Journal of
Business and Strategic Management
(JBSM)

Innovation Strategies and Performance of Tea Firms: A Case Study of James Finlay (Kenya) Limited

Journal of Business and Strategic Management

ISSN 2520-0402 (online)

Vol.9, Issue No.1, pp 86 – 108, 2024

www.carijournals.org

Innovation Strategies and Performance of Tea Firms: A Case Study of James Finlay (Kenya) Limited

[1*]Lewis Kimutai Cheruiyot, [2]Dr. Rose Litunya, PhD

[1,2]School of Business, Jomo Kenyatta University of Agriculture and Technology

[1,2]P. O. Box 62000, 00200 Nairobi, Kenya

Accepted: 29th Feb 2024 Received in Revised Form: 14th Mar 2024 Published: 22nd Mar 2024

Abstract

Purpose: A business must endeavor to achieve a certain level of economic gain and at the same time improve organizational performance to be able to compete with similar players in the industry. An innovative approach is guaranteed to have a positive and huge influence on realization of organizational improvement. An innovation strategy helps the leadership of an organization to come up with systems that can match their competitive needs. This study purposed to investigate the influence that innovation strategies have on the performance of Tea firms in Kenya. The study aimed to assess the following specific research objectives; to determine the influence of process innovation strategies on the performance of James Finlay Kenya Limited; to establish the influence of product innovation strategies on the performance of James Finlay Kenya Limited; to establish the influence of technological innovation strategies on the performance of James Finlay Kenya Limited; to determine the influence of market innovation strategies on the performance of James Finlay Kenya Limited.

Methodology: The study used descriptive research design in tandem with correlational research design. The management, senior and junior staff of four departments at James Finlay (Kenya) Limited that are a total of 150 staff members formed the population size for this study while the sample size was a total of 109 staff. Primary data was collected using a questionnaire. SPSS software was then used to analyze the data because it was appropriate and easy to use in analyzing the responses submitted by respondents. Descriptive and inferential statistics models were used in the research for data analysis and the findings were presented through tables and figures.

Findings: The study ascertained the existence of a positive relationship between innovation strategies and the performance of tea firms in Kenya. Innovation strategies account for 77.4% of the total variance in the tea firms' performance. Since innovation strategies account for such a huge percentage of the tea firm performance in Kenya, it was recommended that tea firms should utilize Process Innovation, Product Innovation, Technological Innovation, and Market Innovation Strategies in their operations, since this would assure their performance up to 77.4%.

Unique contribution to theory, practice and policy: The study thus recommended that tea firms should employ these strategies to ensure their overall improved performance.

Key Words: *Process Innovation Strategies, Product Innovation Strategies, Technological Innovation Strategies, Market Innovation Strategies, and Firm Performance*

Background of the Study

The Kenyan tea sector has not fully implemented innovation strategies, which has reduced Kenyan tea's competitiveness. One method to leave a lasting impression on the business world and maintain a firm is through innovation. One of the most crucial elements of a corporation is its long-term plan. A business' chances of success are improved by creating methods to maintain competition. The development of growth plans, new product categories, services, or business models that upend the status quo and produce considerable new value for both customers and the company is referred to as strategic innovation. What services or products need to be reinvented or developed; what markets to compete in; what business models to develop; how to optimize business processes; how to expand the customer base; how to position the company's brand in relation to target customers; how to make the supply chain and value chain more efficient; and go-to-market strategy, are some examples of innovative corporate strategies (Sudarman et al., 2021). Innovation is crucial for SMEs as well as major corporations (Adams, 2016). Innovation is seen as a firm's core value capacity and one of Michael Porter's most effective competitive weapons (Erboz, 2020). In a highly competitive market where operations may be modified to respond to sudden changes, strategic innovation is crucial to a company's survival. According to Kim and Mauborgne (1999), innovation is focused with enhancing the variety of target markets and the most effective ways to service those markets. Some of these businesses believe that efficiency improvements over time are substantially bigger overall than those brought about by sporadic drastic adjustments. Many of these short and medium-term improvements, however, are swiftly incorporated into the industry standard, making them unreliable in the long-term for survival and expansion.

Innovation Strategies

Exploring and creating new technical capabilities is innovation's main focus. Innovation can be radical or incremental, with the latter's main focus being the investigation of current technology capabilities. On the other side, radical innovation refers to product features that deliver previously unheard-of performance. According to Liao et al. (2019), the term "radical innovation" may also apply to characteristics that have the potential to significantly enhance costs and performance in general. The majority of business innovation strategies focus on refining already-existing goods or procedures and increasing the acceptance of concepts created elsewhere (Lu et al., 2020). People and enterprises have recently begun evaluating and applying creative tactics and entrepreneurial skills to obtain a competitive edge and boost organisational efficiency, profitability, and productivity as a result of the fierce global rivalry (Martn-Rios & Ciobanu, 2019). Process, product, organizational, technological, and market innovations are some examples of innovations that have been embraced. Implementing a new or considerably better delivery or production technique is known as process innovation. Customers are incentivized to choose thanks to product innovation's distinct competitiveness in terms of quality and functionality. This enables businesses

to outperform their rivals, take the lead in their market, and increase market performance by luring in new clients (Akcigit & Kerr, 2018).

Lean production, business re-engineering, quality management systems, introduction of management systems for general production or supply operations, and other novel techniques targeted at enhancing learning and information exchange inside the company are examples of organizational innovations (OECD Oslo, 2005). Process innovation is often implemented with the goal of lowering manufacturing or delivery unit costs, improving quality, or creating or delivering entirely new or considerably enhanced goods (OECD Oslo, 2005). In order to support or permit frequent changes in the production line, Kim et al. (1992) claim that technological innovation entails the purchase of more flexible process equipment in addition to more flexible organizational and administrative procedures. Marketing innovation is the adoption of more effective marketing strategies, such as adjustments to product positioning, pricing, packaging, and design (Rahi, 2017).

A corporation must concentrate its innovations on satisfying changing customer needs if it wants to become more competitive. For a business to have a competitive edge, innovation strategies should be linked to its broader innovation goals. Businesses may use innovation to strengthen their positions in their respective markets and achieve a competitive edge. In order to sustain market share in the face of innovative competition, businesses may use either proactive innovation strategies or reactive innovation tactics (Ungerman et al., 2018). Companies in Kenya's tea industry engage in both gradual and radical innovation. When required, radical and transformative change is inserted between phases of gradual innovation in these companies. Kenya's tea industry has been functioning in a cutthroat climate, and business growth has continually been on the decline. Therefore, it is anticipated that these businesses would need to employ strategies like innovation in order to react and adapt to the changes and difficulties in this competitive market.

Statement of the Problem

The incapacity of established businesses to develop game-changing innovations that will help them run effectively in today's dynamic and internationally competitive economy is a great challenge (Davila, 2014). Expanded productivity and participation in the overall industry development are indicators of the importance of innovation strategies in improving execution across many firms (Palmer and Kaplan, 2007). According to Yilmaz, Alpkan, and Ergun (2005), innovation strategies are essential enablers for a company's performance because they generate value and maintain the firm's competitive edge in an environment that is unquestionably unpredictable and rapidly changing. Therefore, businesses that want to maintain their focus by raising their development thresholds, taking advantage of available opportunities, and improving their performance may accomplish so by incorporating innovations into their daily operations. To improve performance, tea companies must implement innovations into their operations. It is essential to pinpoint the novel elements that promote success in Kenyan tea firms. This is essential because Kenya, a nation that seeks to modernize by 2030, depends heavily on the competitiveness of the tea industry

(Chikamai & Makhamara, 2021). In 2022, Kenya exported 229 million kilograms of tea, worth over $1 billion (Kariuki et al., 2022). The tea industry also employs over 2 million people, making it one of the largest sources of employment in the country.

Climate change, growing production costs, and rivalry from other tea-producing nations are just but a few of the issues the Kenyan tea business is experiencing (Onguso et al., 2023). Kenyan tea companies must adopt innovation if they want to stay sustainable and competitive (Kariuki et al., 2022). A 2022 study by the Kenya Tea Development Agency (KTDA) found that only 30% of tea firms in Kenya have a documented innovation strategy. A 2023 study by the International Centre of Insect Physiology and Ecology (ICIPE) found that only 20% of tea firms in Kenya have implemented a new product or service in the past five years. International studies on innovation strategies which include; a study by Bianchi et al. (2017) on innovation and performance in the global tea industry, found that innovation is a key factor in the success of tea firms in competing in the global market. However, the study also found that there is a lack of research on innovation strategies in the tea sector of third world countries, including Kenya. A study by Food and Agriculture Organization of the United Nations (FAO, 2019) on the future of food and agriculture, found that innovation is essential for the tea industry to remain sustainable in the face of climate change and other challenges. However, the study also found that there is a need for more research on innovation in the tea industry, particularly in developing countries. Regionally, a study by African Development Bank (AfDB, 2020) on innovation and entrepreneurship for an inclusive and sustainable Africa, found that innovation is an important driver of economic development in Africa. However, the study also found that there is a need for more investment in innovation in Africa, particularly in the agricultural sector. A study by Adem et al. (2023) on the impact of innovation strategies on the performance of manufacturing firms in Ethiopia, showed that innovation strategies had a significant positive impact on the performance of manufacturing firms. The study also found that the type of innovation strategy adopted by a firm moderated the relationship between innovation strategies and performance.

Locally, Mbugua, Karanja, and Muli (2022) examined the contribution of innovation to the competitiveness of the Kenyan tea sector. The study found that innovation is a key driver of competitiveness in the Kenyan tea industry. However, the study also found that there is little research done on the individual innovation strategies that are being adopted by tea firms in Kenya. Another local study by Sang (2020), investigated the relationship between employee retention strategies and employee performance in the tea industry in Kenya. The study found that employee retention strategies have a positive impact on employee performance. However, the study also found that there is a need for more research on the role of innovation in employee retention and performance in the Kenyan tea industry. The studies mentioned above all show that innovation and innovation strategies are a key component in the success of a firm. The local studies mentioned, did not highlight the individual innovation strategies that are being adopted by tea firms in Kenya and their influence on the performance of the firms. This study therefore sought to

address this gap by assessing the influence of innovation strategies on the performance of tea firms in Kenya with a focus on James Finlay (Kenya) Limited.

Objectives of the Study

i. To establish the influence of process innovation on performance of James Finlay (Kenya) Limited
ii. To analyze the influence of product innovation on performance of James Finlay (Kenya) Limited
iii. To examine the influence of technological innovation on performance of James Finlay (Kenya) Limited
iv. To determine the influence of market innovation on the performance of James Finlay (Kenya) Limited

Literature Review

The Resource-Based Theory

According to Edith Penrose's RBV theory, which she developed in 1959, a firm's ability to innovate is supported and characterized by its resources and talent. The idea makes the notion that an organization's resources should be diverse, with diverse meaning the range of qualities and skills that exist amongst organizations. According to this presumption, if all of the firms have the same quantity and kind of resources, no company will be able to gain a competitive edge since various companies won't use diverse methods. The second presumption is that an organization's resources should be immobile; according to this presumption, resources cannot be temporarily transferred from one organization to another. As a result, businesses are unable to apply identical techniques that their rivals utilize in the market. A company is seen as a well-managed group of assets that has the capacity to provide long-term competitive advantage, according to Barney (2018). Companies that assemble unique collections of assets that are valuable, unusual, unique, and long-lasting gain a competitive advantage. Semi-permanent resources associated with a firm comprise human, social, technological, informational, geographical, and financial resources (Barney, 2018). Resources inside a corporation offer a considerably more stable environment for innovation and effect on the market (Barney, 2018). Innovation in new products is typically how companies with expensive, rare, and difficult-to-copy resources maintain their long-term competitive advantage. The availability of a wide range of organisational resources and competencies enhances a company's capability for innovation. Organisational resources supply the input, which is then integrated and transformed into innovation by capabilities. A company's financial resources are one of its most important resource groupings. They could be used to boost an organization's ability to finance innovative projects, especially research and development, but a lack of funds could impede innovation. According to Barney (2018), internal funding is more beneficial for R&D activities than external money. The resource-based approach focuses on the relationship between an organization's ability to innovate and its resources. The presence of resources that are

uncommon, valuable, and difficult to imitate facilitates product innovation, while the presence of financial resources also facilitates innovation because they can be used to support research and development activities that lead to creative breakthroughs in technology, process, and even marketing activities.

Schumpeter Theory of Innovation

According to the theory, developed by Joseph Schumpeter in 1934, innovation is the structural renovation and alteration of corporate activities that takes place gradually. The author distinguished five categories of innovations: introducing new products or adding features to existing ones, introducing current markets without prior representation in an industry, looking for updated sources of inventories, and changing the composition of the modern industry by establishing or destroying the dominant position. Innovation is a key factor in economic growth and advancement, thus every organization that seeks to make a profit should be creative. If a company doesn't innovate, its customers will quickly learn that its goods are outdated, which may cause financial ruin. Diffusion, invention, imitation, and innovation are the four aspects of innovation identified by Schumpeter (1934). According to the hypothesis, traders' capacity to make judgments based on the outcomes of originators and investors may lead to investments and the creation of jobs. Although the dissemination and imitation processes have a significant influence on economic states, the innovation phase is less significant. Innovative companies therefore develop new ways to make money. An innovation soon becomes a new product on the market, which imitators and rivals copy as a result of the enormous profits experienced by the idea's developer. The idea makes an effort to differentiate between businesses that have undergone revolutions and have produced favorable conditions for contemporary companies from company owners who have produced loans for the growth and expansion of new business ventures (Schumpeter, 1939). The notion was pertinent to the research since it illustrated the benefits of innovation for a corporation. Innovative businesses gain a lot by engaging in innovative activities, such as process, product, technical, or market innovation, since they benefit from efforts made by imitators and rivals who strive to mimic the new method or manner of operating. The business also gains from investments made by interested persons drawn to an invention since they were its pioneers.

Technology Acceptance Model Theory

The theory was developed by Fred Davis (1986). The phenomenon that affects and molds consumers' adoption of new information technology is developed by the theory. It is based on two different hypotheses: the actual system utilization and users' attitudes about technology. These two qualities, perceived usefulness and perceived simplicity of use, relate to the unique technology that the consumer should embrace (Cheung & Vogel, 2013). These two innovation-related criteria look at the new technology's usability and ease of use for potential users. How much a person thinks utilizing a framework will help them perform better is determined by its perceived utility (Park,

Nam, & Cha, 2012). Clients need to be aware of how much the framework and development are exposed to the practicality of their responsibilities. Perceived ease of use is the extent to which a user thinks that a system's advantages exceed its disadvantages in terms of effort. The simplicity and comprehensibility of the invention are key components that contribute to ease of use. To prevent implementation failures, resource waste, and sustainability issues throughout the adoption process, people must evaluate their attitudes about new information technology (Kim, Shin, 2015). Users must be enthusiastic in utilizing technology for innovation. They will therefore be able to use the new technology easily while doing their tasks. A manufacturing company's use of technology not only makes operations easier to manage, but it also gives the firm a competitive edge. The idea was pertinent to the research because it elaborated on the topic of technological innovation and demonstrated that, although adopting new technology to make operations easier, businesses must also carefully watch how people react to it..

Conceptual Framework

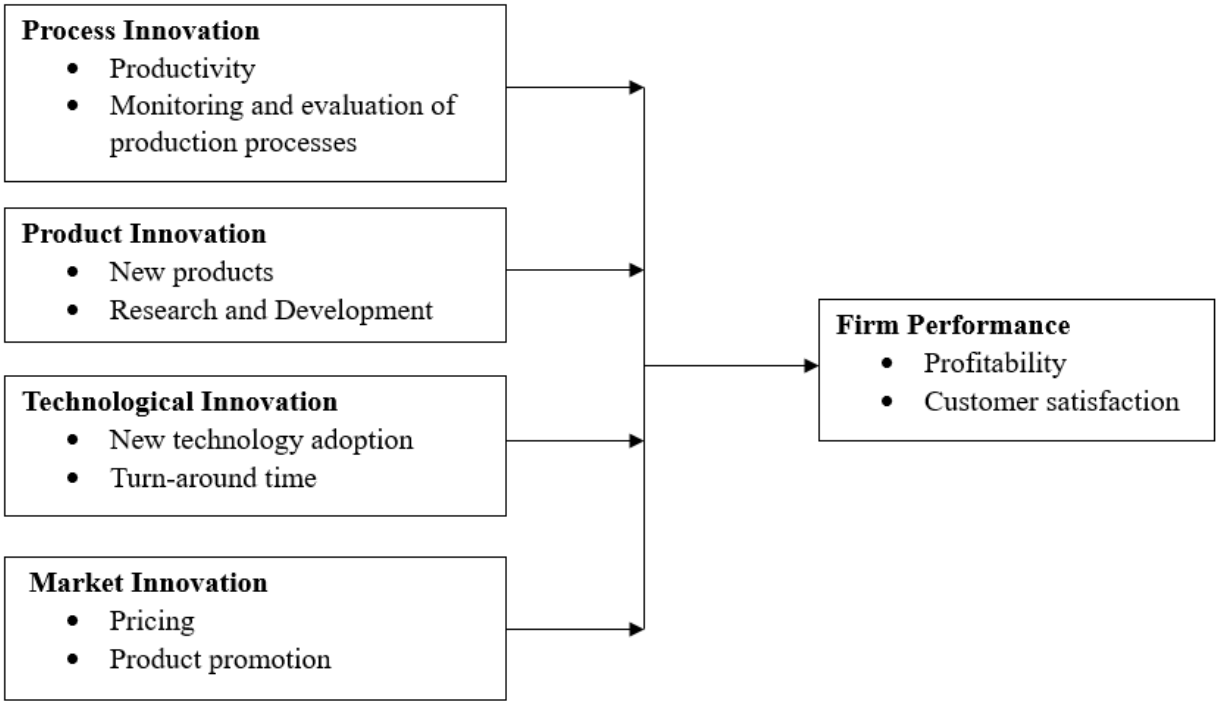

Figure 1: Conceptual Framework

Process Innovation

Modern and preferred methods for enhancing organisational performance include process innovation. Smaller improvements are incorporated instead of significant ones (Langroodi, 2021). Research has indicated that having a well-defined plan is crucial when it comes to process

innovation. Innovation in processes does not come by accident. The process includes handling the challenges of running a firm on a daily basis, developing a vision, understanding the existing system, and laboriously building new organisations and procedures. Process innovation includes routine work like reengineering and improving internal performance of corporate processes and units (Haiyun et al., 2021). This process covers a wide range of tasks, including technical design, R&D, production, management, and commercial operations (Xie et al., 2019). It also covers the development of fresh approaches as well as the evolution of current practices or frameworks (Caille et al., 2019). According to Langroodi (2021), innovation in products and processes has a major and favourable impact on corporate success. Such innovation is directly related to corporate expansion (Maier, 2018). Numerous recent empirical findings have confirmed the favourable and considerable impact that product and process innovation has on business performance (Maier, 2018). According to Bodroi and Adler (2018), process innovation focuses on enhancing or modifying company performance while also boosting production efficiency and effectiveness. Specifics of the manufacturing process, such as indications of cost reduction, flexibility, and capacity growth, are used to quantify performance (Liao et al., 2019). It has been demonstrated that companies using the process innovation approach rely on acquired expertise beyond its capacity to address internal issues, which varies dramatically from prior R&D product innovation methods (Paus, 2020).

Product Innovation

A new product or service may be introduced to the market, or an existing product or service may be improved in terms of functionality or applications. These include significant developments in mechanical conclusions, segments and materials, joined, or user-friendliness, among other things (Tavassoli & Karlsson, 2015). Technological improvements, shifting consumer tastes and preferences, shorter product life cycles, and more competition are the main factors influencing product innovation processes today. Empirical research has shown a positive and substantial correlation between product innovation and organizational success (Duhaylongsod & De Giovanni, 2018). In a research study on advancement systems among German firms, Slivko (2013) found that IP assurance strategy and antitrust approach can reinforce each other in advancing advancement by increasing firms' incentives to introduce market novelties. The research study included three development procedures: refusing to advance, presenting items that are known in the market but new to the firm (impersonation), or presenting market oddities (development). Using sixteen advancement techniques based on the Schumpeterian four types of developments (process, item, advertising, and authoritative) as well as various blends of the four types, Tavassoli and Karlsson (2015) investigated the innovation strategies of firms in Sweden between 2002 and 2012. They found that organizations are not uniform in their choice of advancement systems and instead have a wide range of inclinations. The experts also found that organizations continue to favor a wide range of development methodologies.

Businesses need to continuously reinvent their products if they are to stay in business and be relevant. Numerous theories have been established to explain the relationship between product innovation and organisational performance. According to Paus (2020), a product goes through phases in its life cycle where, if it isn't changed, it becomes irrelevant and obsolete. Businesses need to make proactive investments in market research programmes to monitor changing customer needs as products reach the end of their useful lives (Chen, 2021). He contends that products go through a number of phases in their productive lives, beginning with creation and concluding with decline, resulting in a unique life cycle for the item. The characteristics that distinguish these phases dictate the duration of time a product spends in each stage based on the marketing strategies employed (Chen, 2021). Chen (2021) investigated product diversification. According to this study, the company differentiates its products to extend the life of products that are already on the market or to benefit from the advantages of having a well-known brand name. A product differentiation strategy involves modifying existing products or creating new, related, and comparable items to promote to current clients through current channels. Satisfied customers are driven to new items through product differentiation because of their excellent experiences with the services offered by the company (Chen, 2021).

Technological Innovation

Economic activity depends on technological innovation. According to Bernyte (2018), technical innovation refers to the application of new technology to meet social requirements, environmental problems, and expanding corporate opportunities. Any organization that wants to compete must be technologically innovative. According to Hilman and Kaliappen (2015), technical innovation and core competitiveness are mutually beneficial. The manufacturing industry's core competitiveness includes a crucial element called technical innovation capability (T.I.C.), and core competitiveness has an impact on or influences technological innovation. Technology should be developed in a way that allows it to complement the organization's marketing expertise and be seen as reflecting the firm's strategic direction and overall performance. In the competitive and ever-changing modern business climate, technological innovation is becoming more and more crucial for an organisation. Technology is becoming an increasingly important intangible asset for the competitiveness and survival of business. According to Rahi (2017), technological innovation can help a company that is attempting to take on a well-established competitor and can also have an impact on the competitive advantage or industry structure. Therefore, widespread technology adoption could be an important part of the structure of an industry; technological innovation can give a business a competitive advantage or even boost the profitability of all companies in the industry (Bronkhorst et al., 2019). Any company that hopes to prosper must be able to compete with other companies both locally and globally. The organisation needs to welcome innovation since research has repeatedly shown how vital it is (Edeh et al., 2020). Schmuck and Benke (2020) assert that a single technology can have a variety of organisational implications. Technology advances during times of stability and upheaval. Numerous studies on technological innovation

have found that the innovation process oscillates between times of relative stability and times of relative change (MartnRios & Ciobanu, 2019). The nature of innovation changes throughout time, according to studies on innovation and business strategy in particular. Phases of more gradual innovation, where technology seems to follow well-defined paths, are abruptly followed by periods of more radical innovation, when previous era certainties are abandoned (Rahi, 2017).

Market Innovation

In order to fulfil a customer's preferred method of purchase, market innovation focuses on market mix and market selection (Koech, 2022). A company must constantly innovate in the market since competitors can contact potential clients all over the world at breakneck speed using cutting-edge marketing tactics, most notably the Internet. Market innovation, in the opinion of Rodriguez Cano and colleagues, is crucial for meeting customer requests and seizing market opportunities (Paus, 2020). This implies that satisfying consumer demands and satisfaction must be the primary goal of all market innovation. Manohar et al. (2019) claim that market innovation contributes to a rise in a company's sales. Liao et al. conducted a 2019 study to look at the impact of strategic innovation on Kenyan commercial banks' performance. They discovered that market innovation has a positive and substantial impact on commercial banks' performance. According to Sartipi (2020), market innovation will increase sales by raising customer demand and bringing in additional money for creative enterprises. Market innovation, in the opinion of Langroodi (2021), is concentrated on enhancing the variety of target markets and how selected markets are effectively served. Finding better (new) prospective markets and better (new) ways to serve target markets are the two main objectives. Market segmentation—the process of breaking up a big potential market into smaller, more manageable pieces—is crucial if the goal is to maximise a company's profitability (Langroodi, 2021). Incomplete market segmentation will result in a less-than-ideal combination of target markets, increasing the risk that revenues are not what they seem to be (Sartipi, 2020). Innovation in the market must make customers' lives better. A marketing innovation cannot be taken into consideration if it cannot satisfy clients or add value for them. Furthermore, innovative marketing must be advantageous to the business as well as its rivals (Lopes et al., 2019). It is not appropriate for businesses to prioritise marketing innovation only for its own sake. Every innovation project should have the potential to generate revenue for the business, either now or in the future. The continuation of marketing innovation is essential. Because of the intense market rivalry, businesses that wish to stay relevant must keep innovating (Duhaylongsod & De Giovanni, 2018). Significant modifications to the company's retail locations' acceptance of design changes, substantial modifications to the product's design and packaging, new approaches to product distribution and promotion, new branding, new selling techniques, new approaches to pricing policies, new presentation techniques, and more are examples of marketing innovation (Liao et al., 2019). Hong (2015) asserts that innovative marketing techniques enhance consumer experiences and brand relationships, influencing brand marketing initiatives and empowering companies to adopt a more customer-focused approach.

Research Methodology

The study employed a descriptive research design. The Engineering and Head Offices of James Finlay (Kenya) Limited were the study's target population and included the departments of finance, materials, administration, and engineering. The target population for the study was 150 staff members. A stratified sampling approach was used. The researcher used the sample size determination formula from Taro Yamane (1967) to get the appropriate sample size for the study. For the study, 109 employees served as the set sample size. The questionnaire was used by the researcher as the tool for gathering data. The initial stage of data processing was pre-coding the questionnaire answers. The second phase was gathering the raw data and doing descriptive analysis on it. Descriptive statistical means have the purpose of summarizing and describing the data. The gathered data was processed using SPSS software (Statistical Package for The Social Sciences). Frequency, percentage, mean, and standard deviations were some of the descriptive statistical methods that were employed in this study. To make future research and comparison easier, responses were summarized using tables and figures. The research was guided by the regression model:

$$\mathbf{Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon}$$

Where: Y is firm performance, β_0 is Constant, X_1= process innovation, X_2= product innovation, X_3= technology innovation, X_4= market innovation ε= stochastic error term estimate and β_1, β_2, β_3 and β_4 are regression coefficients of independent variables.

Results

Respondents in the four departments of James Finlay's Engineering and Head Offices were given a total of 98 questionnaires. 80 of the 98 questionnaires that were properly completed were received, translating to an 81.6% response rate. Edwards, Clarke, and Kwan (2002) state that a researcher can draw appropriate findings with a response rate of 80% or higher.

Descriptive Analysis

The respondents were requested to rate the extent to which the firm had implemented various innovation strategies and the impact the strategies had on various operations in the firm. The rating was done on a Likert scale 1-5 where: 1 = Strongly disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; 5 = Strongly Agree. The results are discussed below.

Process Innovation Strategies

The study aimed to establish the influence of process innovation strategies on performance of James Finlay (Kenya) Limited. Respondents were asked for their opinions on statements about process innovation strategies. The mean and the standard deviations of the responses were computed in a Table 1. The responses' overall mean on the five-point scale was 4.26, indicating that most participants inclined to agree with the statements describing how process innovation

techniques affected James Finlay's performance. Nonetheless, there existed variation in the responses, as evidenced by the standard deviation of 0.54.

Table 1: Process Innovation Strategies

Statement	Mean	Std. Deviation
By enabling quality tracking of tea, process innovation has decreased turnaround time.	4.55	0.50
The weighing system has enhanced the number of transactions by facilitating the faster transmission of accurate green leaf field weight information to the factories.	4.53	0.47
The weighing platform in the factory has made tea supply efficient, improving overall quality and lowering the tea company's field expenses.	3.40	0.50
By lowering turnaround time between trips, green leaf waste and manufacturing rejection has decreased.	4.38	0.67
Process innovation is essential for James Finlay to reduce production and field costs.	4.53	0.55
Aggregate	**4.26**	**0.54**

Product Innovation Strategies

The study sought to determine how product innovation strategies influenced the performance of James Finlay (Kenya) Limited. Responses to questions about product innovation strategies were requested from the respondents. The mean and the standard deviations of the responses were computed in table 2. The aggregate mean of the responses, as indicated by the results, was 4.057, indicating that most respondents tended to agree with the assertions detailing how product innovation strategies affected James Finlay (Kenya) Limited's performance. The overall standard deviation of 1.162, however, shows that there was variation in the responses.

Table 2: Product Innovation Strategies

Statement	Mean	Std. Deviation
The launch of new products and services has resulted in higher profitability.	4.560	0.899
The introduction of new, high-quality inputs and raw materials has led to an increase in sales.	3.698	1.271
Sales have increased as a result of changes made to already existing products and services.	3.951	1.067
Our firm commits resources to sustain research and development activities for product innovation.	4.005	0.982
Our firm creates product features that are completely different from those existing currently.	3.993	1.538
Our firm develops new products with components that are totally different from current ones.	4.121	1.377
Our company develops new products with an aim of improving customer satisfaction.	4.072	1.005
Aggregate	**4.057**	**1.162**

Technological Innovation Strategies

The study also aimed to investigate how technological innovation tactics affected James Finlay (Kenya) Limited's performance. Responses to statements regarding technological innovation initiatives were requested from the respondents. The responses' means and standard deviations were calculated and presented in a table 3. On a five-point scale, the average response was 4.150, indicating that a large number of respondents agreed with the statements describing how technological innovation initiatives affected James Finlay (Kenya) Limited's performance. However, there was variation in the responses, as evidenced by the aggregate standard deviation of 1.162.

Table 3: Technological Innovation Strategies

Statement	Mean	Std. Deviation
Technological innovations are always focused on increasing operational effectiveness, such as shorter turnaround times.	4.207	0.912
Our company makes financial commitments to support and oversee technological innovation.	4.030	1.039
Our organization has highly skilled IT experts who aid in technological innovation and research.	3.913	0.995
Profits and sales have increased as a result of new machinery and equipment.	4.114	0.942
Adoption of Enterprise Resource Planning (ERP) systems has greatly aided in automation of routine tasks.	4.402	0.971
Technological innovations have led to increased output quality.	3.999	1.037
Technological innovations have resulted in new revenue streams or market opportunities	4.007	1.055
Technological innovations have impacted the company's workforce positively.	4.528	1.406
Aggregate	**4.150**	**1.162**

Market Innovation Strategies

The study sought to determine the influence of market innovation strategies on the performance of James Finlay (Kenya) Limited. The respondents' opinions on market innovation strategies were received and the mean and the standard deviations of the responses were computed in a table 4. The overall mean of the responses in the five-point scale was 4.089, indicating that most respondents inclined to agree with the assertions describing how market innovation tactics affect James Finlay (Kenya) Limited's performance. The aggregate standard deviation of 1.001 indicates that there was variation in the responses.

Table 4: Market Innovation Strategies

Statement	Mean	Std. Deviation
Sales and earnings have increased as a result of new, more effective marketing strategies.	3.651	1.046
The introduction of new channels for the distribution of goods and services has increased profitability.	4.508	1.171
Our market innovation approach is fundamentally based on customer satisfaction.	4.030	0.989
A key driver of market innovation is raising market competition.	3.922	0.962
Changing market pricing strategies is among the main components of our firm's market innovation strategies.	4.721	1.005
Introduction of new products in our firm has been greatly influenced by market innovation strategies.	3.809	0.873
Market innovation strategies have helped in coming up with new product placement strategies.	4.438	0.909
Our company allocates resources to the development of market innovation strategies.	3.635	1.400
Aggregate	**4.089**	**1.001**

Firm Performance

The majority of respondents agreed with the statements addressing firm performance, as evidenced by the five-point scale aggregate mean of 4.067. But there was variation in their responses, as seen by the overall standard deviation of 1.116.

Table 5: Firm Performance

Statement	Mean	Std. Deviation
The firm's overall profitability has risen as a result of innovation strategies.	4.542	1.003
The firm's market share has expanded due to the adoption of innovative strategies.	3.820	0.893
The overall growth rate has increased as a result of innovation strategies.	4.044	0.911
Due to innovative techniques, the company's client base and customer satisfaction have both greatly increased.	4.197	1.096
Adoption of innovative strategies has had a positive impact on operational costs.	4.023	1.093
Innovation strategies have led to better and efficient resource utilization in the company.	3.992	1.521
The adoption of innovation strategies has yielded a low employee turnover rate and increased satisfaction.	4.009	0.970
The number of suppliers in our firm has grown due to adoption of innovation strategies.	3.902	1.447
Aggregate	**4.067**	**1.116**

Inferential Analysis

Inferential analysis draws conclusions about a population by examining differences between populations based on a certain parameter or between variables. Regression analysis and correlation were used in this study.

Correlation analysis

The table below displays the correlation analysis's results. The findings demonstrate a significant and robust relationship between process innovation and firm performance (r=0.438, p=0.000). Moreover, there was a significant and positive relationship (r=0.351, p=0.000) between company performance and product innovation. Furthermore, the data demonstrates a significant and robust relationship (r=0.229, p=0.000) between the performance of the company and its technological innovation methods. Additionally, there is a substantial and positive correlation (r=0.205, p=0.000) between market innovation and firm performance. This suggests that when any one of these variables rises, there will be a profit gain. The results show that all the variables have a positive relationship, with process innovation strategies having the most impact on firm performance (r=0.438).

Table 6: Pearson Correlation Coefficient Matrix

		Firm performance	Product innovation	Market innovation	Technological innovation	Process innovation
Firm Performance	Pearson Correlation	1				
	Sig.(2-tailed)					
Product innovation	Pearson Correlation	.351**	1			
	Sig.(2-tailed)	.000				
Market innovation	Pearson Correlation	.205**	.481**	1		
	Sig.(2-tailed)	.000	.000			
Technological innovation	Pearson Correlation	.229**	.606**		1	.
	Sig.(2-tailed)	.000	.000	.000		
Process innovation	Pearson Correlation	.438**				1
	Sig.(2-tailed)	.000	.000	.000	.000	

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

Regression Analysis

The study sought to determine the effect of the independent variables on performance of tea firms and presented as follows:

Table 7: Model Summary

Model	R	R Squared	Adjusted R Squared	Std. Error
1	.907a	.774	.772	.3425

Predictor variables include process, product, technological and market innovation strategies.

The results show that market, process, product, and technological innovation strategies, with their

combined R-squared value, can account for 77.4% of the variation in tea firms' performance. This further indicates that only 32.6% of the variation in tea enterprises' performance can be attributed to variables not included in this study.

Table 8: Analysis of Variance (ANOVA)

Model		Sum of Squares	Df	Mean of Squares	F	Sig.
1	Regression	2.117	4	.583	4.691	.001[b]
	Residual	4.642	44	.137		
	Total	**6.759**	**48**			

Predictor: (Constant) product, process, technological and market innovation strategies.

The analysis of variance (ANOVA) was used to evaluate the regression model's goodness of fit. The regression model's F value was 4.691 and its significance value (p-value) was less than 5%. This suggests that the model was appropriate and perfect for figuring out how innovative strategies affect tea firm performance. The independent variables, product, process, technological and market innovation strategies, affect tea firm performance by predicting it, as evidenced by ANOVA table results (F= 4.691, p<0.005).

Table 9: Regression Analysis Results

Model		Unstandardized coefficient		Standardized coefficient		
		B	**Std. Error**	**β**	**T**	**Sig.**
	Constant	1.364	1.046		1.284	0.001
1	Process innovation strategies	.372	.119	.211	2.408	0.000
	Product innovation strategies	.368	.122	.204	2.116	0.000
	Technological innovation strategies	.334	.125	.208	2.632	0.002
	Market innovation strategies	.319	.116	.213	2.561	0.001

Dependent variable: Performance of tea firms

The results of the multiple regression analysis indicate that process, product, technological, and market innovation strategies have a significant impact on the performance of tea firms.

The multiple regression equation, $Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$, with the result of the model summary presented as follows:

$$\mathbf{Y = 1.364 + 0.372X_1 + 0.368X_2 + 0.334X_3 + 0.319X_4 + \varepsilon}$$

All factors held constant, an increase in a unit of the independent variable; process, product, technological and market innovation strategies influence tea firm performance by, 0.372, 0.368, 0.334 or 0.319 respectively.

Conclusion

The study confirmed that there was significant influence from process innovation strategies on performance of the tea firms in Kenya. The researcher therefore concludes that process innovation strategies have a significant effect on performance of James Finlay. The study further confirmed that among the innovation strategies under study, process innovation strategies had the most impact on performance of James Finlay. The study reaffirmed that there is a positive and significant relationship between product innovation strategies and performance in the tea firms in Kenya. The study therefore concludes that there is a positive and significant effect of product innovation strategies on performance of James Finlay. The study further concludes that among the innovation strategies included in the study, product innovation strategies came second in as far as influence on performance of James Finlay is concerned.

The study confirmed that there was significant influence of the technological innovation strategies on performance in the tea firms in Kenya. The researcher therefore concludes that technological innovation strategies have significant effect on performance of James Finlay. The study further confirmed that among the innovation strategies under study, technological innovation strategies were the third most significant influence on performance of James Finlay. The study affirmed that market innovation strategies had a significant effect on performance in the tea firms in Kenya. The study therefore concludes that there is a positive and significant effect of market innovation strategies on performance of James Finlay. The study concludes that market innovation strategies were the least significant innovation strategies to affect performance of James Finlay.

Recommendations

The general objective of the study was to determine the influence of innovation strategies on the performance of tea firms in Kenya. The study found the strongest positive correlation between process innovation and firm performance (r=0.438). Therefore, Kenyan tea firms should prioritize implementing process innovations to improve their efficiency and productivity. This could involve, implementing lean manufacturing principles to reduce waste and optimize production

flow as well as investing in new machinery and technology that streamlines processing activities and leads to automation of repetitive tasks to free up human resources for higher-value activities. While not as impactful as process innovation, product and technological innovations also demonstrate significant positive correlations with firm performance (r=0.351 and r=0.229, respectively). Kenyan tea firms should consider implementing measures and practices such as; developing new and improved tea products to cater to evolving consumer preferences and market demands, this could involve exploring organic, flavored, or specialty tea blends. Additionally, tea firms could embrace technological advancements in areas like precision agriculture, data-driven farming, and automated quality control. Market innovation, though exhibiting a slightly weaker correlation (r=0.205), still contributes positively to firm performance. Tea firms could consider, developing innovative marketing strategies to reach new target audiences and expand their market reach, this could involve utilizing digital marketing channels, exploring new distribution channels, and participating in international trade shows. Generally, the high combined R-squared value (77.4%) suggests that all four types of innovation contribute significantly to tea firm performance. Therefore, Kenyan tea firms should adopt a comprehensive approach to innovation, integrating all four aspects: process, product, technology, and market. This will allow them to leverage the combined benefits of each type of innovation and achieve optimal performance. By implementing these recommendations, Kenyan tea firms can leverage the power of innovation to enhance their performance, competitiveness, and long-term sustainability in the global market.

Acknowledgement

I would like to express my profound thanks to my supervisor Dr. Rose Litunya for her guidance throughout the period of my research and for helping me to make this project a success. I also wish to thank all my lecturers for their support throughout the period of my study. Lastly, I would like to thank my course mates and family for supporting and encouraging me throughout my academic and research period.

References

Adams, C.A. (2016). Internal organizational factors influencing corporate social and ethical reporting: *Beyond current theorizing, Accounting, Auditing & Accountability Journal*, 15 (2), 223-250. https://doi.org/10.1108/09513570210418905

Adem, A., & Ali, M. (2023). The Impact of Innovation Strategies on the Performance of Manufacturing Firms in Ethiopia. International Journal of Business and Management, 18(2), 1-15.

Akcigit, U., & Kerr, W. R. (2018). Growth through heterogeneous innovations. *Journal of Political Economy*, 126(4), 1374-1443. https://doi.org/10.1086/697901

Barney, J. B. (2018). Why resource-based theory's model of profit appropriation must incorporate a stakeholder perspective. *Strategic Management Journal*, 39(13), 3305- 3325. https://doi.org/10.1002/smj.2949

Bernyte, S. (2018). Sustainability marketing communications based on consumer values and principles. Regional Formation and Development Studies, 26(3), 26-35. DOI: http://dx.doi.org/10.15181/rfds.v26i3.1807

Bianchi, M., Di Benedetto, A., Franzò, S. & Frattini, F. (2017). Selecting early adopters to foster the diffusion of innovations in industrial markets: Evidence from a multiple case study, *European Journal of Innovation Management*, 20(4), 620-644. https://doi.org/10.1108/EJIM-07-2016-0068

Bianchi, M., Dueri, S., & Rossi, M. (2017). Innovation and performance in the global tea industry. Food Policy, 70, 1–12.

Bronkhorst, J., Schaveling, J., & Janssen, M. (2019). Commoditization and IT product innovation strategies from an IT firm perspective. Information Systems Management, 36(2), 126-140. https://doi.org/10.1080/10580530.2019.1587575

Caille, S., Cui, S., Faul, M. M., Mennen, S. M., Tedrow, J. S., & Walker, S. D. (2019). Molecular complexity as a driver for chemical process innovation in the pharmaceutical industry. *The Journal of Organic Chemistry*, 84(8), 4583-4603. https://doi.org/10.1021/acs.joc.9b00735

Chen, B., & Jiang, Z. M. (2021). A survey of software log instrumentation. ACM Computing Surveys (CSUR), 54(4), 1-34. https://doi.org/10.1145/3448976

Chikamai, M. M., & Makhamara, F. (2021). Influence of leadership competencies on performance of Tea Companies in Nandi County, Kenya. *European Journal of Economic and Financial Research*, 5(1)5-14.

Davila, T. (2014). *The innovation strategy for multinational companies*. Harvard Business School Publishing.

Duhaylongsod, J. B., & De Giovanni, P. (2018). The impact of innovation strategies on the relationship between supplier integration and operational performance. *International Journal of Physical Distribution & Logistics Management*. 14(3), 779-832. https://doi.org/10.1108/IJPDLM-09-2017-0269

Edeh, J. N., Obodoechi, D. N., & Ramos-Hidalgo, E. (2020). Effects of innovation strategies on export performance: New empirical evidence from developing market firms. Technological Forecasting and Social Change, 15(8), 120-167. https://doi.org/10.1016/j.techfore.2020.120167

Erboz, G. (2020). A qualitative study on industry 4.0 competitiveness in Turkey using Porter diamond model. *Journal of Industrial Engineering and Management,* 13(2), 266-282. DOI:10.3926/jiem.2915

Food and Agriculture Organization of the United Nations (FAO). (2019). The future of food and agriculture—Alternative pathways to 2050. Rome: FAO.

Haiyun, C., Zhixiong, H., Yüksel, S., & Dinçer, H. (2021). Analysis of the innovation strategies for green supply chain management in the energy industry using the QFD-based hybrid interval valued intuitionistic fuzzy decision approach. Renewable and Sustainable Energy Reviews, 14(3), 110844. https://doi.org/10.1016/j.rser.2021.110844

Hilman, H., & Kaliappen, N. (2015). Innovation strategies and performance: are they truly linked? *World Journal of Entrepreneurship, Management and Sustainable Development*. 2 (1), 11-20. https://doi.org/10.1108/WJEMSD-04-2014-0010

International Centre of Insect Physiology and Ecology (ICIPE). (2023). Innovation in the tea sector in Kenya: Challenges and opportunities.

Kariuki, J. M., Onguso, J. M., & Owuor, G. O. (2022). The impact of product innovation strategies on the export performance of tea firms in Kenya. International Journal of Business and Management Studies, 13(1), 1-10.

Kariuki, S. M. (2018). The effect of strategic innovation on performance of mobile telecommunication firms in Kenya.

Karlsson, C., & Tavassoli, S. (2016). Innovation strategies of firms: What strategies and why? *The Journal of Technology Transfer*, 41(6), 1483-1506. https://doi.org/10.1007/s10961-015-9453-4

Kenya Tea Development Agency (KTDA). (2022). A baseline study on innovation in the tea sector in Kenya.

Kim, W. C., & Mauborgne, R. (1999). And The Knowledge Economy. *Knowledge Management: Critical Perspectives on Business and Management*

Koech, C. D., Bett, A., & Langat L. (2022). The relationship between process innovative strategies and performance of Kenya Tea Development Agency factories in Kenya. *The Strategic Journal of Business & Change Management*, 9 (1), 198 – 205. https://strategicjournals.com/index.php/journal/article/viewFile/2173/2077

Langroodi, F. E. (2021). Schumpeter's Theory of Economic Development: a study of the creative destruction and entrepreneurship effects on the economic growth. *Journal of Insurance and Financial Management*, 4(3),55-75. http://dx.doi.org/10.2139/ssrn.3153744

Liao, S., Fu, L., & Liu, Z. (2019). Investigating open innovation strategies and firm performance: the moderating role of technological capability and market information management capability. *Journal of Business & Industrial Marketing.* 6(1), 1-17 https://doi.org/10.1108/JBIM-01-2018-0051

Lopes, J., Ferreira, J. J., & Farinha, L. (2019). Innovation strategies for smart specialization (RIS3): Past, present and future research. Growth and Change, 50(1), 38-68. https://doi.org/10.1111/grow.12268

Lowe, N. K. (2019). What is a pilot study? Journal of Obstetric, Gynecologic & Neonatal Nursing, 48(2), 117-118.

Maier, D. (2018). Product and process innovation: a new perspective on the organizational development. *International Journal of Advanced Engineering and Management Research*, 3(6), 132-138. https://www.ijaemr.com/uploads/pdf/archivepdf/2020/ijaemr_01_333.pdf

OECD and Eurostat (2005). Oslo Manual-Third Edition: Guidelines for Collecting and Interpreting Innovation Data. Paris

Onguso, J. M., Kariuki, J. M., & Owuor, G. O. (2023). The relationship between innovation strategies and the performance of tea firms in Kenya: A moderated mediation analysis. Journal of International Management, 29(1), 101116.

Palmer, D., & Kaplan, S. (2007) A framework for strategic innovation: Blending strategy and creative exploration to discover future business opportunities. San Francisco, CA: Innovation, LLC.

Sudarman, D., Kartini, D., Helmi, R. A., Dewi, R. K. (2021). The effect of managerial capabilities, strategic alliance and strategic innovation on product lifecycle management: A case study in Indonesia. *Journal of Asian Finance, Economics, and Business*