aosa, 1999)

- ◆ Increased emphasis on implementation
- ◆ Flexibility and adaptability of strategic planning
- ◆ More focused planning with a bias towards key actions and issues
- ◆ A consideration of competitive activity
- ◆ Enhancement of strategic thinking
- ◆ A consideration for both analytical and behavioural factors

2.3 The Levels of Strategy

In the strategic decision-making process of organizations, there are three levels of strategy (Johnson and Scholes, 1999). The top most level is the corporate strategy, which is concerned with the overall purpose and scope of the organization to meet the expectations of owners or major stakeholders and add value to the different parts of the enterprise. Below the corporate strategy level is the business unit strategy, which is about how to compete successfully in a particular market. It differs from corporate strategy in that whereas corporate strategy involves decisions about the entire organization, strategic decisions under the business unit are basically concerned with how customer or client needs can best be met.

The lowest of these levels involves the operational strategies, which are basically concerned with how the component parts of the organization in terms of resources, processes, people and their skills effectively deliver the corporate, and business level strategic direction. Thus, operational strategies looks at how the corporate/business level strategies can be translated into concrete operational functions and processes in areas like marketing, research and development, manufacturing, personnel and finance.

Strategic management is therefore wide and complements other types of management like operations management and financial management, which are basically in the operational level of the organization. They focus on the short-term and aim at achieving efficiency in the use of resources and maximizing the returns for the stakeholders in the organization. Henry (1977) emphasizes the importance of forging a link between strategic and operational planning, with the view that the strategic planning cycle has to precede the operational planning cycle.

Generally, strategic management would be expected to lead the organization to achieve a fit between its strategy and the external environment and internal structures, culture and practices. If organizations are driven by their external environments, internal arrangements may need to change more rapidly in order to achieve the desired market place objectives. This in essence emphasizes the importance of functional level strategies and should therefore be accorded sufficient consideration.

2.4 The Views of Strategy

There are various views of strategy. The rational analytical view regards strategy formulation as a formal and disciplined process leading to a well defined organizational wide effort aimed at the complete specification of organizational strategies (Hax and Majluf, 1996). This view (the design school) has been supported by other authors like Ansoff (1984) and Porter (1980) where strategy is regarded as a deliberate effort, which is formalized with the objective of defining the long-term direction of an organization.

The emergent view of strategy (the Process school) considers strategies as emerging from the environmental conditions and circumstances and thus strategy is constantly adjusted with time in what Mintzberg and Waters (1985) refer to as 'strategic learning'.

Mintzberg et al (1998) draw a distinction between planned or deliberate strategies and emergent ones. They argue that deliberate strategy focuses on control, making sure that managerial intentions are realized in action, while emergent strategy emphasizes on

learning –coming to understand through the taking of actions. Thus, the process of emergent strategy can continue until the organization converges on the pattern that becomes its strategy.

The research design of the study. A cross-sectional survey was carried out, covering a total of 15 tea-manufacturing companies existing at the time of the study, in Kenya.

3.1 Scope of the Study

There are various views of strategy but for the purposes of this study, this has been limited to the rational-analytical view of strategy formulation and implementation. The study focused on all the tea-manufacturing companies in Kenya (These are essentially companies which carry out tea growing and processing).

3.2 Population of Study and Sample

The total population to be studied was 15 tea-manufacturing companies (inclusive of the K.T.D.A) spread over the West and East of Rift areas. Since the population is small, all these companies were contacted. The study however excluded all the other players in the tea industry i.e. transporters, brokers, warehouses, buyers, retailers, tea blenders and packers. Out of the 15 companies contacted, 9 responded. This constituted the sample of the study.

3.3 Data Collection Method

Data collection was carried out through the use of a structured questionnaire (see appendix 1). The questionnaires were delivered to the respondents using the "Drop and Pick" mail system (which is a slight variation of the mail survey) for respondents within the Mt. Kenya and Rendu areas. The rest were sent direct by post to drop in on their desks. To improve on the response, follow up through phone calls was carried out a week later. Cooper and Emery (1993) cited this approach as a way of improving on the

CHAPTER THREE: RESEARCH METHODOLOGY

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response rates which can then be as high as 70% (the response rate in this study was 60%).

3.3 Data Analysis

Each individual piece of data was checked for consistency with other data obtained from the questionnaire, in order to eliminate misleading data which can arise due to a misinterpretation of the questions in the questionnaire or otherwise.

Data analysis was carried out through the use of descriptive statistics from the coded data. The analysed data was then used to establish the aspects of strategic planning practices in these organizations and the relationships between these aspects. The data was basically in the ordinal and nominal levels.

Age (in years)	Frequency	Percentage (%)
20 - 39	1	11.1%
40 - 59	3	33.3%
60+	5	55.6%
TOTAL	9	100%

CHAPTER FOUR: RESULTS AND DISCUSSIONS

This Chapter contains the analysis and findings of the research study. Out of the total 15 questionnaires dispatched, 9 were duly filled and returned representing a response rate of 60%.

4.1 Profile of the Tea Manufacturing Companies

For the purposes of mapping out a profile of the organizations participating in the study, the respondents were requested to provide information on the age, ownership, production volume and proportion of the out-grower crop in their organizations.

Table 1: Age of the organization

Age (in years)	Frequency	Percentage (%)
20 – 39	1	11.1%
40 – 59	3	33.3%
>60	5	55.6%
TOTAL	9	100%

Source: Questionnaire

The results in Table 1 above indicate that most of the companies have been in existence for over 40 years. Only one was under 40 years with the other 89% being over this age bracket. This industry is thus composed of organizations, which have probably gone through several business cycles over their period of operation.

Table 2: Ownership

Ownership	Frequency	Percentage (%)
Wholly foreign owned	1	11.1%
Wholly locally owned	3	33.3%
Jointly owned with substantial foreign ownership	4	44.5%
Jointly owned with substantial local ownership	1	11.1%
TOTAL	9	100%

Source: Questionnaire

The ownership is divided between the largely foreign 56% and the largely local 44%, indicating that there is a substantial foreign interest in the industry. It would be expected therefore that the organizations with substantial foreign interest would have this aspect reflected in their strategic and operational plans.

Table 3: Production volume (Kgs) of black tea

Volume	Frequency	Percentage (%)
1 million – 5 million Kgs	4	44.5%
5 million – 10 million Kgs	0	0%
> 10 million Kgs	5	55.5%
TOTAL	9	100%

Source: Questionnaire

The organizations, which responded to the questionnaire fall into two brackets, the medium sized, 45%, and the very large, 55%. The large organizations would be expected to enjoy the benefits of economies of scale and thus be able to sustain some practices, which the smaller organizations may not.

Table 4: Proportion of Out-grower Crop

Proportion of Out-grower crop	Frequency	Percentage (%)
0 – 20%	6	66.7%
20 – 40%	0	0%
40 – 60%	2	22.2%
> 60 %	1	11.1%
TOTAL	9	100%

Source: Questionnaire

Table 4 above indicates that a 67% of these organizations have out grower crop below 20% of the total intake. This implies that these organizations also run their own tea fields thus integrating field and factory manufacture. This would serve to complicate even further the management of these organizations since they have to balance between the economic aspects of the field and factory operations. Environmental changes would therefore have a bigger impact for those organizations with more crop intake from their own fields than those who depend on other parties for their crop supply. In the latter case, some of the inefficiencies and poor decisions of the factory can easily be passed over to the out growers to absorb.

The results also depict that 78% of the tea manufacturing companies, which responded to the questionnaire, are not listed or quoted in the Nairobi Stock Exchange. It can therefore be concluded that a majority are private companies and therefore not bound by some of the requirements of a listed or quoted company for instance having to publish in the press their financial statements after every accounting period of one year. Out of the 9 organizations, only one responded to the effect that it engages in other non-tea businesses. It can be concluded therefore that the tea companies generally depend only on tea for their livelihood.

Being a member of the Kenya Tea Growers Association (KTGA) appears to be a vital issue since all the organizations responded that they are members. They also provide free basic facilities like housing and medical care. The membership of the KTGA is probably

important for the enhancement of their negotiating capacity, which is an inherent benefit associated with a body of organizations. The provision of basic facilities can be explained by the nature of the business – it is an agricultural based industry which is still labour intensive therefore making it prudent to provide these to improve on the productivity of their employees.

Generally, the profile of the tea manufacturing companies shows basic similarities in almost all the parameters analyzed except that of ownership which is rather disparate. This factor, in subsequent analysis, doesn't appear to have any significant influence on the strategic planning of these organizations.

4.2 Vision and Mission Statements

The existence of a vision and mission statement is a good indicator of whether strategic planning exists in the organization. The vision provides an insight as to where the organization would like to be in the future while the mission defines the business of the organization. The statements are usually the starting point in the development of strategic plans.

Table 5: Management level involvement in the conceiving of the mission statement

Mission statement conceived by management level	Frequency	Percentage (%)
Managing Director/CEO	1	11.1%
Other executive Directors of the company	4	44.4%
Senior Management in the company	4	44.4%
TOTAL	9	100%

Source: Questionnaire

Out of the 9 respondents, 7 representing 78% indicated that they have a vision statement, while 8 representing 89% indicated that they have a mission statement but no vision statement. The mission statements are generally formal with 78% of the organizations indicating so. However, the level of involvement of the CEO, as shown in Table 5 above,

with respect to the conceiving of the mission statement is quite low at only one of the organizations. For the success of the mission statement, it is imperative that the CEO plays a pivotal role including that of conceiving the vision/mission statements in their respective organizations.

Table 6: Duration of implementation of the mission statement

Duration	Frequency	Percentage (%)
< 2 years	5	55.6%
2 – 4 years	0	0%
4 – 6 years	1	11.1%
6 – 8 years	0	0%
> 8 years	3	33.3%
TOTAL	9	100%

Source: Questionnaire

Table 6 indicates that 56% of these organizations implemented the mission statement less than two years ago. This supports the view that organizations tend to resort to strategic planning when the environment becomes more complex due to dynamic and increasing changes. 67% indicated that they give a very strong emphasis to the mission statement implying that these organizations consider these statements as an important element in their strategic planning practices.

The existence and use of the vision and mission statements in these organizations do not show any special inclinations with respect to the factor of ownership or size. This can be explained by the fact that these organizations operate in a similar environment and have many salient issues in common.

4.3 Objectives and their Setting

The results of the study show that all the companies, which responded to the questionnaire, have formally written objectives. 67% of them indicated that the objectives

are set by the executive directors. One of the respondents however indicated that the Chairman sets these objectives. (This organization has a substantial local ownership and it is likely that the Chairman has some executive powers)

These results confirm that the setting of objectives is basically a top-management affair within the tea manufacturing companies. On the aspect of awareness of the objectives amongst employees of the organization, Table 7 below shows that this decreases with the cadre of the employees.

Table 7: Level of awareness of objectives by employees

Management level	Mean*
Top Management	5
Middle Management	4.6
Supervisory	3.7
Others	2.9

Source: Questionnaire

* The mean is a weighted average of the responses from a five-point Likert scale

Table 7 above indicates that employees above the supervisory level have a very high awareness level of the company objectives with a mean of 4.6 to 5 while those below have a low awareness level with a mean of only 2.9. This is an expected result since the division of roles and responsibilities tends more and more towards operations as the cadre of employees decreases in a hierarchical organizational set-up.

The obstacles, which are faced in the setting of objectives and the development of the mission statement, are as shown in Table 8 below.

Table 8: Obstacles in the setting of objectives and the development of the mission statement.

Obstacle/hindrance	Mean*
Lack of Top Management support	4.1
Opposing views from the board	4.2
Poor communication modes/channels	3.9
Fear of failure to comply/achieve	3.9

Source: Questionnaire

* The mean is a weighted average of the responses from a five-point Likert scale

The results indicate that the key obstacles are the lack of top-management support and opposing views from the board. This is an expected occurrence in a situation where the CEO is not prominent on issues of strategy. It would be expected that the CEO takes a leadership role in such issues in order for the organization to achieve its corporate objectives.

Two respondents pointed out other obstacles to the development of the mission statement and the setting of objectives. These are “the need for change management in these organizations” and “the lack of consideration for strategic planning issues whose place is taken over by issues of an operational kind especially pertaining to production”.

These two issues are important particularly when looked at in the context of the organizations in this study. Most have existed for a long time and only started introducing mission statements less than 2 years ago. Change management and the inculcation of strategic thinking can prove to be major hindrance in this respect. It is likely that most companies had established a consistent way of operating reminiscent of a stable environment. These needed to be changed.

4.4 Operational Plans

All the respondents indicated that they have operational plans. 67% responded that the plans were developed over 8 years ago as shown in Table 9 below.

Table 9: Development of operational plans

When developed	Frequency	Percentage (%)
2 – 4 years ago	2	22.2%
4 – 6 years ago	0	0%
6 – 8 years ago	1	11.1%
> 8 years ago	6	66.7%
TOTAL	9	100%

Source: Questionnaire

It can be concluded therefore that most of these companies have operational plans, which were developed long before mission statements were introduced in these organizations. This further gives credence to the proposition that environmental complexity forces organizations to resort to strategic management as a means of survival.

Table 10: Duration of review of Operational Plans

Periodic Review	Frequency	Percentage (%)
Every month	5	55.6%
Every quarter	1	11.1%
Half yearly	0	0%
Yearly	3	33.3%
TOTAL	9	100%

Source: Questionnaire

Table 10 indicates that these operational plans are generally reviewed on a monthly basis by 56% of the companies while one reviews them every quarter. The rest review them on an annual basis. It is probable that these operational plans are mainly budgets or short

term plans which these organizations have relied on for a long time for forecasting or extrapolation to predict the future conditions.

The key participants in the development of the operational plans were indicated by all the respondents as being persons in the senior management level. It can thus be deduced that it is this same group, which plays a pivotal role in the review of the operational plans on a periodic basis. The emphasis on these plans could be the source of the problems faced when dealing with strategic issues in these companies. The strategic planning cycle should, in principle, precede the operational planning cycle.

Table 11: Features characterizing the Planning Process

Feature	Frequency	Percentage (%)
Formal planning meetings	9	100.0%
Informal planning sessions	8	88.9%
Timetables for the preparation of plans	8	88.9%
Existence of a planning department	0	0%
Well defined responsibilities for planning	7	77.8%

Source: Questionnaire

Table 11 indicates that there is a mix of both informal and formal planning methods. All the companies, which responded to the questionnaire, have formal planning meetings while 89% have informal planning sessions. Timetables are also prepared in 89% of the companies with only 78% having well defined responsibilities for planning. However, none of these companies has a planning department possibly due to the lack of a salient need for it, since other departments may already be covering the functions of this department.

4.5 Strategic Plans

Strategic plans are developed in all the companies which responded to the questionnaire, and that these strategies have changed over time. On the issue of whether they intended to

maintain these strategies or not, 67% indicated that they will maintain them, while those organizations which intended to change them provided various reasons for this. The reasons mainly revolved around the need to address the changing economic situation through these strategies.

The development of the strategic plans was indicated by 33% of the companies as being developed by the CEO. 22% indicated that a select committee develops them. The CEO is however more prominent in this case compared to his/her role in the conceiving of the mission statement, which was only conspicuous in one of the organizations.

Table 12: Level of importance of various Tools/Techniques in the development of Strategic Plans

Tool / Technique	Importance (Mean*)
Long-term goals	4.3
Analysis of key success factors	4.2
SWOT analysis	4.1
Annual goals	4.1
Market analysis	4.0
Analysis of dominant economic features in the industry	3.9
On going evaluation	3.9
Short-term action plans	3.8
Analysis of the competitors	3.6

Source: Questionnaire

* The mean is a weighted average of the responses from a five-point Likert scale

Table 12 indicates the level of importance that is attached to the various tools/techniques in the process of developing strategic plans. The key tools/techniques are the Long-term goals, Key Success Factors, SWOT analysis and Annual goals. One company indicated that its also uses Break-even-point analysis in this process. The preference for these tools/techniques over the others, can be attributed to the nature of the business these organizations are engaged in- the business is mainly export oriented and thus the

competition for the local market is minimal. This explains why the use of competitor analysis ranks lowest in the table above with a weighted mean of only 3.6. However, all the companies indicated that the strategies are formally written.

The problems faced in the development of these strategies are more varied compared to those faced in the process of setting objectives and the development of the mission statement. The respondents were requested to list these problems in order of importance. The results indicate that these problems are a mix of both external and internal factors as shown in Table 13 below.

Table 13: Problems faced in the development of Strategies

Problem faced	Total weighted frequency	Mean*
KTGA		
Changing/fluctuating Tea auction prices	29	4.83
Inadequate information for developing the plans	17	4.25
Changing climatic conditions	12	3.00
Changing customer requirements	12	3.00
Availability of finances	7	3.50
Lack of training on strategic planning	7	3.50
Influence of parent company strategies	6	3.00
Rising costs of production	4	4.00
High taxation	3	3.00

Source: Questionnaire

* The mean is a weighted average of the responses from a five-point Likert scale

A key problem faced in the development of these strategies is that of changing or fluctuating tea auction prices, which gave a total weighted frequency of 29 and a mean of 4.83. The next most important problem is that of inadequate information for developing the plans with a total weighted frequency of 17 and a mean of 4.25. These issues are characteristic of a turbulent business environment in which revenues fluctuate widely

compounded by the lack of sufficient information for accurate planning. The problems associated with tea prices, as obtained from the respondents, are in tandem with what was noted in the literature review. Two other important problems are the changing climatic conditions and customer requirements. All these issues are expected to play a major role in the orientation of these companies towards strategic planning for their own survival and prosperity in the future.

The results obtained on the influence of industry structure and government policy on the strategies of these companies gave a mean of 3.4 and 3.7 respectively. Thus, the respondents felt that the government policy has a stronger influence on their strategies in relation to the industry structure. However, this influence appears to be moderate probably due to the long existence of these organizations in Kenya such that the industry can easily self regulate itself and strongly lobby the government on any issue through the KTGA.

An analysis of the Key Success Factors as perceived by the respondents is shown in Table 14 below.

Table 14: Key Success Factors in the industry

Key Success Factor	Mean*
Favorable exchange rates	5.0
Availability of adequate rainfall	4.8
Innovation	4.4
Mechanization	3.8

Source: Questionnaire

* The mean is a weighted average of the responses from a five-point Likert scale

Table 14 indicates an overwhelming response as pertains to the importance of the favorable exchange rates and the availability of adequate rainfall to the success of the industry. The issue of the exchange rates is important since the proceeds from tea sales in

the auction are obtained in US dollar terms and later converted to the local currency. Thus, a stronger local currency is detrimental to their revenues.

As regards the issue of market analysis, all the respondents pointed out that they do analyze market reports. This is consistent with the earlier responses in which prices and exchange rates were noted as being important to the business.

4.6 Discussion

The results obtained from the study indicates that the tea manufacturing companies in Kenya have adopted strategic planning, particularly in past the two years, in response to the changing environmental conditions. These changes, which include the increasing fluctuation of exchange rates, unpredictable rainfall patterns, rising costs of production, and effects of globalization, have increased the complexity of the environment thereby introducing challenges, which these companies have to address. The move by these tea manufacturing companies to resort to strategic planning for their survival is consistent with the empirical findings from previous studies on strategic planning practices in various organizations (Aosa 1992; Kiliko 2000; Mbayah 2001; Sharbani 2001)

The results of the study are also consistent with strategic planning theory. Organizations tend to resort to strategic planning, as the environment becomes more turbulent, in order to survive. Since organizations have to interact with their environment, they have to match their capabilities and strategies to the changes in the environment. The use of strategic planning enables the organization to align itself to the changes in the environment and thus ensure the long-term survival of the organization.

CHAPTER FIVE: SUMMARY AND CONCLUSIONS

This chapter summarises the research findings and gives conclusions in relation to the objective of the study.

5.1 Strategic Planning Practices

The research objective was to study and document strategic planning practices by tea manufacturing companies in Kenya. The study examined a number of variables of interest touching on the profile of these organizations, the vision and mission statements, the objectives and their setting, operational plans and strategic plans.

The response from a population of 15 companies contacted was 9, representing a response rate of 60%. From the study results and the discussions in the preceding chapter, the study concluded that the tea manufacturing companies in Kenya do practice strategic planning. 89% of these companies have been in existence in the country for over 40 years and 56% of them have substantial foreign interest.

Environmental changes have occurred in the industry forcing these organizations to turn towards the use of strategic planning. 56% of these organizations implemented mission statements under 2 years ago with 67% of them placing a strong emphasis on the mission statements.

These organizations set objectives which employees above the supervisory level have a high awareness level. The obstacles faced in the setting of these objectives are related to the systems existing in the organization. The need for change management and the prioritization of operational issues over strategic ones are also noted as key obstacles. Operational plans were developed in 67% of these companies over 8 years ago long before mission statements were implemented.

The planning process within these organizations is both formal and informal. Planning departments don't exist indicating that they are yet to be considered necessary. All these companies develop strategic plans with more than 65% of them intending to maintain them. The role of the CEO is not prominent both in the conceiving of the mission statement and in the development of strategic plans. Strategic planning by the tea manufacturing companies in Kenya can thus be concluded to be a recent occurrence in which senior management have taken a leading role. Various tools/techniques are used in the development of strategic plans. These include the SWOT analysis, the analysis of long-term goals, analysis of the Key Success Factors, annual goals and Break-even point analysis. Problems faced in the development of these strategic plans mainly relate to the fluctuating tea auction prices and the lack of sufficient information for developing accurate plans. Key Success Factors in the industry are favorable exchange rates and the availability of sufficient rainfall. Generally, all the tea-manufacturing companies analyze market reports but are yet to fully appreciate the importance of competitor analysis, a finding which can be attributed to the export oriented nature of the business.

From the study, it can further be concluded that generally, the strategic planning which is currently being practiced by the tea manufacturing companies in Kenya can be considered to have been the result of the need to align organizational capability and strategies to the rapidly changing environmental conditions to enable the organizations survive and prosper in the future.

5.2 Recommendations

This study concluded that strategic planning is practiced by tea manufacturing companies in Kenya. However, it is apparent this is a fairly recent occurrence and thus there are some key issues which require further refinement for the purposes of effective strategic planning;

- a). The role of the CEO in the strategic planning process needs to be more visible rather than being amongst those of the other senior management in the organization

- b). The aspect of strategic planning needs to be further inculcated in these organizations to avoid a conflict with operations. Strategic plans are long-term in nature and are designed to steer the organization to the correct path into the future. Operational plans should thus emanate from the strategic plans.
- c). These organizations also need to accord more importance to the issue of competitor analysis. In a changing environment, it is likely that the current situation, where competitors are not important when formulating strategic plans, is misconceived. Competitor analysis is also vital for benchmarking purposes and can with time lift the general standards of the industry in relation to similar businesses in the rest of the world.

5.3 Limitations of the Study

Some difficulties were encountered in the process of carrying out the study. The time duration taken to receive responses to the questionnaires took long mainly due to the unavailability of the persons who could provide the data and information. Others were simply uncooperative and thus failed to participate in the study.

Some of the findings from the study could have further been made clearer through the use of face-to-face interviews but this proved difficult due to congested schedules of the respondents.

5.4 Suggestions for Further Research

From the findings of the study, it is recommended that further research be carried out in the area of strategic planning practices for other players in the tea industry for instance, tea blenders, packers, marketers and brokers in Kenya.

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APPENDIX I

QUESTIONNAIRE

SECTION A: Profile of the respondent

1. How many years have you been with the present company? (Please tick one).

- 1 – under 5 Years
- 5 – under 10 Years
- 10 Years and over

2. How many years have you been in the present position in the company? (Please tick one).

- 1 – under 5 Years
- 5 – under 10 Years
- 10 Years and over

SECTION B: Profile of the organisation

1. What is the ownership of the company? (Please tick one).

- Wholly foreign owned
- Wholly locally owned
- Jointly owned with substantial *foreign* ownership
- Jointly owned with substantial *local* ownership

2. What is the total volume of made black tea produced by the company in the year 2001? (Please tick one).

- Under 1 Million Kgs
- 1 Million – under 5 Million Kgs
- 5 Million – under 10 million Kgs
- Over 10 Million Kgs

3. Is the company (or it's parent company) listed in the Nairobi Stock Exchange? (Please tick one)

- Yes
- No

4. Is the company a member of the Kenya Tea Growers Association (KTGA)?

Yes [] No []

5. Does the company provide such facilities like free housing and medical care to the employees?

Yes [] No []

6. Does the company carry out other non-tea businesses like Horticulture?

Yes [] No []

7. What is the proportion of the out-grower crop in the company? (Please tick one)

0 – under 20% []

20 – under 40% []

40 – under 60% []

Over 60% []

8. For how long has the organization been involved in the tea business? (Please tick one)

0 – under 20 years []

20 – under 40 years []

40 – under 60 years []

Over 60 years []

SECTION C: Vision and Mission statements

1. Does the company have a **vision** statement?

Yes [] No []

2. Does the company have a **mission** statement?

Yes [] No []

If No, please move on to Section D,

(a) Is it a formally written statement, which employees and other stakeholders can identify with?

Yes [] No []

(b) Who conceived the idea of the mission statement?

- Managing Director/CEO []
 Other executive Directors of the company []
 Senior Management in the company []
 Others (Please specify).....

(c) When was the mission statement implemented?

- Under 2 years ago []
 2 – under 4 years ago []
 4 – under 6 years ago []
 6 – under 8 years ago []
 Over 8 years ago []

(d) What is the level of emphasis placed on the mission statement?
 (please tick the appropriate box)

1 No emphasis	2	3 Moderate emphasis	4	5 Very Strong emphasis

SECTION D: Objectives and their setting

1. Does the company have set objectives?

Yes [] No []

If No, why?.....

If Yes,

(a) Who sets the objectives?.....

(b) Are these objectives formally presented in a written form?

Yes [] No []

(c) What in your opinion is the level of awareness on the objectives among employees in the company? (Please tick the appropriate box in each row)

	Very High	High	Slightly high	low	Not aware
Top Management					
Middle Management					
Supervisory					
Others					

2. What in your opinion are the major obstacles experienced in the development of the mission statement and objectives?(Please tick the appropriate box in each row)

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Lack of Top Management support					
Opposing views from the board					
Poor communication modes/channels					
Fear of failure to comply/achieve					
Others (Please specify)					
.....					
.....					

SECTION E: Operational plans

1. Does the company develop any operational plans?

Yes [] No []

If No, why?.....

If Yes,

(a) How long ago were these plans first developed in the company?

Under 2 years ago []

2 – under 4 years ago []

4 – under 6 years ago []

6 – under 8 years ago []

Over 8 years ago []

(b) How frequently are these plans reviewed?

Every month []

Every quarter []

Half yearly []

Yearly []

(c) Who are the key participants in the development of these

plans?.....

.....

(d) Do the following features characterize the planning process in the company? (Please tick as appropriate)

(i) Formal planning meetings Yes[] No[]

(ii) Informal planning sessions Yes[] No[]

(iii) Timetables for the preparation of plans Yes[] No[]

(iv) Well defined responsibilities for planning Yes[] No[]

(v) Existence of a planning department Yes[] No[]

SECTION F: Strategic plans

1. Does the company develop any strategic plans?

Yes [] No []

If No why?.....

If Yes,

(a) Have these strategies in the company changed over time?

Yes [] No []

(b) Do you intend to maintain these current strategies?

Yes [] No []

If No, why would you wish to change these strategies?.....

.....

(c) Who develops these strategies (Please tick as appropriate)

The Managing Director or CEO []

A select committee []

Others(Please specify).....

(e) During the development of these strategic plans, please indicate the level of importance of the following in the process (Please tick one box in each row as appropriate)

	Extremely important	Very important	Important	Moderately important	Not important
SWOT analysis					
Analysis of key success factors					
Analysis of the competitors					
Analysis of dominant economic features in the industry					
Market analysis					
Long-term goals					
Annual goals					
Short-term action plans					
On going evaluation					
<i>Others (please specify)</i>					
.....					

(d) Are these strategies in a formally written form?

Yes []

No []

(e) What would you say are the problems you have faced in the development of these strategies? (Please kindly rank them in order of importance from the most to the least)

(i)

(ii)

(iii)

(iv)

(v)

2. What is the influence of the following to the strategies being formulated? (Please tick as appropriate on each row)

	1 No influence	2	3 Moderate influence	4	5 Very Strong influence
Industry Structure					
Government policy					

3. What in your opinion are the key success factors in the tea growing and manufacturing business?

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Availability of adequate rainfall					
Favourable exchange rates					
Innovation					
Mechanization					
Others (please specify)					
.....					
.....					
.....					

4. Does your company analyze market reports?

Yes [] No []

THANK YOU FOR YOUR CONTRIBUTION

APPENDIX III

Global Tea Production (In Metric Tonnes)

YEAR

COUNTRY	1995	1996	1997	1998	1999	TOTAL	%
INDIA	756,016	780,227	810,031	870,405	805,612	4,022,291	32.02
CHINA	588,422	593,386	613,360	665,034	675,871	3,136,073	24.96
SRI LANKA	246,424	258,969	277,428	280,674	284,140	1,347,635	10.73
KENYA	244,525	257,162	220,722	294,165	248,818	1,265,392	10.07
TURKEY	102,713	114,540	139,523	177,838	170,563	705,177	5.61
INDONESIA	74,552	98,802	89,780	98,319	95,020	456,473	3.63
JAPAN	84,504	88,709	91,211	82,609	88,512	435,545	3.47
IRAN	55,000	58,000	60,000	60,000	60,000	293,000	2.33
BANGLADESH	47,673	53,406	50,994	56,184	47,421	255,678	2.04
ARGENTINA	32,000	43,000	55,000	50,000	50,000	230,000	1.83
VIETNAM	40,000	42,000	45,000	47,000	46,000	220,000	1.75
MALAWI	34,526	38,312	43,930	40,360	38,469	195,597	1.56
						12,562,861	100.00

Source: <http://www.ktdateas.com/stats.htm>

APPENDIX II

KENYA TEA PRODUCTION BY COMPANY/MANAGING AGENT - KGS

COMPANY	Factories	2001	2000	1999	1998	1997
Brooke Bond Kenya Ltd	11	32,199,121	26,850,383	26,846,838	33,066,978	26,466,522
African Highlands Produce Co. Ltd.	5	21,806,868	17,024,633	17,271,981	22,834,067	17,162,082
Eastern Produce Co. Ltd.	7	17,004,314	12,582,638	14,591,929	19,008,187	13,928,168
George Williamson Kenya Ltd.	3	10,074,383	8,443,672	8,462,606	10,538,508	8,785,162
Sotik Tea Co.	1	5,218,097	3,968,342	4,160,050	5,260,755	3,893,178
Kipkebe Limited	1	7,330,421	4,262,009	4,635,555	4,379,741	2,955,512
Kaisugu Limited	1	2,452,595	2,459,484	2,723,234	3,466,133	2,372,996
Ngorongo Tea Factory	1	2,206,737	1,576,312	2,210,354	3,410,314	2,940,386
Karirana Tea Estates	1	2,658,941	2,429,178	2,510,269	3,012,946	1,830,233
Nandi Tea Estate	1	2,785,518	2,104,361	2,447,547	3,004,060	2,474,850
Sotik Highlands	1	3,262,492	2,579,885	2,430,668	2,973,407	2,425,232
Keritor/Kipkebe Limited	1	7,330,421	2,665,431	2,538,390	2,448,491	1,972,336
Tinderet Tea Estate	1	2,345,917	1,673,033	1,598,785	1,930,876	1,321,285
Koisagat Tea Factory	1	2,195,141	1,095,366	1,077,259	1,574,340	1,453,084
Kiptagich Tea Factory	1	1,195,539	914,254	1,265,364	1,380,080	839,609
Ceres Tea Estates	1	169,439	110,829	191,821	248,359	193,722
Sub-total	38	112,905,523	90,739,810	94,962,650	118,537,242	91,014,357
KTDA	45	181,725,815	145,546,258	153,855,368	175,627,855	129,707,792
TOTAL	83	294,631,338	236,286,068	248,818,018	294,165,097	220,722,149

Source: Tea Board of Kenya <http://www.teaboard.or.ke/table5.html>

APPENDIX III

Global Tea Production (In Metric Tonnes)

YEAR

COUNTRY	1995	1996	1997	1998	1999	TOTAL	%
INDIA	756,016	780,227	810,031	870,405	805,612	4,022,291	32.02
CHINA	588,422	593,386	613,360	665,034	675,871	3,136,073	24.96
SRI LANKA	246,424	258,969	277,428	280,674	284,140	1,347,635	10.73
KENYA	244,525	257,162	220,722	294,165	248,818	1,265,392	10.07
TURKEY	102,713	114,540	139,523	177,838	170,563	705,177	5.61
INDONESIA	74,552	98,802	89,780	98,319	95,020	456,473	3.63
JAPAN	84,504	88,709	91,211	82,609	88,512	435,545	3.47
IRAN	55,000	58,000	60,000	60,000	60,000	293,000	2.33
BANGLADESH	47,673	53,406	50,994	56,184	47,421	255,678	2.04
ARGENTINA	32,000	43,000	55,000	50,000	50,000	230,000	1.83
VIETNAM	40,000	42,000	45,000	47,000	46,000	220,000	1.75
MALAWI	34,526	38,312	43,930	40,360	38,469	195,597	1.56
						12,562,861	100.00

Source: <http://www.ktdateas.com/stats.htm>