



**INFLUENCE OF PERCEIVED OWNERS' PRESSURE ON INNOVATION IN THE TEA SUBSECTOR IN KENYA**

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## ABSTRACT

Tea subsector in Kenya is very critical to the overall economy. It is one of the major foreign exchange earners and supports 10 % of the Kenyan population. The viability of the tea subsector however has been under threat in the recent past. The subsector has experienced declining margins due to the double impact of rising cost of production and drop in global tea prices. The main driver of the cost of production in tea business is the wage bill as the tea crop is largely labour intensive. Since innovation has been identified as one of the vehicles that make organizations achieve competitiveness, the tea industry in Kenya has identified a type of process innovation which is comparatively cheaper i.e. mechanical tea harvesting technology to mitigate the high labour cost. The perplexing thing however is that the uptake of this technology is low despite its cost advantages. This study therefore provided an opportunity to empirically test the theoretical basis of this contradiction and also identify the drivers of innovation by seeking to establish the influence of perceived owner stakeholder pressure on innovation in the context of adoption of mechanical tea harvesting technology in Kenya's tea subsector. In the study, diagnostic survey research design was employed as it was the most appropriate because it was about relationship or associations between variables. The target population was all tea plantation firms in Kenya with managers in charge of these business units being the respondents. A census enquiry was used due the small nature of the target population. Data collection was done using a semi-structured questionnaire that targeted both quantitative and qualitative data. Data processing and analysis employed content analysis for qualitative data and logistic regression analysis for the quantitative. The results of the study indicated perceived owners' pressure was positively significant at 5% level of significance. The beta coefficients were 3.043 whereas p values were 0.001. The goodness of fit based on Nagelkerke R square of the individual models was 0.588. The findings suggest that managers in the tea subsector in Kenya perceive owners as a very important stakeholder group to consider in decisions of innovation in the context of mechanical tea harvesting technology. The findings are in consonance with expectation from both theory and past empirical research which envisage a significant positive relationship between owners and innovation.

**Key words:** Stakeholder pressure, Perceived owners pressure, Innovation, MTH technology, Adoption

### **Background of the study**

Change is inevitable if businesses have to remain competitive. Organizations require novel ideas on product or services they offer. Johannessen (2009) argued that adoption of innovation may lead to improved operational efficiency, creation of better working practices, competitive advantage and flexibility that ensures sustainable development of companies in a dynamic changing business environment. Macgregor and Fontrodana (2008) argue that since customers and society have become extremely sensitive to the perceived ethical behaviour of organizations, companies must, in order to be to be successful and innovative today, consider the social and environmental impact of their operational processes, stimulate employees to be creative, and collaborate with their customers, suppliers and other business partners in designing and developing new products and services.

The business environment comprises of several players whose interests are often conflicting. Schiavone (2012) opines that new changes in an organization have to be filtered in these groups through discourse and negotiations. If the change does not fit into interests and values of the group, adoption is likely not to be feasible. Decisions, especially those that bring radical changes in the way business is run therefore need to incorporate the views of those who stand to be affected by the decisions if successful implementation of change has to occur. Since owners stand to be affected, the study sought to explore the influence of their perceived pressure on innovation in the tea subsector in Kenya.

### **Statement of the problem**

The tea subsector is one of the main drivers of the economic growth in Kenya. It contributes to about 2.5 percent of GDP in Kenya (RoK, 2015). Tea is also the leading foreign exchange earner in Kenya. The

greatest challenge in the tea subsector however is the high labour cost which constitutes about 55 percent of total cost of production out of which 75 percent relates to the manual harvesting of the crop (van de Wal, 2008). RoK (2015) shows that Kenyan tea prices declined by 23% between 2011 and 2014. The high labour cost coupled with declining tea prices as observed by Ongong'a and Ochieng (2013) depicts declining profitability trend and spells doom to the livelihoods that depend on the subsector. The tea subsector however, has identified innovation as an intervention of taming the declining profitability. This is through adoption of mechanical tea harvesting technology (van de Wal, 2008). The technology which is largely a process innovation is relatively labour efficient. A comparative analysis shows that mechanical tea harvesting technology is approximately 50 percent cheaper compared to the alternative manual tea harvesting (Maina & Kaluli, 2013). The uptake of this technology however, is surprisingly low and stands at 32 percent of the total crop harvested in tea plantation segment (Misoj & Wario, 2014).

Extant literature shows that management decisions in organizations are actually a reflection of stakeholders' interest which at times conflict (Freeman, 2004). New changes in an organization have to be filtered in these groups through discourse and negotiations. If the change does not fit into interests and values of the group, adoption is likely not to be feasible (Schiavone, 2012). Furthermore, the decision to adopt a particular innovation may vary between stakeholders because individual stakeholders may disagree on the costs and benefits involved. One of the important stakeholder groups is owners of the organization and this study therefore sought to establish the influence of perceived owners' pressure in innovation in Kenya's tea subsector in the context

of adoption of mechanical tea harvesting technology.

### **Research Objective**

To establish how perceived owners' pressure influences innovation in the tea subsector in Kenya

### **Research Hypothesis**

H<sub>0</sub>: Perceived owners' pressure do not influence innovation in the tea subsector in Kenya.

## **LITERATURE REVIEW**

### **Theoretical review**

The research was based on three overarching theories for the independent variable of perceived owners' pressure i.e. the attribution theory that was used to explain management perception, stakeholder theory used to identify owners as a stakeholder group and resource dependence theory which was used to explain the source of owners' pressure.

### **Attribution Theory**

The attribution theory is the basis of perception and explains that people interpret behaviour in terms of its causes and that these interpretations play an important role in determining reactions to the behaviour. It further points out that antecedents of attributions are prior information, the individual set of beliefs and motivation (Kelley & Michela, 1980). The attribution is affected by information about the consequences of the action as these are compared with the consequences of other actions. Secondly, the attribution is affected by the perceiver's beliefs about what others would do in the same situation. Thirdly, attribution has to do with motivation. If the action affects the perceiver's welfare, there is a greater likelihood a disposition will be inferred from it. This occurs because the impact on the perceiver's welfare becomes a focal effect to which the other

effects are assimilated. The perceiver's motivation is believed to affect the processing of information about action. Child (1972) suggests that perceptions are responsible for the choices which managers make in fitting the organization and its environment. Following Child's argument, it can be deduced that the way management perceive stakeholder pressure of owners therefore can determine the choices of management with regard to innovation.

### **Stakeholder Theory**

Stakeholder theory can be understood to be a model that seeks to describe what a corporation is, a framework for examining linkages between practice of stakeholder management practice and performance and stakeholders as persons or groups with legitimate interests which are of intricate value (Donaldson & Preston, 1995). Stakeholder theory therefore views a corporation as an organizational entity through which numerous and diverse participants accomplish multiple and not entirely congruent purposes. Since the conflicting interests have to be managed, it follows therefore that the key attribute of stakeholder management as envisaged in stakeholder theory is the attention to legitimate interests of appropriate stakeholders in decision making.

The study seeks to borrow from Freeman (1984) generic stakeholder groups model and as applied by Agle *et al.* (1999) i.e. shareholders, employees, customers, community and government bodies as groups who have interests in the firm and that the interests may conflict in the process of adoption of technology in the tea subsector in Kenya thus affecting the uptake of the technology. The basis of stakeholder group identification and prioritization is the stakeholder core attributes of power, urgency and legitimacy as posited by Mitchel, Agle and

Wood (1997). Mitchel *et al* (1997) defines power as the stakeholder's ability to influence the firm's behaviour whether or not it has a legitimate claim, whereas legitimacy of a claim on a firm is based upon contract, exchange, legal title, legal right, moral right, at risk status or moral interest in the harms and benefits generated by company actions. The attribute of urgency on the other hand is the degree to which a stakeholder's claim calls for immediate action.

### **Resource Dependency Theory**

Pfeffer and Salancik (1978) developed resource dependence theory which is based on the notion that environments are the source of scarce resources and organizations are dependent on these finite resources for survival. Pfeffer and Salancik argued that organizations are coalitions of varying interests and are "other directed" or controlled by those who control critical resources. The domination of a visual field therefore will likely be associated with critical resources. This is because power accrues to a group or coalition with access to such resources. Gaining approval or implementing successful change is largely dependent on who has the control of resources.

Whereas the stakeholder theory therefore seeks to answer the question of who are the stakeholders and what are their demands, Frooman (1999) merged the stakeholder theory and resource dependency theory in order to respond to a pertinent issue of how the stakeholders will go about getting these demands. The application of resource dependence theory by Frooman was based on the proposition that the types of influence strategies that stakeholders apply can be understood in terms of resources and that a determinant of the choice of strategies will be the type of resource relationship the firm and

stakeholder have and where the balance of power lies within that relationship.

This study relied on Frooman (1999) argument in establishing the link between stakeholder pressures on innovation decision. The pressure of stakeholders will depend on resources they hold and that resource dimension of a relationship is critical because power stems from it. It can be argued that since owners or shareholders of the organization control resources, there is bound to be a high likelihood that they would approve actions that will benefit them more. This conception therefore prompted the research hypothesis which is "Perceived owners' pressure does not influence innovation in the tea subsector in Kenya".

### **Independent variable of perceived owners' pressure**

According to Jensen (2000), a vocal champion of the shareholder wealth maximization, wealth maximization does not mean that firms should completely neglect stakeholders. However, Jensen warns against allowing managers too much discretion with regard to allocating resources to satisfy a broad group of stakeholders. His admonition stems from a mistrust of managers and their propensity to allocate resources according to their own desires at the expense of efficiency. He also argues that shareholders should be given the most importance in managerial decisions because they are the only constituency of the corporation with a long-term interest in its survival. The argument can be easily criticized as shareholders can easily sell their stock at any time and reinvest in another company.

Owners as an important group of stakeholders in a firm expect a fair return on their investment. Zakić *et al.* (2008) in their review of external and internal factors affecting the product and business process

innovation, opine that a company will pursue innovation if it expects to benefit from it. Ndah, Schuler, Uthes and Zander (2010) in their overview of adoption modeling approaches assert that social system or culture therefore can inhibit or drive adoption. Organization's culture depends on the founders or owners of the organization. Brown, Earle, Vakhitova, and Zheka (2010) in a study on innovation, adoption, ownership, and productivity in Ukraine in which they used Tobit regressions pointed out that despite extensive research on how firm performance varies with ownership types and corporate governance having been done, the channels through which some owners and institutions produce superior performance is quite limited. Brown *et al.* (2010) further argue that some owners and governance arrangements may better facilitate investment choices or implementation, resulting in higher levels of investment or higher returns and hence superior performance. Furthermore, owners can facilitate organizational change and provide trained managers.

### **Dependent variable of Innovation**

Crossan and Apaydin (2010) provide a comprehensive definition of innovation as the production or adoption, assimilation, and exploitation of a value-added novelty in economic and social spheres. They further view innovation as the renewal and enlargement of products, services, and markets; development of new methods of production; and establishment of new management systems. OECD (2005) defines innovation as the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations. In both cases innovation is viewed as a process and an outcome.

Empirical studies demonstrate that innovative firms show higher profits, higher market value, better credit ratings, higher market share, and higher probabilities of survival in the market (Foss, Laursen & Pedersen, 2011). The ultimate reason for innovation in an organization therefore is to make profit. The contribution of new technology to economic growth can only be realized when and if the new technology is widely diffused and used. Diffusion itself results from a series of individual decisions to begin using the new technology, decisions which are often the result of a comparison of the uncertain benefits of the new invention with the uncertain costs of adopting. Rodgers (2003) argued that all firms or individuals who get exposed to technology must make a decision about whether to adopt or reject. This can be one instantaneously or through a process. Adoption of technology can therefore be seen as the cumulative or aggregate result of a series of individual calculations that weigh the incremental benefits of adopting a new technology.

This study looks at process innovation in the tea subsector in Kenya in the context of adoption of mechanical tea harvesting technology. Harvesting of tea involves the removal of the tender, growing shoots from the surface of the tea bush. For the purpose of capturing the dependent variable of innovation, this study built on the construct for measuring process innovation on the basis of criterion which was conceptualized and used in previous empirical studies of innovation such as Zerenner (2008) and Gammal, Salah and Elrayyes (2011) that used sales volume of the new product. This however had a slight modification to suit the tea industry and nature of innovation as captured by Misoi *et al.* (2015). To aid in the analysis, the variable of innovation was collapsed into a binary variable of adoption and non adoption of

mechanical tea harvesting technology following Freeman's (2003) definition of innovation. The adopters of MTH (technology) were assigned a dummy variable of 1 whereas the non adopters were assigned a dummy variable of 0.

## **RESEARCH METHODOLOGY**

### **Research design**

The design applied in this study was diagnostic survey design. It is the most appropriate because it is concerned with associations or relationships between variables. It seeks to minimize bias, utilize largely a structured instrument and apply a preplanned design for data analysis. Also, the study sought to obtain information that describes existing phenomena by asking individuals questions about their perceptions as well as explaining the status of two or more variables at a given point.

### **Target population**

Population refers to the entire group of people or things of interest that the researcher wishes to investigate (Kothari & Garg, 2014; Sekaran, 2010; Mugenda & Mugenda, 2003). The target population therefore was all plantation tea estates in Kenya because of their potential to adopt mechanical tea harvesting technology.

### **Census enquiry**

Owing to the small nature of the population i.e. the 55 plantation estates, the study adopted the census enquiry approach following Kothari and Garg (2014) who suggested that if the target population is not so large, census survey may provide better results than sample surveys.

### **Data collection instruments**

In this study, the primary research data was collected using questionnaires. The questionnaires consisted of structured and open ended questions.

The questionnaires were hand delivered to the respondents, who read, understood and filled them appropriately. Once administered, the questionnaires were collected, checked for completeness and consistency and coded.

### **Operationalization of variables**

Perceived owners' shareholder pressure was measured through a perception scale which captured stakeholder attributes of power, urgency and legitimacy as envisaged by Mitchel *et al.* (1997). The respondents scored the attributes based on their opinions on the extent in which they agree with the statements.

### **Data processing and analysis**

All qualitative responses were analyzed using content analysis whereas descriptive and inferential statistics was used for the quantitative variables. The statistical package for social sciences (SPSS) was employed in the analysis. The quantitative data was summarized using the descriptive statistics of means and the standard deviations and also through inferential statistics i.e. correlation and logistic regression analysis.

## **RESULTS AND DISCUSSION**

### **Response Rate**

Forty nine questionnaires were hand delivered to tea plantation estates across the Kenya tea industry. This excluded 6 estates which had been used to carry out the pilot study. 35 were successfully filled and returned giving a response rate of 71% as indicated in Table 4.1. This was deemed adequate for the study based on Neuman (2000) and Mugenda and Mugenda (2003) who opined that response rate of above 50% is adequate for a survey study. In fact, Mugenda and Mugenda suggested that 50% response

rate is adequate, 60% is good and above 70% very good for a survey study.

**Dependent Variable: Innovation**

The adopters of the technology were assigned a dummy variable of 1 whereas the non-adopters were assigned a dummy variable of 0. The collapsing of the variable into groups of adopters

**Table 1: Innovation (MTH technology Adoption)**

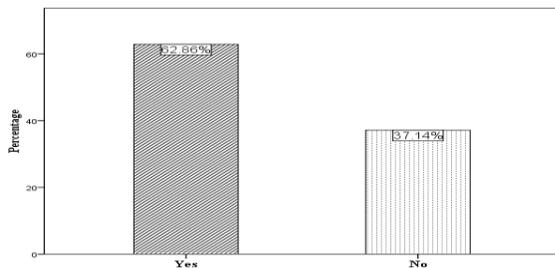
Innovation	Frequency	Valid Percent
Non Adoption of MTH = 0	14	40.0
Adoption of MTH = 1	21	60.0
Total	35	100.0

**Independent Variable: Perceived Owners' pressure**

A question was put to the respondents to give their opinion on whether ownership type based on level of foreign shareholding, influences the firm's decision on adoption of MTH technology. 62.86% answered in affirmative whereas 37.14 gave negative response as shown in Figure 1. Qualitative analysis of the affirmative responses indicated varied reasons. First, some respondents argued that in the case of locally owned firms, one of the overriding business objectives was to provide jobs. This objective therefore constrained management in pursuing innovation in the area of MTH technology as this was seen as working against this specific objective of the firm. This observation was in line with Jacobs *et al.* (2013) who argued that a key external threat to success of organizational change is legitimacy erosion. Secondly, for firms that were mostly or wholly owned by foreigners, it was argued by the respondents that the overall strategy of such firms was to improve their profitability and therefore pursuing of technology was seen as the obvious thing to do. This argument by the respondents agrees with Zakić *et al.* (2008) who in their review of external and internal factors affecting the product and business process

and non-adopters easily lent itself to the use logistic regression model. As shown in Table 1, 14 plantation estates representing 40% had not embraced the MTH technology whereas 21 estates representing 60% had embraced. The transformed variable of innovation formed the basis of further analysis with the independent variables in which the logistic regression model was used.

innovation, opined that a company will pursue innovation if it expects to benefit from it. The respondents furthermore saw mechanization as gaining currency globally due to its cost reduction benefits. Foreign companies were seen to have piloted the innovations in search of best ways of doing business. This view by the respondents also corroborated the suggestion by Crispi *et al.* (2007) that foreign owners have more experience using high technology and organizational practices that best suit it. The respondents whose views on influence of ownership type on innovation was negative, however argued that mechanical tea harvesting was a sound business decision and did not depend on the ownership of the firm. Some respondents however opined that local firms lacked knowledge on MTH technology thus being indifferent to the technology, a view that still further buttresses the argument by Crispi *et al.*



**Figure 1: Respondents opinion on influence of ownership on innovation in tea subsector in Kenya**

**Management perceptions of owners’ pressure**

Questions were posed to the respondents on how they perceived owners pressure. To this end different statements relating to innovation in form of questions reflecting owners attributes of power,

urgency and legitimacy were put to the respondents. The respondents were required to indicate the extent to which they agreed with the statements. The scores ranged from 1 to 5 with the lowest score of 1 representing the lowest perceived pressure whereas the highest score of 5 representing the highest perceived pressure. Rating above 3 was considered to be an indicator of high owner stakeholder pressure whereas rating below 3 was considered to indicate low stakeholder pressure of the owners. The outcome of the management perception on owners’ pressure is shown in Table 1. The overall descriptive mean for owners pressure was 3.99 with a standard deviation of 0.703 as indicated in Table 2.

**Table 2: Descriptive statistics summary for perceived owners’ pressure**

Variable	N	Mean	Std. Deviation
Perceived Owners’ Pressure	35	3.99	0.703

**Innovation and Perceived Owners Pressure Correlation**

Pearson *r* correlation was then carried out between innovation and owner’s pressure. Table 3 indicates

that there was a strong correlation between owners’ pressure and innovation with Pearson correlation of 0.699 that was significant at 5% level of significance.

**Table 3: Innovation and perceived owners pressure correlation**

		Innovation	Owners Pressure
Innovation	Correlation Coefficient	1.000	0.699*
	Sig. (2-tailed)	.	0.000
	N	35	35
Perceived Owners Pressure	Correlation Coefficient	0.699*	1.000
	Sig. (2-tailed)	0.000	.
	N	35	35

\*. Correlation is significant at the 0.05 level (2-tailed).

A Further test to confirm the significance of association between innovation and perceived owners pressure was conducted using t test. The t test was used to compare the means of ratings of the perceived owners' pressure between the non-

adopters and the adopters of MTH technology innovation. The means as shown in Table 4 of non-adopters of MTH technology was 3.393 whereas that of adopters was 4.381. The hypothesis to test was that the two means are equal.

**Table 4.4: Perceived owners pressure group statistics**

Innovation	N	Mean	Std. Deviation	Std. Error Mean
Non adoption of MTH = 0	14	3.393	0.612	0.164
Adoption of MTH =1	21	4.381	0.432	0.094

**Logistic Regression of Perceived Owners' Pressure and Innovation**

Logistic regression analysis was carried out to establish the nature and the strength of association. The dependent variable of innovation was dichotomous i.e. the adopters of MTH technology and the non-adopters. Logit model is based on a binary distribution where there are two possible outcomes. The possible outcomes in this study was defined as Y=0 (Non adoption of MTH technology), or Y=1 (Adoption of MTH technology). X was used to denote the vector of independent variable of perceived owners' pressure. Based on Košmely & Vadnal (2003), the binary logistic regression gives the probability of Y=1 given X and is expressed as follows;

$$P(Y = 1|X) = \frac{1}{1 + \text{Exp}(-\beta X)}$$

By solving this equation Y, the form for the binary logistic regression model is obtained;

$$\ln \frac{P(Y = 1|X)}{P(Y = 0|X)} = \text{logit}(Y) = Z = \beta X$$

**Table 5 : Model Summary**

-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
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$Z = \beta X$  is the linear predictor where X is the predictor variable and  $\beta$  is the respective coefficient.

The logistic regression was run and used to estimate the likelihood of adoption of MTH technology innovation by a firm given the levels of perceived owners' pressure as captured in the likert scale. The model was for perceived owners pressure was thus;

$Z_{POP} = \beta_k + \beta_{POP} X_{POP}$ , where;  $Z_{POP}$  is the natural logarithm of the odds ratio,  $\beta_k$  is the constant and  $\beta_{POP}$  is the coefficient of perceived owners' pressure variable and  $X_{POP}$  is perceived owners pressure rating which rangers from 1 to 5 as per the likert scale. Rating of 1 was the lowest pressure whereas 5 was the highest pressure.

The model summary in Table 5 show a Nagelkerke R square of 0.588 which means that the perceived owners' pressure can explain up to 58.8% of the variation.

27.125

0.435

0.588

The logistic regression analysis in Table 6 indicates a p value of 0.001 which is less than the alpha of 0.05. This implies that the null hypothesis that perceived owners pressure does not influence innovation in

the tea subsector in Kenya is rejected. The beta coefficient value of 3.043 indicates that owners' pressure positively influences adoption of MTH technology.

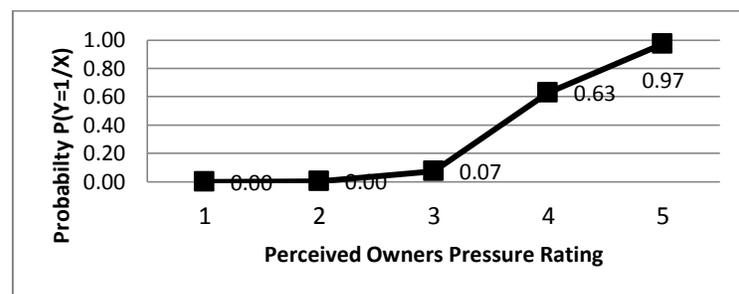
**Table 6: Logistic regression analysis of perceived owners pressure**

	B	S.E.	Wald	df	Sig.	Exp(B)
Perceived Owners Pressure	3.043	0.936	10.571	1	0.001	20.960
Constant	-11.649	3.768	9.555	1	0.002	0.000

The logit model for predicting adoption of MTH technology innovation using perceived owners' pressure takes the form  $logit(Y) = Z = \beta_k + \beta_{POP}X_{POP}$  and the fitted model for predicting innovation in form of adoption of MTH technology is thus;

$$logit(Y) = Z = -11.649 + 3.043X_1$$

Using the fitted model, probabilities of adoption of MTH technology innovation given various ratings of owners' pressure was computed and presented graphically as shown in Figure 4.2 to aid in the interpretation of results. The curve depicts a positive relationship between perceived owners pressure and innovation. It can be observed from figure that the probability of adoption of MTH technology innovation given a high perceived owners pressure rating of 5 is 0.97. On the other hand, the probability of adoption given a low perceived owners' pressure of 1 is 0.00.



**Figure 2: Probabilities of adoption of MTH technology innovation given levels of perceived owners' pressure**

The findings corroborate the results of Baldwin and Sabourin (1999) who established that foreign ownership has a relevant influence on process innovation. It also agrees with findings of Brown *et al.* (2010) who argued that some owners and governance arrangements may better facilitate investment choices or implementation. The outcome is also in consonance with Misoi *et al.* (2015) who specifically observed that firm with foreign ownership have a higher likelihood to pursue innovation than a local firm.

## **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **Summary of the findings**

The study sought to establish the influence of owner's pressure on innovation in the tea subsector in Kenya. The findings indicated that there is a strong positive correlation between owners' pressure and innovation with Pearson  $r$  of 0.699 that was significant at 5% level of significance. The results from logistic regression indicate a positive significant relationship between perceived owners pressure and innovation. The model had a goodness of fit of 58.8% since the Nagelkerke  $R$  square was 0.588. The beta coefficient was 3.043 and a  $p$  value of 0.001. The  $p$  value was lower than critical alpha of 0.05. From the fitted model, the estimated probability of a firm in the tea subsector adopting MTH technology innovation given a perceived owners' pressure low rating of 1 is 0.00 whereas the estimated probability of a firm in the tea subsector adopting MTH technology innovation given a perceived owners' pressure high rating of 5 is 0.00. The finding on this first objective of the study is that perceived owners' pressure positively influence innovation in the tea subsector in Kenya.

### **Conclusion**

Based on previous studies, owners' pressure was expected to be positively related with innovation. The output on this variable was in line with this expectation. It can be concluded that owners has have a big say with regards to innovation in this subsector and management cannot afford to ignore their opinion whenever they are considering decisions relating to innovation in the context of mechanical tea harvesting technology. The study also vindicates the resource dependency theory by Pfeffer and Salancik (1978) who argued that

organizations are coalitions of varying interests and are "other directed" or controlled by those who control critical resources. Owners being the controllers of resources therefore have a major say on the strategic direction of the firm.

### **Recommendations**

Arising therefore from the study finding that perceived owners' pressure significantly influences the innovation in the tea subsector in Kenya, the stakeholder group is viewed as very critical in the adoption of the MTH technology and therefore its views must be taken on board. Managers in the tea subsector in Kenya ought to pay a lot of attention to what the owners say with regards to innovation. The pressure from owners for adoption of MTH technology as perceived by managers is high. Owners however need to consider other factors so as to have a sustainable business and not be wholly driven by the need to have huge financial returns.

### **Suggestions for further research**

- The study sought to establish the influence of perceived stakeholder pressure on innovation in the tea subsector in Kenya. The study looked at perception of the stakeholder pressure as perceived by managers thus looking at the perception from the lenses of the management only. A more wholesome approach that encompasses the opinions from the stakeholders themselves could help to further validate the findings.
- The study also limited itself to innovation in the context of process innovation and specifically mechanical tea harvesting technology yet innovation comes in various forms. Further research can therefore be pursued on how owner's pressure affects other forms of innovation in the tea subsector.

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