INFLUENCE OF ENTERPRISE CHARACTERISTICS 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, the study sought to assess the influence of enterprise characteristics on sustainability of small tea 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: Enterprise Characteristics, sustainability of small tea enterprises
Background of the Study
Small business enterprises have been studied for the last half decade but most of these studies have been undertaken in the manufacturing sectors and trading from both in developed and developing countries as demonstrated by Yusuf (1995), Wiklund (1999), Lutteken et al., (1999), Nurul (2005), Naude (2010), 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.

Small tea enterprises as used in this study refer to tea farming activity in small acreage for economic purposes or for making profit as characterized by Kaberi (2013). It is notable that despite these enterprises fitting the European Union’s definition and characterization of a small enterprise either by sales turnover or number of employees, little is known about these important players of economy. The study, therefore, not only sought to operationalize this definition but also to point out the small tea enterprises in this perspective while at the same time investigating the critical sustainability issues that the enterprises can leverage on.

Apart from the significant role that these small tea enterprises play in the economy of the country, they generally continue to raise sustainability and long-term growth questions. For instance, it is notable that despite the small tea enterprises contributing over 60 percent green tea output in the country and subsequently earning 60 percent of the country’s foreign exchange income, the majority of owners of these enterprises still continue to live on less than a dollar per day. While the rule of thumb would expect the volume of the revenue foreign exchange earned by these enterprises to translate into economic growth and prosperity for the small tea agro entrepreneurs (small scale farmers), the case is different. The study, therefore, sought to answer and come up with strategies to the question; what are the factors influencing sustainability of small tea enterprises in Kenya?

Previous studies (such as those by Baron & Shane (2007); Smith & Smith (2007); Shaw & Williams (2009); Krasniqi (2010); Olawale & Garwe (2010); sought to address barriers encountered by small enterprises from various countries all over the world. Though recent efforts have been made in Kenya to better understand sustainability of tea farming, little empirical studies exist that have focused on the subject from the small tea enterprises (entrepreneurs) context.

For example, studies by Owuor (2005) sought to investigate the sustainability of smallholder tea growers. Similarly, Mwaura (2007) carried out a situational analysis of small-scale tea growers and their contribution to the local auction market and highlighted challenges hindering sustainability of small and medium enterprises after exit of founders. Other studies, such as those by Onduru (2012): Kagira, Kimani & Githii (2012) focused on farmers’ field schools in tea farms and the problems encountered by smallholder farmers in Kenya respectively. Evidently, therefore, little is known on factors influencing sustainability of small-scale tea enterprises, thus motivating this study.


**Study Objective**

**Specific Objectives**

1. To assess the influence of enterprise characteristics on sustainability of small tea enterprises in Kenya

**Hypotheses**

H$_0$: There is no significant positive influence of enterprise characteristics on sustainability of Small tea enterprises in Kenya.

H$_1$: There is a significant positive influence of enterprise characteristics on sustainability of Small tea enterprises in Kenya

**Literature Review**

**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).
<table>
<thead>
<tr>
<th>Parameters</th>
<th>Independent</th>
<th>Dependent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operational Framework</strong></td>
<td></td>
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</tr>
<tr>
<td><strong>Research Methodology</strong></td>
<td></td>
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<tr>
<td><strong>Philosophy of the Study</strong></td>
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</table>

Observation from daily encounter with tea farmers, raised the researcher curiosity as to why they hold on to enterprises that seemed not to support them meet their daily sustenance. Their household goods and food needs had indications that they were living in poverty contrary the popular believe that those in tea enterprises earn a decent life from the earnings they get from their tea enterprises. The researcher looked for theories to explain the above phenomenon and found out that they were several theories that explained entrepreneurship but to the situation at hand. The theories already presented in literature had a bare focus on small tea entrepreneur and testing these theories in the Kenyan context was paramount. Fundamental question was why would people hold on to businesses that do not make profit and continually drains whatever wealth of the person? Would the theories in question fit in our Kenyan context here and now? Why do most of the start-ups enterprises fail at such a high rate? Could it be that we do not the same meaning for small and medium enterprises with the rest of the developed world?

There were no sufficient answers to these questions and an inquiry into the state of affairs of small tea enterprises in Kenya necessitated a research that could contribute to finding answers to these grey areas. There was no theory from literature that explained small tea farming in Kenya.

**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.

\[ n = \frac{420,000}{1+420000(.05)^2} \]

\[ n = 399.99 = 400 \]

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 \( n = 399.99 = 400 + 400(0.30) = 400+120 \)

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

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:  
\[ \hat{y} = \text{Estimated value of STE’s sustainability} \]
\[ \beta_0 = \text{Intercept} \]
\[ X_1 = \text{Enterprise Characteristics} \]
\[ \beta_1 = \text{Gradient} / \text{Change in } X_1 \]
\[ \varepsilon = \text{error variable (factors outside the regression model)} \]

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

**Expected Results**

The expected result will seek to indicate the type of relationships existing among the variables of the study and their significance in order to answer the research questions and thus meet the research objectives and address the research problem.

**Expected Outcome**

The study sought to answer the research questions and fill in the gaps identified in the study’s problem statement. At the same time, the result of the study would form a platform upon which further study can be carried out and the results be used to predict future outcomes.

**Ethical Consideration**

The study took into consideration key ethical issues to protect the study participants. The principle of voluntary participation was put in place, related to the notion of informed consent where the participants were informed of the objectives of the research exercise with due politeness. Participants’ privacy, dignity, well-being and freedom were well observed, especially ensuring participants’ willingness to answer questions touching on private or family matters such as finance. The participants were not put in a situation where they might be at risk of harm (physical, emotional, stress) as a result of their participation. Care was taken not to probe the participants beyond their freedom. The principle of guaranteed confidentiality and anonymity was implemented, as participants remained anonymous throughout the study. Data was kept safely and confidentially throughout the research process. The research involved only adults who are owners of the small tea enterprises.

**Summary of Methodology**

The study employed descriptive research design. Descriptive survey was carried out in collecting information. Self-administered questionnaires and in-depth interviews were carried out on small tea entrepreneurs sampled from the population of 420,000 farmers. The main strategy used was stratified sampling. The research methods included use of self-administered questionnaires. The study took care of all ethical issues.

**Results**

**Response Rate**

The study distributed and administered six hundred and eighty (680) questionnaires. Out of these, a total of six hundred and sixty (660) questionnaires were returned and ten (10) were rejected for failing the inclusion criterion. This translated to a response rate of 97 per cent that was considered acceptable. Six hundred and fifty (650) questionnaires were used for data analysis. According to Mugenda & Mugenda (2003) a response rate of 50 per cent is considered adequate for research purposes. Table 4:1 depicts the return rate:
Table 4.2 Study’s Data Return Rate

<table>
<thead>
<tr>
<th>Target population</th>
<th>680</th>
</tr>
</thead>
<tbody>
<tr>
<td>Returned</td>
<td>660</td>
</tr>
<tr>
<td>Rejected</td>
<td>10</td>
</tr>
<tr>
<td>Examined</td>
<td>650</td>
</tr>
</tbody>
</table>

Source: Primary data (2013)

Respondents’ Characteristics

Respondents’ Characteristics by Age

Table 4.3 below indicates that 45 per cent of participants were over 37 years. Notable findings indicated that, significantly, there was lower participation by young farmers (17.1 per cent) who were below 27 years, demonstrating a gap in regard to motivating the youth. This would be achieved by enhancing an enabling environment such as incentives, which would attract young people to the tea enterprises as a source of finance and employment. There is a strong perception that the enterprise may be associated with elderly people, affecting transfer of new technologies and practices.

Table 4.3 below represents the respondents who were interviewed disaggregated by age. It shows that only 17.1 per cent of the respondents were between 18 – 27 years of age.

Table 4.3: Frequency Statistics of Respondents’ Characteristic by Age

<table>
<thead>
<tr>
<th>Frequency</th>
<th>%</th>
<th>Valid %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>18-27</td>
<td>17.1</td>
<td>17.1</td>
<td>19.1</td>
</tr>
<tr>
<td>28-37</td>
<td>34.9</td>
<td>34.9</td>
<td>54.0</td>
</tr>
<tr>
<td>38-47</td>
<td>30.0</td>
<td>30.0</td>
<td>84.0</td>
</tr>
<tr>
<td>Over 47</td>
<td>16.0</td>
<td>16.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary data (2013)

Respondents’ Characteristics by Gender

The findings in table 4.4below indicate that over the half of the respondents were male (58 per cent), while female respondents accounted for 42 per cent. This could imply that male farmers are in charge of decisions on doing business, resources and finances and ownership. A factor that was evident in financial details of the farmers as men mainly held tea accounts in the banks. In cases where the woman held account she consulted with the male head of the family before spending a cent of the income.

Table 4.4: Frequency Statistics of Respondents Characteristics’ by Gender

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>%</th>
<th>Valid %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>377</td>
<td>58.0</td>
<td>58.0</td>
<td>58.0</td>
</tr>
<tr>
<td>Female</td>
<td>273</td>
<td>42.0</td>
<td>42.0</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)

Respondents’ Characteristics by Household Size

The study findings summarized in Table 4.5 below suggest that on average most of the respondents’ households were made of 6-10 members, which was 50 per cent. This implies that most of the small tea growers have more than four children.

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Frequency</th>
<th>%</th>
<th>Valid %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>267</td>
<td>41.1</td>
<td>41.1</td>
<td>41.1</td>
</tr>
<tr>
<td>6-10</td>
<td>331</td>
<td>50.9</td>
<td>50.9</td>
<td>92.0</td>
</tr>
<tr>
<td>11-15</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)

The results imply that most of the households were made up of more than six members, which exacerbated the problem of getting enough to feed the family from the tea enterprises. It also negatively impacted on the level of education because most of the small tea farmers could not afford to educate their children beyond the level of high school.

Respondents’ Characteristics by Marital Status

Study findings indicate that 78 per cent of the respondents interviewed were married. Those who were single were represented by 16 per cent while the remaining six per cent comprised of widowers and the widowed (Table 4.6).

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Frequency</th>
<th>%</th>
<th>Valid %</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>104</td>
<td>16.0</td>
<td>16.0</td>
<td>16.0</td>
</tr>
<tr>
<td>Married</td>
<td>507</td>
<td>78.0</td>
<td>78.0</td>
<td>94.0</td>
</tr>
<tr>
<td>Widower</td>
<td>32</td>
<td>4.9</td>
<td>4.9</td>
<td>98.9</td>
</tr>
<tr>
<td>Widow</td>
<td>7</td>
<td>1.1</td>
<td>1.1</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)

The results imply that most of the small tea farmers are people with families who depend on them and that the young people who are single have abandoned tea enterprises to other more beneficial avenues.

Recommendations

Enterprise Characteristics in Sustainability of Small Tea Enterprises

Small tea enterprises contribute significantly to the economy of the country and are an important sector. These farmers are not shielded from factors that influence other small businesses. The tested hypothesis of the study, “The Enterprise characteristics of the firm have an impact on sustainability of small scale tea enterprises in Kenya” was supported. This implies that the size
of the enterprise, location, ownership and years in operation had a significant influence on sustainability of the small tea enterprises in this study.

From the study findings in Table 4.10, 71 per cent of the respondents had less than an acre of land under tea, which has greatly contributed to their low income of less than Ksh20,000 per year (Table 4.8). The low acreage has been due to land sub-divisions, which has negatively impacted on the volume of tea output in the area under cultivation.

The size of the tea enterprise was significant at 0.008 from the results of regression and agreed with Spence (1999); Mwaura et al., (2007); Frese et al., (2007) and Kagira et al., (2012) among other studies done that size matters and in this case the influence of land size on tea output. These studies emphasize that size of the enterprise matters. Keeping the same land size or at least increasing it is a big challenge to farmers and may hold the future sustainability of tea enterprises in the balance. The study found that majority of the smallholders had subdivided their land into small uneconomical land strips below one acre. The finding did not support the findings of Kaberi (2013) that encouraging smallholder farming improves the well-being of the household in India.

In Kenya, encouraging small tea holdings has a negative impact on the wellbeing of households in the long run due to land subdivision. The assumption that the brain behind the business aims at making a profit while committing resources makes economic sense but the findings of the study that many small tea enterprises owner continue with the cultural practice of reducing the size of business through land subdivision which makes no economic sense in cases where the farms are so small. This supports the philosophy of the study that searched for a reason why people in small tea enterprises are living in poverty. This could explain part of this problem. An alternative way other than land subdivision could see small tea entrepreneurs stay in business profitably. Shareholding concept can be introduced that can replace subdivision with amalgamated management of small tea farms.

The study established (Table 4.13) that 79 per cent of the farmers interviewed wholly owned their land hence continue to influence decisions on tea proceeds and leasing of the farm as supported by Table 4.14, which shows that 32 per cent supported the trend of leasing their farms, a new phenomenon. The study findings were in agreement with Huque (2007); Kagira et al., (2012) who found out that ownership of tea enterprises was a predominantly male affair but labour was provided by women who did not share in decision making on finance and expansion of the tea enterprise. Thus, from the study, enterprise characteristics significantly influence the sustainability of small tea enterprises in Kenya.

KTDA should be able to devise better and clear channels of communication, which would give every tea farmer the right to information and knowledge. They should also organize forums for field and extension services to farmers to improve on management of their tea enterprises. In addition, the tea industry should reconsider establishing a credit facility, which would serve the financial needs of tea enterprises with more farmer-friendly terms. This would enable the farmers to reduce the cost of credit and financial burden and help them improve their tea farms. Farmers should be trained on how to keep financial records and manage their finances.

A new way of grading tea should be encouraged based on taste instead of the number of leaves to be picked. The best tasting tea should fetch best prices and this should go to a specific farmer responsible in producing the tea.
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