INFLUENCE OF THE WAY OF DOING BUSINESS ON SUSTAINABILITY OF SMALL TEA ENTERPRISES IN KENYA

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ABSTRACT

This study presents findings on factors that influence sustainability of small tea enterprises in Kenya. Specifically, analyze the influence of the way of doing business on sustainability of the enterprises. The population of the study is an estimated 420,000 small tea entrepreneurs who are members of Kenya Tea Development Agency spread in the seven tea-growing regions in Kenya. The study was a cross-sectional survey, and descriptive in design, carried out in the seven tea-growing regions. The study used a mixed method, which involved both qualitative and quantitative data analysis. Self-administered questionnaires were used for primary data collection while journals, books and the Internet were used for secondary data collection. Factor analysis was used to measure the variability among the variables. For test statistics, p-value less than 5% was considered significant. Cronbach’s analysis was used to test the equality of means of all independent variables. A regression model was also developed to establish the strength of the relationship between the dependent variable and independent variables. Presentation of information was done using mean scores and percentages and standard deviation. The findings indicated that four out of five hypotheses of the study were supported. These findings, it is hoped, will bridge the gaps in literature, identify and articulate alternative models for assessing sustainability of small tea enterprises for adoption, and will be used in the academia, agribusiness and by policy makers to improve the tea sector in Kenya.

Key words: Way of doing business, sustainability of small tea enterprises
General Objective

Specific Objectives
To analyze the influence of the way of doing business on sustainability of small tea enterprises in Kenya

Hypotheses
H₀: There is no significant positive influence in the way of doing business on sustainability of small tea enterprises in Kenya.
H₁: There is a significant positive influence in the way of doing business on sustainability of small tea enterprises in Kenya.

Operational Framework

Parameters

Independent

Size of the enterprise
Years in Operation
Location and Ownership

Dependent

Way of doing business
Sustainability of STES
Sales Turnover, Cost

Literature Review

Theories Grounding the Study
The section provides a systematic analysis of theories that indicate relationship among the phenomena. Theoretical literature review provides theoretical answers to the research problem before confirmation by a research exercise. It provides a foundation for enquiries (Saunders, Lewis, & Thornhill, 2009). Different scholars have come up with diverse theories, which have helped to explore entrepreneurship. The theories are based on economics, anthropology, sociology, management and psychology (Simpeh, 2011). This study uses the psychological entrepreneurship theory and the resource-based entrepreneurship theory as key theories (Simpeh, 2011). This is mainly because the study focuses on small tea farms that depend wholly on the decisions and actions of the owner as an individual. Entrepreneurship being a relatively young discipline tries to borrow from various theories in economics, sociology, strategic management and psychology as an attempt to come up with a comprehensive theory that captures it distinctively (Wernerfelt, 1984).
2.1.2 Entrepreneurship concept: Historical development

Literature provides very divergent and broad approaches and definitions of entrepreneurship borrowing from diverse disciplines. Rindova, Barry, and Ketchen (2009) identify different approaches in historical order, starting from classical economical approach, trait approach and social identity approach. The theoretical development of entrepreneurship in this study can not suffice without entrenching the theory of opportunity cost or comparative advantage borrowed from economics to acknowledge the fact that the farmer is an entrepreneur with choices to make on his use of factors of production with the motive of getting the best returns (profit) from his investment.

Theory of Opportunity Cost

From the times of Theen (1823); Mill (1848); Walras (1874); Von Wieser (1876); Von Bohmbawerk (1894); Wicksteed (1914); Knight (1921); & Rodan (1927); the theory of opportunity has been discussed and with time has become clear that it is an important element in entrepreneurial studies. The theory simply states that something worth of value is given up when options are made in favor of something else perceived to have a higher value. The next best alternative forgone is the opportunity cost; since resources are scarce, the choices would imply opportunity cost therein (what the farmer would have done with his land if he did not use it to grow tea) Prasch (1996).

What can be done best and at a lower opportunity cost gives room for specialization and enhances trade between individuals and countries. This is sometimes referred to as comparative advantage. The farmer who produces tea at a lower opportunity cost from the fact that his land is ideal for growing tea compared to other land use has comparative advantage. The very fact that land is scarce and to mobilize its use requires a farmer to make entrepreneurial decision on what best to produce on his land qualifies him to be an entrepreneur. If the land is diverted to other uses the farmer has to gauge whether it would be less suitable. In this study the farmer is better off in growing tea. Various theories have been advanced in the development of entrepreneurship as a discipline as depicted in the following paragraphs.

Classical Economic Approach

Cantillon (1755) defined an entrepreneur as speculator in search for profits from buying and selling of items with a profit. Smith (1776) depicted the entrepreneur as an adventurer searching for threats; projector anticipating the future; and an undertaker who takes wise risks and is accessible for investment if properly remunerated (Rindova et al., 2009). Many more scholars contributed in the early days to the debate but it was Schumpeter (1965) who identified the role of the entrepreneur in creating change and disequilibrium in the market through innovation and pro-activeness.

According to Rindova et al., (2009); Knight (1921) had already discerned the difference between risk and uncertainty in defining an entrepreneur. Kihlstrom & Laffont (1979) blend the idea of Cantillon and Knight to define the entrepreneur as one who is a risk taker. Say (1971) recognized
the entrepreneur as one who supervises and administers in a business. He specified that risk is not the central function of the entrepreneur but also managerial skills and other moral qualities such as judgment and perseverance were vital for an entrepreneur (Rindova et al., 2009). Praag (1995) noted that Kirtze (1973) turned upside down Schumpeter, understanding and identifying entrepreneurship as a result of innovation intended to exploit the opportunities given by economic disequilibrium. He emphasized that entrepreneurs identify potential opportunities that are unexploited (Praag, 1995). Baumol (1993) identified the entrepreneur as a speculator trying to sell different products. In the economic approach, an entrepreneur is the one who coordinates different factors of production. An entrepreneur has no fixed pay earnings but must invest a known amount of money in production without prior knowledge of return on investment. The entrepreneur expects his income earning to surpass investment based on demand for the product.

**Trait Approach**

Researchers in the twentieth century started defining the entrepreneur by drawing up a set of traits a person needs to possess to become a successful entrepreneur. Already in 1934, Schumpeter had identified an entrepreneur as an extraordinary person who brings about extraordinary events and new technology, and as an innovator. In 1982, Casson identified the attributes of an entrepreneur as skills to judge and coordinate capital as the important for success (Rindova et al., 2009). Trait approach is limited in the sense that there are people who set up an enterprise yet do not fit the criteria listed in the definition. There are always exceptions. The approach cannot explain the regional variation where in some regions people have entrepreneurial acumen more than others from different regions.

Trait approach cannot explain why majority of start-up businesses fail. Four out of five business start-ups end up in failure as noted by Mazzarol, Volery, Doss &Thein, (1999) and Morrison, Breen & Shameen (2003). In this regard who should be considered an entrepreneur? Is it the person who started a business and failed or the one who succeeded?

Rindova et al. (2009), note that there is more in entrepreneurship than a handful of person’s traits. They combine the two approaches and identify an entrepreneur as one who starts a company (economic approach). Establishment of an enterprise is an essential economic activity and can also be considered as a single trait, one that is common to all entrepreneurs (Rindova et al., 2009).

Frese &Fay, (2001) had identified that there is a positive relationship between personal trait namely personal initiative and performance of small enterprises in terms of profit affirming that trait matters in successful performance of small enterprises. Kiggundu had already established a significant relationship between personal initiative and success in African small enterprises (Kiggundu, 2002).

**Social Identity Approach**

The entrepreneur’s distinctiveness is not located in the personality of the individual but instead, is formed through interaction with society and culture. Elfring (2003) noted that the process of
obtaining the identity is through social interaction with others. It is a mixture of social influences that have made an individual actor to become an entrepreneur. An entrepreneur is a person who combines resources (capital, knowledge and people) to create surplus value. Resources can be accessed through social networks. Locations are identified with creating competitive advantage and through the network; the entrepreneur discovers the opportunities, secures the resources and obtains legitimacy (Elfring et al., 2003).

Elfring, quoting Burt (2005) noted that society consists of networks of tightly related individuals, who can be linked by brokers or people who have ties within different networks. The different approaches to entrepreneurship generate a definition that takes an entrepreneur as a person with a strong capability to create value from his/her social capital by linking his/her social networks in various ways (Elfring et al., 2003). Several scholars attempted to define entrepreneurship from varying perspectives. Drucker (1985) defined entrepreneurship as an act of innovation that involves endowing existing resources with new wealth-producing capacity. He envisioned a shift from managerial to an entrepreneurial economy while, interestingly, Gartner (1988) understood entrepreneurship as a process by which individuals pursue opportunities without considering the resources they currently control or the traits inherent in the entrepreneur.

He emphasized that the entrepreneur is created by the organization with specific purpose of carrying out activities or roles that enables the organization to function. This shifted the focus from who an entrepreneur is to what he does. Stevenson & Jarillo (1990), on the other hand, defined entrepreneurship as the process through which individuals and teams create value by bringing together unique packages of resource inputs to exploit opportunities in the environment. Entrepreneurship involves how, by whom, and with what effects opportunities to create future goods and services are discovered, assessed and exploited. They noted that an entrepreneur accesses other people’s resources. The emphasis was on span of activities that happen in every stage of organizational development; namely, creation, growth and rebirth through strategic transformation.

The social identity approach theory still had a gap because the social make-up of an organization may make an entrepreneur but this does not guarantee success of the enterprise. Other factors outside the scope of the social theory like psychological attributes and resource availability may affect the success of an entrepreneur and the enterprise. This necessitated the development of psychological entrepreneurship theories.

**Psychological Entrepreneurship Theories**

These theories are individual-centered and stress personal characteristics that define entrepreneurship (Landstrom, 1998). The theories highlight the need for achievement and locus of control as the key drivers of entrepreneurship. The need for achievement implies the drive of business founders to quest for new and better answers than those given in the definite environment and their capacity to get the solutions through their own performance. If a person is capable of achieving such goals, it is presumed that his achievement motivation tallies with the pre-condition of becoming a successful entrepreneur. The difference between successful and
unsuccessful entrepreneurs is put into consideration (McClelland, 1987). The locus of control refers to people who believe that they determine their future development through their own actions. These entrepreneurs are assumed to be successful.

The other trait is problem-solving orientation, which is an expression of the cognitive capability to act in an intricate environment and to be attracted to non-routine tasks. Individuals should be able to solve existing problems by transfer of knowledge expression into specific actions (Lumpkin & Dess, 1996).

Interpersonal reactivity is the capacity to place oneself in others’ shoes; for instance, the capability to approach other people and cultivate rewarding relationships with them. An adequate level of interpersonal reactivity should better enable the entrepreneur to create client-focused products (Baron, 2008). This was in line with what Mc Cormick (1996), noted that capability to cultivate relationships gives the entrepreneur the chance to network and especially to access resources. Assertiveness is a trait in a person that manifests the ability to achieve one’s interest in a socially acceptable way. It relates to total performance of an entrepreneur towards clients. The traits theory makes the assumption that if the ability to assert oneself is satisfactorily high, the entrepreneur will be better able to attain the planned goals. Entrepreneurship is disposed to risk-taking, innovativeness and tolerance for ambiguity characteristics. This brought about the Personality Traits Theory.

Simpeh (2009) noted that Davidson & Honing (2003) describe personality traits as “stable qualities that a person shows in most situations”. According to the traits theorists, an individual possesses inborn qualities and potential that makes them entrepreneurs. The psychology of the owner matches with organizational conditions to determine economic success and entrepreneurs are understood as persons with particular skills involved in entrepreneurial activity.

The theories put forward that the traits in a person dictate the behaviour of the individual entrepreneur. Personality, though not related to, mediates success. The character of the entrepreneur has a strong influence on the achievement of a firm particularly if an entrepreneur runs it alone. The theories assume that the personality or character of human beings consists of given traits that are stable over time. These traits are shaped by know-how to work as entrepreneurs thus the small tea entrepreneur would mediate the success of his enterprise (Simpeh, 2011). The recent findings on risk-taking add weight to the earlier empirical studies, which suggested that as wealth increases, inclination to risk rises. The small tea entrepreneur becomes a risk taker with inclination to increase wealth. This theory does not explain the high failure rate of the nascent small business enterprises. The entrepreneur may have the psychological factors necessary for successful performance of the enterprises, but without access to the necessary resources, it may prove very hard to perform successfully. This necessitates the resource based entrepreneurship theory that attempts to fill the gap.
Resource-Based Entrepreneurship Theory

The arguments presented in this theory put into focus the notion that access to finance, social and human capital gives rise to opportunity-based entrepreneurship and new venture growth (Davidson et al., 2003). The concept of human capital was originally developed to approximate employers’ income from their investment in human capital. This was adapted to entrepreneurship research by Utsch & Rauch (2005) in which they highlighted that formal education, training, employment or experience, start-up experiences, owner’s experience, parents’ background, skills and knowledge constitute enterprise success.

Individuals with more or higher human capital achieve higher performance when executing tasks as proposed by Dimov & Shepherd (2005). They demonstrated that human capital variables are positively related to nascent entrepreneurs, a view supported by Davidson & Honing (2005). Human capital theory assumes that people endeavor to receive rewards for their investment in human capital, which leads to enterprise success (Utsch & Rauch, 2005). The enterprise’s success depends on the owner’s capability to perform entrepreneurial tasks of discovering and exploiting business opportunities (Shane & Venkataraman, 2000). They further indicated that prior knowledge adds to the owner’s alertness to discover particular opportunities not visible to others that are used in planning and venture strategy. This becomes a determining factor on the success of the enterprise. The success is equated with survival in the sense that the enterprises that keep running and make economic profit are perceived as successful (Bruederl, Preisendoerfer & Ziegler (1992). Firms’ success is dependent on their resource endowment and lack of resources though a challenge to success can be mitigated through diversification (Wernerfelt, 1984).

According to Shane & Venkataraman (2000) environmental scanning, making decisions on the opportunities and coming up with strategies of utilizing these opportunities, management and leadership are all means to success. In summary, the resource-based entrepreneurship theory emphasizes that entrepreneurs make every effort to obtain financial returns from their venturing activities equivalent to their human capital investment. The missing point was about management of these resources or governance which if not well coordinated, success could be hard to come by.

The Giessen Amsterdam Model of Small Business Enterprises Success supports the resource-based theory as it considers human capital combined with personality and defined goals. When the three factors are combined with strategies in the right environment, they give success to the small business enterprises. The model argues that personality and human capital (i.e. education and experience) factors have a function in goals and action strategies and determine the success of small business enterprise (Rauch & Frese, 2000).

Rauch and Frese noted that the Giessen Amsterdam Model of small business success had no direct arrows from personality, human capital, and environment through to success notwithstanding such relationship having been studied. He responds that this was under assumption that there is no success without action, which is determined by goals and strategies.
These theories looked at a wide range of factors that influence success in small business enterprises, especially key factors such as resources, the entrepreneur psychological capacity and economic factors. This research adapted this model as a convenient way of individual business analysis using human capital, goals and strategies to study success of small businesses. Taking it further, the study incorporated enterprise characteristics, way of doing business, finance, resources, products and services as the factors that affect the tea farmer within the context of his farm (enterprise) which the farmer has control of, in determining the sustainability of small tea enterprises.

Literature is short of information on a combined theory that serves all factors that influence sustainability in small tea enterprises. However, Rauch & Frese (2000) highlight that the Giessen Amsterdam Model of entrepreneurship success best represents goals as the factor that mainly determines the success of small enterprises, though not without limitations. Goals and objectives are not often separated from strategies as Venkataraman (1989), noted which often makes it hard for evaluation of success. Frese (1995) had tried to draw a line by equating strategy to action; for instance, he stated that a strategy implies action and entrepreneurs try to translate goals into action. Other scholars like Davidson (1998) indicated that goals are related to growth experience. Baum, Calobrese, & Silverman (2000) stressed that goals and visions have an effect on the performance of small enterprises. Jennings & Beaver (1997) equated small enterprises success with attainment of objectives mainly economic profit. In this study success is equated with sustainability which is a holistic approach to continuous exploitation of available resources with due consideration to environment and future generation and ensuring stable quality and increases in farmers’ tea yields and revenue. The Giessen Amsterdam Model of small business enterprises success is presented below depicting the inter-relationship of key variables with success. It is a good attempt, in view of this study, of amalgamating the drivers of success and their connectedness.

**Small Enterprise**

Small enterprises exist along with big enterprises and are ubiquitous throughout the world. Literature presents the small enterprises as important in the sectors they exist and contribute significantly to the economy of the country. The Intergovernmental Group on Tea (2012) defines smallholder farmer in terms of size of the land under cultivation and at times by the number of employees engaged by the holder and one who does not own a processing plant.

Small business enterprises have been studied for the last half-decade but most of these studies have been undertaken in the manufacturing sectors of developed countries as demonstrated by Yusuf (1995), Wiklund (1999), Lutteken et al., (1999), Nurul (2005), Naude (2010) and Berner &Gomez (2012) who highlighted that three out of five small businesses fail due to various problems. Berner & Gomez (2012) indicated that small business enterprises create more jobs than big enterprises and are key contributors to the economy as well as being instrumental in eradication of poverty.
Yusuf (1995) while analyzing key success factors for small business enterprises stressed the key role they play but yet noted the high rate of failure of these enterprises. McMahon (2001) studied the financial performance of small business enterprises and stressed the need for financial management for the small-scale businesses. Mazzarol et al., (1999) studied the small businesses and highlighted the spirit behind the start-ups but noted the high rate of failure. Losing these key business enterprises would be detrimental to the economic well being of small-scale business holders hence the need to develop sustainability strategies.

The Entrepreneur

The idea of an entrepreneur is normally used to signify an individual leading a business firm and a manufacturing industrial concern. It is rarely applied to a farmer, for no good reason. An entrepreneur is considered as an individual talented with capitalistic drive and associated with successful economic performance; implying that decline in productivity is attributed to failure in entrepreneurship. Hoseltz & Kirzner (1997) consider entrepreneurs as allocators of resources and mobilizers of capital who are always alert to profitable opportunities. Exploring the terms entrepreneur and entrepreneurship seems to suggest that a clear-cut meaning of these terms, free from controversy, is nowhere within reach (McCormick 1999).

These attempts, in addition, failed to recognize agricultural entrepreneurs. The argument that entrepreneurs are innovators, managers and allocators of capital, therefore, confirms that entrepreneurship cannot be limited to any one particular area or pursuit. An entrepreneur is likewise found in agriculture where primary production, processing and storage entail substantial measure of entrepreneurial acumen.

A definition closer to be all-inclusive is a mix of earlier attempts stressing that an entrepreneur is a person who specializes in decision making and takes responsibility for the things his decision affects (McCormick, 1996). In agribusiness, a major entrepreneurial behaviour of a small farmer is to maximize production even at worst times. Ambiguities surrounding the notion of entrepreneurship are still largely unresolved and call for more research. Literature is silent on who a small farmer is: a person with what acreage of land or output or turnover. This study considers the small tea holder as an entrepreneur as he fits the adopted definition.

Tea Production – Global Overview

Tea is produced in tropical and semi-tropical countries and is grown in about 36 countries in the world. Tea is processed from the leaves of the *Camellia Sinensis Var assamica* plant, which grows best in regions with warm humid climate. Leaves are picked by hand on daily basis and collected in a basket or a bag on the picker’s back then taken to the buying centre for weighing and delivery to the factory for processing (Wal, 2008). All tea is grown from the same tree but processed differently at the factory to produce black, green, white, yellow or oolong tea. Wilting, cutting or crushing and fully oxidizing the leaves produces black tea while white tea is made from wilted and unoxidized leaves. Steaming unoxidized leaves produces green tea and a popular method of processing known as crush, tear and cut (CTC) is used worldwide.
Three processing methods (crush, tear and cut) are used to convert green leaf into made tea throughout the world to produce three varieties of made tea; Black, Green and Oolong teas (Onduru, 2012). Tea is a very perishable commodity that for the best quality to be obtained needs to be processed immediately after picking (Basu, Bera, & Rajan, 2010). Tea farming is labor-intensive with wages taking approximately 60 per cent of cultivation costs. Farmers produce green leaf that is processed into made tea at tea factories. The conversion factor between green leaf and made tea is approximately 4.8kg to 1kg. Tea is the cheapest and most popular beverage after water and is an important commodity in terms of job creation and export earnings for a number of tropical developing countries. Literature notes that despite tea being produced in more than 36 countries, China, India, Kenya and Sri Lanka are responsible for almost three-quarters of world production (Wal, 2008).

According to Global Tea Statistics (2012), world tea output in the last two decades has been on an upward trend due to such factors such as: increase in area under plantation, improved planting materials, advanced technology, irrigation and good crop husbandry. Global Tea Statistics (2012) further indicates that the tea plant is cultivated on 3,691,938 hectares. Worldwide yields stand at 4.1 million tonnes annually.

There are many varieties of tea cultivated throughout the world. The most prevalent varieties are China variety, which grows to a height of three metres and is hardy with useful life of 100 years, and Assam, or India, and Cambodia varieties, which are tall, single-stem trees with a commercial life of 40 years. Best teas are grown at altitudes between 900-2000 metres above sea level (Basu et al., 2010).

Asia accounts for about 75 per cent of global tea production, which is at four million tonnes. About 45 per cent of total tea produced globally is internationally traded: Sri Lanka accounts for 22 per cent; China 18 per cent; Kenya 16 percent and India 16 percent of the internationally traded tea; thus accounting for 72 per cent of the world tea exports. Approximately 40 per cent of the world tea output is traded at auctions in the tea-producing countries.

Other countries that cultivate tea include Japan, Bangladesh, Indonesia, Argentina, Bolivia, Brazil, Costa Rica, Ecuador, Guatemala, Taiwan, Iran, Malaysia, Nepal, Russia, South Korea, Tibet, Thailand, Vietnam, Australia, Georgia, New Zealand, New Guinea, Turkey, United Kingdom and United States of America (World Tea Statistics, 2012). The largest auctions in the world are in Colombo, Sri Lanka and Mombasa in Kenya. The prices in these two auctions are considered the worlds’ tea price indicators. Other auctions are held in Chittagong, Bangladesh, Jakarta, Indonesia and Limbe in Malawi. Literature indicates that global tea production has been on the increase and supply has surpassed demand, depressing tea world prices further (Basu et al., 2010).

**Effects of Resources**

According to Owuor (2000), Mc Mahon (2001), Mwaura (2007), Wal (2008), Kagira (2012) and Kaberi (2013); resources that were at the disposal of the small tea farmers were limited such that
they could not enable them to get information on the market and change the progression of the enterprise. They argued that estates were able to exit from some of their business areas if the environment was not favorable but this was not usually possible for the SMEs. These studies have looked at the effects of resources in terms of limitation to better options, barrier to exit from unfavorable enterprises and lack of information. Though this is important a look into the strategies to equip the small tea entrepreneur would be necessary. This study sought to establish the strategies of making the required resources available to the small tea enterprises in order to ensure sustainability especially of increased quality output of green tea. This is the only area the farmer can manipulate in the whole of tea supply chain.

**Effects of Availability of Competent Labour Force**

Tea Research Institute (2010), pointed out that small-scale tea holders mostly use family members as the source of their labour but noted that a number of small-scale tea farmers with more than 10 acres do experience the challenge of labour shortage. They further found that when these farmers cannot get labour to pick their tea, the bushes overgrow, leading to losses. TRI (2009), further noted that tea pickers have even gone to an extent of forcing the small tea holders to pay Ksh12 per Kg of green leaf picked, making it very difficult for these farmers to sustain these payments. According to Owuor et al., (2008) there is a great contrast between tea growing and other businesses as tea farming requires little investment to start but its labour intensity greatly affects the cost of production. Ratnayake (2012), mentioned that the farmers had complained of the high costs of production, driven mainly by the high costs of labour, thus making the tea sector in Sri Lanka unsustainable. The cost of producing a kilo of tea in Kenya, though, is higher than in India and Sri Lanka (Ratnayake, 2012).

The smallholder tea farmers use family labour to plant, pick and deliver the green leaf to the collection or buying centres. The smallholder production has been seen as increasingly viable compared to that of large estates because of their lower production costs as a result of using family members to provide labour (Aminul et al., 2008). Lack of available and competent labour force in the smallholder tea enterprises has pushed the tea picker’s average payment per kilograms from Ksh5 in 2008 to Ksh12 in 2012. This trend of labour shortage had, however, been predicted in 2002 when it was stated that despite the projected tea production expansion in Africa and Far East, Africa was likely to face labour shortage due to the high prevalence of the HIV/AIDS pandemic. The other reason that may have led to labour shortage is the negative perception by young people that being employed in the agricultural sector is not lucrative (Aminul et al., 2008). Other studies such as Mwaura (2007) Kagira et al., (2012) and Kariuki (2012) dwelt on unskilled labour in terms of readily available family labour, which reduced production costs and survived on the perception that it would always be there.

Empirical literature suggests that this has not come out so well as a result of urbanization, which has attracted many young people to the cities and towns. This is also due to the negative attitude these young people have towards working in the rural small tea enterprises (Kaberi, 2013). This
study sought to assess the current situation and influence of the use of competent labour on the sustainability of small tea enterprises.

**Effects of Support from Stakeholders**

Thuku, Gachanja, & Obere (2013) noted that when the government used to control the coffee and tea sector through the Ministry of Agriculture, farmers used to be trained on better tea farming practices. He further stated that nowadays, farmers are required to pay for these services which most cannot afford or find no need to. The smallholder tea farmers lack exposure to general farm management practices as well. This agreed with what M’Imwere (1997) noted, that labour costs were very high and substitution of labour with machinery was one way of reducing the costs. He suggested that the small-scale holders should be amalgamated with the larger ones so as to enable them enjoy economies of scale.

Earlier research looked at this parameter in terms of improved output, general farm management, use of machinery and improved quality and technology in tea production generally. They focused mainly on the upper part of the supply chain where stakeholders play a major role in marketing of tea and little empirical literature is available on the lower part of tea supply chain. It is true enough that lowering the cost of production may translate to increased income though often times not necessary so. Green tea production requires intensive labour input and cutting cost on labour could translate into better surplus for the entrepreneur. This study sought to determine how the continuous availability of an affordable and competent labour force and option of use of machines would ensure sustainability of small tea enterprises.

**Research Methodology**

**Research Design**

The study was a cross-sectional survey, quantitative and descriptive in design. The three main purposes of the study are to describe, explain and validate findings. Description emerges following creative exploration and serves to organise the findings in order to fit them with explanations, and then test or validate those explanations (Krathwohl, 1993). The survey was carried out in nine Counties (Kisii, Kericho, Bomet, Kiambu, Muranga, Nyeri, Meru, Kirinyaga and Kakamega) in Kenya with high concentration of small tea entrepreneurs using the seven regions set by KTDA. The decision was based on the tea growing regions in Kenya. The study collected data from 14 selected factories from four tea-growing regions based on the KTDA cluster. Adopting KTDA high and low bonus pay list based on the factories from the seven tea growing zones explains how the study arrived at the 14 factories. This made the classification simple and less time-consuming. The fact that KTDA uses the same strata of factories strengthens the choice of the classification.

The study used a quantitative method to collect data, which was then quantified using statistical analysis in order to design the relationship between the variables of the study and to draw generalized association. Self-administered questionnaires were used for primary data collection. Journals, books and Internet were used for secondary data collection. A survey enabled the
researcher to obtain data about practices, situations or views at one point in time through questionnaires. The use of survey permitted the researcher to study more variables at one time than was typically possible in laboratory or field experiments, whilst data can be collected about real tea farming environments.

**Target Population**

The target population was 420,000 small-scale tea farmers who are members of Kenya Tea Development Agency spread throughout tea-growing regions in the country. This is the KTDA documented estimate of small tea holders in Kenya (KTDA, 2012). The population was thought to be rich in information and covered adequately the variables involved in the study. The study was selected on the strength that it involves a careful and complete analysis on entire activity to be studied and emphasizes depth rather than the breadth of a study (Bartlett, Kotrik & Higgins, 2001; Mugenda & Mugenda, 2003; Saunders et al., 2009; Kelly, Clark, Brown, & Sitzia, 2013), recommend that the study population should be fully representational as in census if possible. Often, constraints like time, finance and geographical spread of the population make it difficult to engage the whole population in the study hence a representational sample can be used. They recommended that the method used should enable the sample to be generalized about the population of the study. The study’s target population constituted of small tea entrepreneurs in Kenya, managed by KTDA in their respective factories since they are organized in groups with common production, processing, marketing and management characteristics.

**Sampling Design**

The study collected data using a questionnaire instrument from a mix of stratified and simple random samples by involving small farmers from select factories following the KTDA regional classification. The regions were stratified in order to have a better geographical representation.

**Sampling Frame**

A sample frame is a list that includes every member of the population from which subjects are to be taken. A sampling frame is also an objective list of the population from which the researcher can make a selection. The basic idea of sampling is selecting some of the elements in a population so that the researcher may draw conclusions about the entire population. A sampling frame should be a complete and correct list of population members only, bearing in mind that larger samples outperform small ones due to the strength of the sample. “The larger the sample size, the better” as one is assured of sufficient representation of the population as recommended and emphasized by Cooper and Schindler (2003).

Bartlett et al., (2001) argue that there is no defined sample frame and literature does not provide a definite framework. They suggest that the research should frame the sample in such a way that the sample frame achieves a representative character for the population of study. A fact supported by Kelly et al., (2013) that the sampling frame should not just be limited to time and financial constraints but the researcher should consider a frame that will give a sample good
enough to strengthen the statistics during analysis phase and be representative of the population of the study.

Mugenda & Mugenda (2003) suggest that where resources are not a constraint a researcher should take as big a sample size as possible. This guides the sample framework. The unit of this study constituted entrepreneurs with not more than two acres of land under tea or not more than six thousand tea bushes who are members of KTDA, as this defines the small tea entrepreneur in this study.

**Sampling Technique**

According to Cooper and Schindler (2003), sampling is done in order to lower costs, increase the speed of data collection, greater accuracy of results and availability of population elements. The study used stratified samples drawn from the seven regions using the KTDA high-low bonus payment in 2012/2013. The sampled factories based on bonus payment gives a list of farmers with two acres and below. Using randomized sampling, by the help of Excel software, the list was run to give the specific farmer with their membership numbers and names. A sample of 40 farmers from every factory was employed, with each farmer traced right to the farm.

**Sample Size**

The study adopted Yamane (1967) simplified formula to calculate sample size using the equation

\[ n = \frac{N}{1+N (e)^2} \]

A 95% confidence level and p= 0.05 was assumed for Equation where n is the sample size, N is the population size and e is the level of precision.

\[ n = \frac{420,000}{1+420,000 (.05)^2} \]

\[ n = 399.99 = 400 \]

Kish (1965), suggests that sample size is often increased by 30 per cent to compensate for non-response. He also posits that the number of administered surveys or planned interviews can be substantially larger than the number required for a desired level of confidence and precision.

Hence \[ n = 399.99 = 400 +400(0.30)=400+120 \]

\[ n = 520 \] (Sample Size for ±5% Precision level, where Confidence Level is 95% and p=0.05)

Barlett et al., (2001) argue that sample size depends on many factors, such as the number of variables in the study, the type of research design, the methods of data analysis and size of the accessible population. They go ahead to argue that “One of the very advantage of quantitative methods is the ability to use smaller groups of population to make inferences about larger groups that would be prohibitively expensive to study”. When determining the sample size, it is vital to put measures to deal with non-response. Mugenda & Mugenda (2003) suggest that where time and resources allow, a researcher should take as big a sample size as possible. The study took
advantage of available time and resources to interview a little more respondent above the minimum 520 as reflected above to a sample size of 680.

Data Collection Methods

A self-designed questionnaire was used to gather the research data. The questionnaire consisted of two parts: The first comprised demographic characteristics and profile information of the respondents; the second consisted of questions which were intended to measure factors of small tea enterprises’ sustainability using the five-point Likert scale; from “Strongly Agree” to “Strongly Disagree.” The factors considered were enterprise characteristics, way of doing business, finance, resources, product and services. In the third part, the respondents were asked to score the importance of the perceived small enterprises’ sustainability. A five-point Likert scale was used in this part, from “Strongly Agree” to “Strongly Disagree.” This was used to generate quantitative data.

A questionnaire was used to collect primary data by way of interviews. The respondents targeted were farmers who have run small tea enterprises for the last 15 years and are involved in day-to-day running of these businesses. The data collection instrument was developed and organized on the basis of the specific study variables to ensure relevance to the research problem. The structure of the questionnaire was clear, easy to understand and straightforward to ensure that the respondents answered the questions with ease.

The questionnaires were administered to randomly sampled farmers, from a sample size of 680 farmers. The study took due care to make sure the respondents understood the questions well enough to answer as correctly as possible. Random supervision was carried out among the assistants during the interview process. At data capture, the study had quality control measures to ensure data accuracy and effective process in handling. These included statistical checks to make sure that correct answers for open-ended questions were entered and that questionnaires were well structured.

Data Analysis

The data gathered was analyzed and presented using descriptive statistics. The checks also ensured that correct and accurate data was captured into its respective or designated design format. Preliminary statistical checks were carried out on frequencies on obligatory questions. Exportation of data was done using tables and data sheets to validate that all the entries were properly captured.

Pearson’s correlation was used to assess the magnitude of relationship and associations. The study used the p-value statistic in test of alternative hypothesis and separation of mean. Descriptive statistics used included frequencies, measures of central tendencies and measures of dispersion (standard deviation, range or variance). Inferential statistics was used in measurement of significance of the relationships and differences between or among the variables. Multiple regression analysis was used as the study had multiple variables to determine whether the five independent variables have any significant effect towards sustainability of STEs in Kenya.
Cronbach’s alpha values were computed to assess the internal consistency aspect of reliability of the multi-item scales measuring the study’s variables. The Statistical Package for Social Sciences (SPSS) version 16 was employed to analyze the data.

Regression Model

The study used multiple regression method of data analysis, which the study found to be appropriate whenever a quantitative variable (the dependent or criterion variable) is to be examined in relationship to any other factors (expressed as independent or predictor variables). The regression model sought to find out the relationship between the variables and predict future outcome.

$$\hat{y} = \beta_0 + \beta_1 X_1 + \varepsilon$$

Where:  
\(\hat{y}\) = Estimated value of STE’s sustainability  
\(\beta_0\) = Intercept  
\(X_1\) = Way of Doing Business  
\(\beta_1\) = Gradient / Change in \(X_1\)  
\(\varepsilon\) = error variable (factors outside the regression model)

The regression model sought to find out the relationship between the variables and predict future outcome at 95% confidence level (\(\alpha = 0.05\))

Results

Way of Doing Business as a Factor of Sustainability

The Way of doing business entails how the farmer plans, coordinates and controls his business. The way he networks is critical in gathering current information on labour and market situation. Cooperating with workers and other farmers in the same business is crucial to the success of his enterprise.

Networking and Co-operation as a Factor of Way of Doing Business

From the study, 286 farmers (44 per cent) lacked sufficient capacity to network thereby hampering their bargaining power with financial institutions, tea factories and the government. It is only 43 per cent of farmers who had the capacity to network with various partners within the tea farms (Table 4.15a).

Table 4.15a: Frequency Ranking of Networking on Sustainability of Small Tea Enterprises

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>%</th>
<th>Valid %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>208</td>
<td>32.0</td>
<td>32.0</td>
<td>32.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>71</td>
<td>10.9</td>
<td>10.9</td>
<td>42.9</td>
</tr>
<tr>
<td>Neither</td>
<td>85</td>
<td>13.1</td>
<td>13.1</td>
<td>56.0</td>
</tr>
<tr>
<td>Agree</td>
<td>260</td>
<td>40.0</td>
<td>40.0</td>
<td>96.0</td>
</tr>
</tbody>
</table>
This implies that 44 per cent of the farmers embraced the fact that networking with the key players in the tea sector would help them improve their way of doing business. This would also help them to access vital information related to tea farming from the Internet, journals or articles. Networking is important in gathering information about farming activities and schedules of the factories where farmers deliver the green leaves.

Lack of this information may lead a farmer to pick their tea outside the scheduled dates which leads to green leaves wastage and loss. The farmer is left with the option of throwing away the green tea leaves since the factory cannot take in the leaves.

Networking was important as farmers got information of when to attend agricultural meetings or farmers field schools. Free exchange of information on farming schedules, weather updates, fertilizer availability and application, green tea delivery days among others, proved beneficial to the farmers and was highly ranked. The odd adage that information is power cannot be underscored in this regard.

Co-operation as a way of doing business

From the respondents interviewed, 76 per cent realize that co-operation with the stakeholders in the tea sector would help them improve their way of doing business (Table 4.15b).

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>33</td>
<td>5.1</td>
<td>5.1</td>
<td>5.1</td>
</tr>
<tr>
<td>Disagree</td>
<td>19</td>
<td>2.9</td>
<td>2.9</td>
<td>8.0</td>
</tr>
<tr>
<td>Neither</td>
<td>104</td>
<td>16.0</td>
<td>16.0</td>
<td>24.0</td>
</tr>
<tr>
<td>Agree</td>
<td>357</td>
<td>54.9</td>
<td>54.9</td>
<td>78.9</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>137</td>
<td>21.1</td>
<td>21.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>650</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data (2013)

Co-operation with other players in the tea sector is a major role in maximizing the output of the small tea farmers. It enhances growth, information sharing, expansion, innovation and research on the areas affecting small tea enterprises. One area of importance was the certification programme going on. Buyers are insistent on traceability, which is done through certifications. Cooperating with tea buyers is vital for the tea to access the markets and fetch good prices.
Knowledge Sharing as a Factor of Way of Doing Business
The study noted that 72 per cent of the farmers shared information freely mainly about labourers’ pay, the time the truck collected the green leaf, factory meetings, farmers’ field schools, pruning recommendations, picking rounds and fertilizer application (amount to apply and when). The farmers had better green tea output compared to those who were undecided on network and knowledge sharing (Table 4.16).

Table 4.16 Frequency Ranking of Knowledge Sharing on Sustainability of Small Tea Enterprises

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>%</th>
<th>Valid %</th>
<th>Cumulative Percent %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>59</td>
<td>9.1</td>
<td>9.1</td>
<td>9.1</td>
</tr>
<tr>
<td>Neither</td>
<td>123</td>
<td>18.9</td>
<td>18.9</td>
<td>28.0</td>
</tr>
<tr>
<td>Agree</td>
<td>416</td>
<td>64.0</td>
<td>64.0</td>
<td>92.0</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>52</td>
<td>8.0</td>
<td>8.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>650</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data (2013)

Networking and sharing of knowledge help the small tea farmers to not only learn from each other in terms of improvement in skills, but also raises their bargaining power and voice. Sharing of knowledge also helps improve the output, especially knowledge on new superior varieties of tea and good crop husbandry. The study appreciated the fact that farmers’ knowledge of when to apply what fertilizer was key to achieving good leaves.

Communication as a Factor of Way of Doing Business
The study found that 534 farmers (82.1 per cent) have continued to communicate with partners, suppliers, customers and employees and majority of them are involved in planning within their enterprises. It also noted that 10.9 per cent of the farmers interviewed did not have an idea on how the communication with partners and suppliers would help them to sustain their enterprises, whereas 6.9 per cent of the farmers interviewed disagreed that communication at all levels improves their way of doing business (Table 4.17a).
Table 4.17(a): Frequency Ranking of Communication with Partners

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>%</th>
<th>Valid %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>26</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>19</td>
<td>2.9</td>
<td>2.9</td>
<td>6.9</td>
</tr>
<tr>
<td>Neither</td>
<td>71</td>
<td>10.9</td>
<td>10.9</td>
<td>17.8</td>
</tr>
<tr>
<td>Agree</td>
<td>515</td>
<td>79.2</td>
<td>79.2</td>
<td>97.1</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>19</td>
<td>2.9</td>
<td>2.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>650</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data (2013)

From the study, 82.9 per cent of the farmers interviewed agreed that they had access to information from the centre managers and clerks which enabled them to act in a timely manner on the issues related to their products. It also noted that 16 per cent of the farmers had no access to any form of communication as a result of their location hence affecting timely actions on their products; for example, delivery (Table 4.17b).

Table 4.17(b): Frequency Ranking of Accessibility to Communication

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>%</th>
<th>Valid %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>7</td>
<td>1.1</td>
<td>1.1</td>
<td>1.1</td>
</tr>
<tr>
<td>Neither</td>
<td>104</td>
<td>16.0</td>
<td>16.0</td>
<td>17.1</td>
</tr>
<tr>
<td>Agree</td>
<td>454</td>
<td>69.8</td>
<td>69.8</td>
<td>86.9</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>85</td>
<td>13.1</td>
<td>13.1</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>650</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data (2013)

Table 4.17(a) and Table 4.17(b) above imply that communication with fellow tea farmers and their suppliers was adequate, although this was only applicable to the lower levels. This means that farmers and centre managers were able to communicate but it was very hard for information to flow from the top level; that is, from the directors to the farmers.

Rarely did farmers receive information from the top; for example, on issues to do with prices, bonus and factory expenses. Sometimes decisions are made without them being involved and at times they get the news from the media. From the study findings, 76 per cent of the respondents agreed that planning is an important aspect in tea farming while 6.9 per cent of the farmers interviewed did not even have an idea of what planning would entail. It also found that 17.1 per cent of the respondents refuted the idea that tea farming would use the component of planning to maximize their outputs (Table 4.17c).
Table 4.17 (c): Frequency Ranking of Respondent’s Planning Ability

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>%</th>
<th>Valid %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disagree</td>
<td>111</td>
<td>17.1</td>
<td>17.1</td>
<td>17.1</td>
</tr>
<tr>
<td>Neither</td>
<td>45</td>
<td>6.9</td>
<td>6.9</td>
<td>24.0</td>
</tr>
<tr>
<td>Agree</td>
<td>449</td>
<td>69.1</td>
<td>69.1</td>
<td>93.1</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>45</td>
<td>6.9</td>
<td>6.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>650</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data (2013)

Good planning contributes to maximized profits and farmers’ confidence in the enterprise. Continuous training ensures the farmers keep pace with market requirements. They also learn new production techniques developed from research department. In this study, 493 farmers (76 per cent) will be able to sustain tea production as they access continuous training and improvement within their enterprises.

Use of Outside Professionals and Advisors as a Factor of Way of Doing Business

More than half of respondents in the study (58.9 per cent) agree that their capacity has been enhanced through use of field extension officers and other professionals and, as a result, guaranteed higher green leaf output.

The study exemplifies that a lot of effort needs to be employed in the sector as 268 farmers (41.1 per cent) have no access to training and improvement or cannot access professionals or advisors (Table 4.18).

Table 4.18: Frequency Ranking of the Use of Outside Professionals and Advisors

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>%</th>
<th>Valid %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly Disagree</td>
<td>156</td>
<td>24.0</td>
<td>24.0</td>
<td>24.0</td>
</tr>
<tr>
<td>Disagree</td>
<td>33</td>
<td>5.1</td>
<td>5.1</td>
<td>29.1</td>
</tr>
<tr>
<td>Neither</td>
<td>78</td>
<td>12.0</td>
<td>12.0</td>
<td>41.1</td>
</tr>
<tr>
<td>Agree</td>
<td>338</td>
<td>52.0</td>
<td>52.0</td>
<td>93.1</td>
</tr>
<tr>
<td>Strongly Agree</td>
<td>45</td>
<td>6.9</td>
<td>6.9</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>650</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data (2013)

Tea farming is designated as a potential agricultural venture, feasible enterprise and essential source of income to residents in the targeted regions. Where farmers had access to services of extension workers, soil analysts and weatherman reports, they had high green leaf output than those farmers who could not access these services. For a sustainable smallholder tea sector, it is necessary to have human resources that will enhance tea production through their skills.
Role of Way of Doing Business on Sustainability of Small Tea Enterprises.

The way small tea entrepreneurs operate their business is key to their profit-making goal (an assumption that every person goes forth to start a business with intent of making profit or earn some income) and determines whether they stay in business or fail. It is imperative to run Small tea enterprises as businesses. In any case there is an opportunity cost involved.

The study findings supported the hypothesis that the way of doing business has influence on sustainability of small-scale tea enterprises in Kenya. Way of doing business incorporates networking and co-operation, knowledge sharing, communication and use of outside professionals. Networking and co-operation were considered significant by 44 per cent and 76 per cent of respondents respectively who use it to share information and knowledge, source finance and influence their bargaining power with tea factories and the government (Table 4.15a and Table 4.15b).

Ireland et al., (2000) noted that networking was important between and within firms, adding that co-operation would enable firms to improve their strategic position especially in entering international markets and use of new technology. This view is well supported by Wal (2008); Chittithaworn et al., (2011) and Cheruiyot (2013) that farmers need to share knowledge on best practices in their enterprises in order to meet market demands and improve their output. Knowledge sharing is vital for sustainability of their small tea enterprises as seventy seven percent of the respondents indicated. (Table 4.16).

This view is similarly emphasized by Owuor (2005), Mwaura et al., (2007), Gharakhani et al., (2012) and Kagira et al., (2012) knowledge sharing is important for getting information on markets, value addition and best farm management practices to improve their output. Communicating with factory representatives, suppliers and buyers had high ranking with 82 per cent of respondents agreeing that it is an important component in networking, knowledge sharing and in farmers’ field schools. This helps in training and dissemination of vital information to the farmers by use of outside professionals and advisors (Table 4.17c).

The findings on continuous trainings and improvement were found to be significant and had a strong relationship in the regression output. This conformed to the findings of Wal (2008); Ofunya (2012); Onduru et al., (2012); Kagira et al., (2012) and Cheruiyot (2013) that tea farmers who received continuous trainings and shared knowledge through farmers’ field schools improved their tea output significantly. Farmers must change their thinking on tea farming and consider it as business. This must go hand in hand with determining whether we understand small and medium business in the same way with the contemporary world because either there is a disconnect or small tea entrepreneurs understand business in their own way. This could be an area of further research. It was evident from the study findings that the way of doing business greatly influenced the sustainability of small tea enterprises in Kenya.
Conclusions

The study also found that smallholder tea farmers have limited information on credit services and facilities and the costs of such facilities. They only keep records from the factories and financial institutions but rarely track the records related to their expenses. Failure to keep these vital records makes it difficult for the tea farmers to evaluate the financial performance of their tea enterprises.

Most of the farmers did not have access to experienced or trained workforce hence paid highly for those who were available. The competent tea pickers end up earning more from tea than the owners. Lack of support from stakeholders made it difficult for the farmers to access timely and quality services due to poor infrastructure, inadequate communication and lack of involvement in key decisions affecting them such as price, factory expenses, bonus pay and sale of products.

From the variables tested the study concluded that sustainability of small tea enterprises is significantly influenced by four variables, namely: Enterprise characteristics, Way of doing business, Finance and Resources (human capital). The study findings agree with Wal (2008); Chittithaworn (2011); Simpeh (2011); Kagira et al., (2012) and Koskei (2013) that enterprise characteristics, way of doing business, finance and resources positively influence success of small business enterprises, and that strategies to improve and manage the factors successfully will ensure sustainability of small tea enterprises in Kenya.

However, this study does not support earlier studies that found that products and services have significant influence on sustainability of small tea enterprises. This can be predicted by the use of the study regression model.

Recommendations

KTDA should reconsider their decision on Mechanized Tea Harvesting for the small-scale farmers to improve efficiency, which would further cut the labour costs. KTDA should also bring on board all stakeholders in the tea supply chain to eliminate chances of exploitation especially at the bottom of the chain. The cost of running the factories is borne by the farmers and reducing such costs would ensure that the farmer takes home a bigger share of income.

The factories should embark on value addition measures where they can pack the tea ready for retail and thus eliminating the costly process of middlemen. Direct sales should be encouraged where farmers have direct access to the buyer instead of middlemen who exploit the tea farmers.

References


