

Fairtrade Practices and Performance of Certified Small Tea Producer Organizations in Kenya

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ABSTRACT

The fair trade practices concept strives to guarantee equitable compensation for producers in developing countries, grounded in the principles of integrative social contract theory, which emphasizes mutual benefits, fairness, and respect for human rights across global supply chains, empower producers, and promote sustainable development through ethical trade practices. One of the specific objectives of the study was to determine the impact of fair trade practices on the performance of FT-certified small tea producer organizations. The study employed a descriptive cross-sectional research design, gathering primary data through semi-structured questionnaires from a total of 67 small tea-producer organizations in Kenya. This included all small tea producer organizations within the Kenya Tea Development Agency (KTDA), operating across 17 counties where tea cultivation takes place and serving 560,000 smallholders in Kenya. Data analysis involved both descriptive and inferential statistics. The findings revealed that fair trade practices significantly influence the performance of certified tea producer organizations, establishing a noteworthy association between the two variables. This study contributes to theory, policy, and practice concerning the relationship between performance and fair trade practices in the context of small tea producer organizations.

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1. INTRODUCTION

Fair trade practices broadly refer to the influence, positive or negative, that fair trade principles might exert on organizational performance or subsequent behavior regarding a product (Becchetti & Constantino, 2008). The concept is premised on the integrative social contract theory, which focuses on the rise of global business stemming from the convergence of economic conditions worldwide. The concept is premised on the integrative social contract theory, which focuses on fostering agreements that ensure mutual benefits, fairness, and respect for human rights among stakeholders across diverse global contexts. This theory emphasizes the development of ethical norms and practices that promote sustainable relationships and equitable outcomes within communities and organizations. (Bacon & Christopher, 2010). The integrative social contract theory views global marketing activities as potential sources of new revenue streams and enhanced profitability facilitated by market diversification (Besser

& Miller, 2011). Within this framework, various sub-theories contribute to understanding and implementing ethical business practices. For instance, instrumental theory (Van der Veen & Duhem, 1996) and stakeholder theory (Freeman, 1984) are anchored in the integrative social contract theory, focusing on different aspects of organizational ethics and stakeholder management. Since the 1980s, integrative social contract theory has been exploring the impacts of certification, organizational performance, and fair trade practices (FINE, 2001). The theoretical foundation of the fair trade concept lies in how consumers perceive certified brands as indicators of quality and acceptability (Edelman & Swan, 2009). This ongoing exploration underscores the theory's relevance in understanding organization performance, organizational strategies, and ethical considerations in global markets.

Much as the small tea producer organizations in Kenya have been of strategic economic significance with regard to employment creation and poverty reduction since Independence in 1963 (Blowfield et al., 2010), it has been

facing various economic challenges, among them mismanagement, lack of investment, termination of regional trade treaties and competition from other tea producing countries regionally and globally. Efforts to revive the sector, among them the diversification initiative and the tea reforms by the government, apparently have not yielded significant results.

2. LITERATURE REVIEW

While several studies have demonstrated that the phenomenon of fair-trade practices influences organizational performance (Nunn, 2014; Pratano, 2018), others (Raynolds, 2012; Dai & Zhao, 2015) have argued that these effects may not exist or, if they do, they are relatively minor compared to other influences on organizational performance. Furthermore, some studies (Nathan, 2011; Giovanni, 2016) have produced mixed results regarding the influence of fair trade practices, suggesting that ethnocentrism may counteract potential benefits to organizational performance. In the African region, including Kenya, few studies have specifically examined product origin and fair trade practices (Lorenzo & Jaffe, 2007; Varrie & Barry, 2009). Specifically within Kenya, studies such as those conducted by Mwangi (2001) have addressed these themes. Additionally, much of the existing research (Oloo & Wanyama, 2017) within the Kenyan tea sector has focused on the socioeconomic effects and challenges associated with fair trade initiatives, shedding light on the complexities and impacts within the country.

2.1. Problem of Research

There is, therefore, a need to have a better understanding of all factors affecting the small tea producer organization in order to address them expeditiously. These factors include the influence of trade practices, which has not yet been adequately studied, notwithstanding the significant contribution the phenomenon has in influencing organizational performance, as attested to by research conducted elsewhere. Despite the existence of numerous studies, the degree and method of fair-trade practices influence remains unresolved, resulting in an apparent lack of a coherent conceptual framework on the construct. Notwithstanding the historical, political, social, and economic differences between developed and developing countries, most trade certification studies have been undertaken in advanced economies using a single or, at most, two variables. To increase theoretical knowledge of fair trade in developing countries such as Kenya, further research is crucial regarding the psychological mechanisms that underlie how a product certification, whether local or foreign, affects organizational performance in these markets. This includes examining how consumers perceive and value certifications, their trust in the certifying bodies, and the cognitive processes that influence their purchasing decisions. Understanding these psychological factors can provide insights into how certifications impact brand loyalty, consumer trust, and overall market performance. Enhancing knowledge of local fair-trade practices is equally vital. According to the concept of national

character, people in each nation exhibit distinctive, enduring patterns of behavior and personality characteristics (Clair, 2010). In Kenya, this might mean exploring how cultural values, traditions, and social norms influence the acceptance and effectiveness of fair-trade practices. For instance, communal values and the importance of social responsibility might affect how fair-trade initiatives are perceived and supported by local communities. Additionally, understanding local economic conditions and the role of agriculture in the Kenyan economy can help tailor fair-trade practices to meet specific local needs and challenges.

In organizational performance research, it is also necessary for marketers to have a clear understanding of the success factors, as the relative importance of each factor depends on the nature of the industry under consideration, the location, and the social characteristics of the consumers (Nunn & Qian, 2011). In Kenya's agricultural sector, which is a significant part of the economy, factors such as the quality of the product, ethical sourcing practices, and community development initiatives are of particular importance. Additionally, the geographic diversity within Kenya means that consumer preferences and priorities can vary significantly between urban and rural areas, requiring a nuanced approach to marketing and organizational strategies. Moreover, incorporating insights from behavioral economics can deepen the understanding of how fair-trade certifications influence decision-making processes. Factors such as the perceived benefits of fair-trade products, the influence of social networks, and the role of education and awareness campaigns can all play critical roles. By integrating these perspectives, research can offer more comprehensive strategies for enhancing the effectiveness of fair-trade practices and improving organizational performance in developing markets like Kenya. This approach can help ensure that fair-trade initiatives are not only well-received but also have a sustainable impact on local communities and economies.

To enhance knowledge about small tea producer organizations, it is essential to move beyond the socio-economic and managerial factors typically cited in studies on the tea sector's challenges. This can be achieved by incorporating global marketing and organization performance dimensions. Assessing the fair-trade practices affecting small tea producer organizations will provide insights into relevant factors within the fair-trade context and offer a new, valuable perspective that has been applied successfully in other parts of the world to understand the sector's challenges. This study aims to determine whether the effects of fair-trade practices exist and to what extent they, along with corporate social capital and market innovation, influence the performance of fair-trade-certified small tea producer organizations in Kenya. By doing so, it seeks to enhance the theoretical foundations of the fair-trade practice concept through an integrated approach that examines all key variables within a single research framework. This approach contrasts with previous studies that have typically investigated these variables individually or in pairs.

2.2. Research Focus

The study aimed to address the following research question: What impact do Fairtrade practices, corporate social

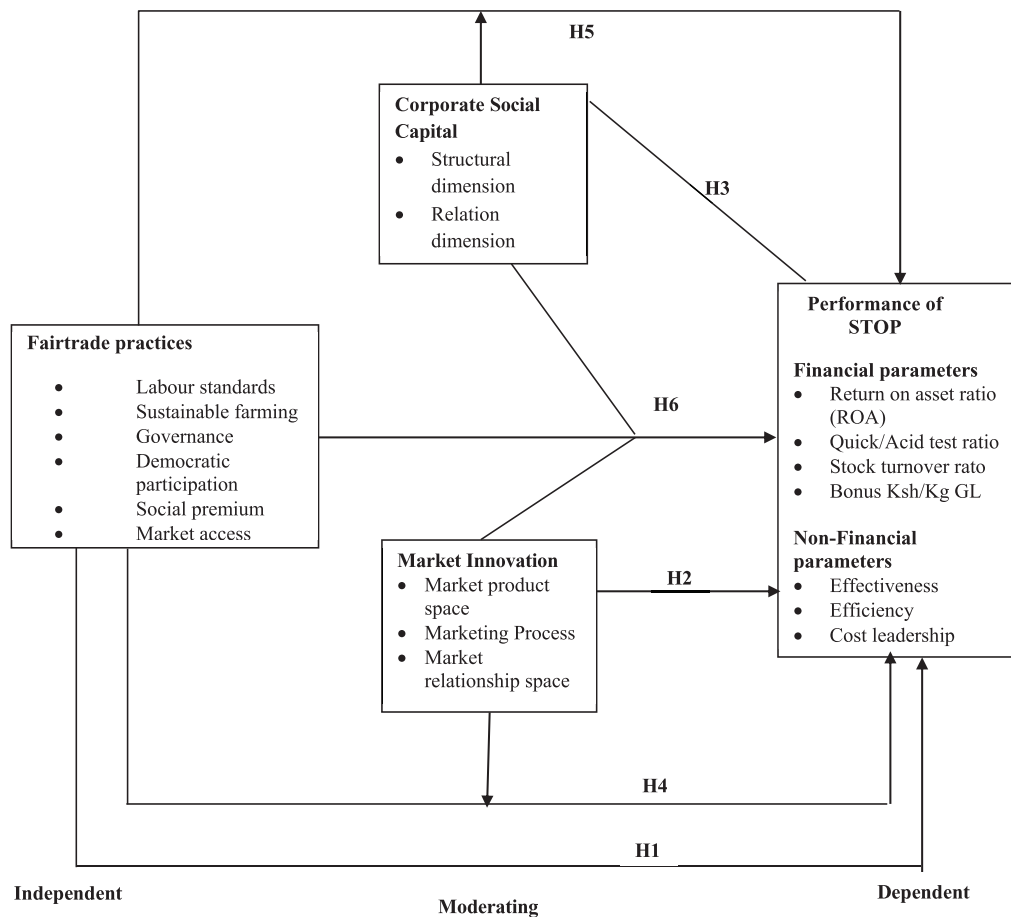


Fig. 1. Conceptual model. Source: Research, 2023.

capital, and market innovation have on the performance of certified small producer organizations in Kenya? A key objective of the study was to evaluate how Fairtrade practices influence the performance of these certified small producer organizations.

The conceptual model for this study is illustrated by examining the relationship between Fairtrade practices and the performance of small tea producer organizations (Fig. 1).

The study's objectives were addressed through the development of a conceptual model and associated hypotheses, which were derived from a thorough literature review and the Conceptual Framework. One of the hypotheses designed to achieve these objectives is:

H₁: Fairtrade practices do not have a significant influence on the performance of certified small tea producer organizations in Kenya.

3. METHODOLOGY OF RESEARCH

The chosen philosophy for this study is positivism, which is grounded in the principles of reason, truth, and validity. Positivism emphasizes the use of empirical evidence to test theories and validate hypotheses through objective observation and measurement. This philosophy aligns with the study's goals of achieving reliable and generalizable results through a structured research methodology. Positivism was selected for this study due to its focus on observable phenomena and its commitment

to scientific rigor. This approach operates under the belief that knowledge can be derived from empirical data and that objective reality exists independent of human perception. By adhering to the tenets of positivism, the study aims to establish clear, measurable relationships between variables and test theoretical concepts against empirical evidence.

In line with this philosophy, the research employed a deductive approach, which begins with established theories and hypotheses derived from existing literature. The deductive approach allows for the formulation of specific hypotheses that are then tested through systematic data collection and analysis. This method is suited to the study's objectives as it facilitates the exploration of pre-defined relationships and patterns in the data. The study utilized quantitative research methods to gather empirical data, which was analyzed to test the validity of theoretical propositions. This empirical approach ensured that the research was based on observable and measurable evidence, providing a solid foundation for evaluating hypotheses related to Fairtrade practices, corporate social capital, and market innovation. By focusing on hypothesis testing, the study aimed to contribute to the body of knowledge in a way that is both rigorous and replicable. Overall, positivism's emphasis on empirical evidence and hypothesis testing supported the study's objective to investigate the effects of Fairtrade practices and other variables on the performance of small tea producer organizations. The structured and objective nature of positivism provided a

clear framework for conducting the research and assessing the validity of the findings.

3.1. General Background of Research

The research employed a descriptive cross-sectional research design, chosen for its suitability in gathering data from the sampled subjects. This approach allowed for a snapshot understanding of the relationships between key elements within the organizational context at a specific point in time. According to [Cooper and Schindler \(2014\)](#), descriptive studies are particularly adept at revealing the characteristics and attributes associated with targeted populations. By utilizing a cross-sectional framework, the study aimed to achieve its research objectives effectively. Furthermore, the descriptive cross-sectional design enabled the researchers to collect data that captured a view of the variables under investigation within the organizational environment. This methodological choice is crucial as it provides insights into the current state of affairs, offering a broad perspective on how different factors interrelate. Such an approach facilitates the exploration of relationships and patterns across diverse organizational dimensions, thereby enhancing the depth of understanding required to address the research objectives effectively. Additionally, the temporal scope of the study allowed for an examination of these elements within a specific timeframe, providing valuable insights into their implications for organizational dynamics. This approach underscores the significance of adopting a descriptive cross-sectional design in this study.

3.2. Sample of Research

This study focused on all small tea producer organizations affiliated with the Kenya Tea Development Agency (KTDA), encompassing 17 counties where tea cultivation occurs and serving 560,000 smallholders across Kenya. These organizations are categorized into seven regions: Aberdare Ranges 1, Aberdare 2, Mt. Kenya, Highlands of Kisii and Kericho, Mt. Kenya & Nyambene Hills, and Nandi Hills & Western Highlands. The selection of this population was guided by KTDA's indication that these organizations are more likely to have implemented fair-trade practices. Within these specified regions, KTDA records for the year 2023 identified a total of 67 small tea-producer organizations in Kenya. A census study, where every member of the population is included, was deemed appropriate due to the population's relatively modest size. This decision aligns with the recommendations of scholars such as [Creswell \(2014\)](#), who highlight the suitability of census studies for small populations. Moreover, [Mugambi \(2021\)](#) argue that census studies offer valuable insights into specific populations, ensuring adequate coverage without overlooking any segment.

3.3. Data Collection and Procedures

Data for this study was collected from a blend of primary and secondary sources. Primary data was gathered using semi-structured questionnaires tailored for the provision of insights, while secondary data was sourced from audited annual reports and financial statements of small tea producer organizations (STPOs) affiliated with the Kenya Tea

Development Agency. The data covered the period from the financial year ending June 30, 2019, to enable a detailed trend analysis leading up to the financial year ending June 30, 2023. This approach facilitated a thorough assessment of the performance of STPOs over the specified timeframe.

3.4. Data Analysis

The study entailed examining, cleansing, and structuring data for investigation and strategic decision-making. Central to this effort were two primary analytical methodologies, descriptive analysis, and regression analysis, focused on the firm level to delve into organizational dynamics. A critical step in maintaining data integrity involves the identification and removal of outliers and incomplete data points during the initial data cleaning phase. The analytical framework unfolded across two distinct stages. Initially, descriptive analysis succinctly summarized data distributions, offering a foundational perspective on the core variables under scrutiny. This phase provided essential insights into the dataset's characteristics. Subsequently, the study engaged in regression analysis to probe deeper into the relationships between variables. Both multiple and simple regression techniques were employed to assess direct and indirect influences among the variables of interest.

Integral to the analysis were key statistical measures such as the coefficient of determination (R-squared) to quantify the impact of independent variables on the dependent variable and the F-statistic to assess the overall effectiveness of the regression model. Path analysis further explored causal relationships through bivariate and multivariate linear regression analyses, elucidating intricate connections among the variables. By integrating these analytical methods, the study aimed to uncover insights into the performance and dynamics of small tea producer organizations associated with the Kenya Tea Development Agency. This approach facilitated exploration of data trends and relationships, thereby enhancing understanding of the factors influencing organizational outcomes throughout the study period.

4. RESULTS OF RESEARCH

Primary data for this study were collected through the distribution of 67 questionnaires to identified small tea producer organizations, resulting in a response rate of 95.5% with 64 questionnaires returned. The high response rate was achieved through follow-up procedures, physically retrieving every dropped questionnaire and the endorsement of the study by the Kenya Tea Development Agency (KTDA) through a supportive letter. This collaborative effort sought the cooperation of small tea producer organizations, ensuring participation essential for the research. According to [Mugenda \(2013\)](#), response rates above 70% are particularly favorable for ensuring the reliability of data analysis and drawing meaningful conclusions from the findings.

The demographic analysis of respondents revealed significant insights into organizational tenure and operational history within the sector. Among male respondents,

68.7% had served 26 years or more, highlighting a predominant presence of experienced male leaders. In contrast, female respondents exhibited varied lengths of service, with 20.5% having served for 11-15 years and constituting 31.3% of all female respondents. Notably, no female respondents fell into the 26 years and above category, signaling a potential gender disparity in senior organizational roles. Approximately 1.6% of respondents represented younger firms with less than 10 years of operation, whereas a substantial 51.5% fell within the operational range of 20 to 50 years, indicating a significant number of well-established entities. Moreover, 46.9% of tea producer organizations boasted operational histories exceeding 51 years, underscoring their longevity and accumulated industry experience. This diverse organizational age profile prompts a deeper exploration of its implications for performance and strategic positioning. Sarvan (2013) suggests that older firms often leverage their extensive experience and established reputations to enhance industry standing and community relations.

Moreover, the study highlighted a strong emphasis on outreach activities, with 96% of organizations operating 11 or more buying centers and half of them managing 31 or more centers. Such extensive outreach underscores robust social performance, facilitating increased access to markets for tea farmers and contributing significantly to local economic development. This positive impact extends to the livelihoods of small-scale tea farmers and their communities, aligning with the study's focus on exploring the intersection of Fairtrade practices, organizational performance, corporate social capital, and market innovation among certified small tea producer organizations in Kenya.

The premise of this study was that Fairtrade practices do not have a significant influence on organization performance, with this relationship moderated by corporate social capital and market innovation of certified small tea producer organizations in Kenya.

Table I summarizes the findings related to the objective of determining the influence of Fairtrade practices on the performance of certified small tea producer organizations in Kenya. The hypothesis tested was that "Fairtrade practices do not have a significant influence on the performance of certified small tea producer organizations in Kenya." The Pearson's Product Moment Correlation coefficient (r) obtained was 0.654. This indicates a moderately strong positive correlation between Fairtrade practices and organizational performance. The value of R-squared (R^2) is 0.640, meaning that approximately 64% of the variance in organizational performance can be explained by Fairtrade practices. In statistical terms, the p-value associated with this correlation was 0.000, which is less than the conventional significance level of 0.05. This indicates strong evidence against the null hypothesis (H_1), suggesting that Fairtrade practices indeed have a significant influence on the performance of certified small tea producer organizations in Kenya. Therefore, based on the findings presented, the conclusion drawn is that H_1 , which hypothesized no significant influence of Fairtrade practices on performance, was not supported by the data. Instead, the analysis

suggests a clear and significant relationship where organizations embracing Fairtrade practices tend to exhibit higher performance levels. These results underscore the importance of Fairtrade principles in enhancing the operational outcomes and sustainability of small tea producer organizations in Kenya, as evidenced by the statistical analysis conducted on the primary data collected for this study.

5. DISCUSSION

In this study, the researcher constructed a conceptual framework based on existing literature on Fairtrade practices and empirically examined the relationships among variables pertinent to the hypotheses. The primary focus was on assessing how Fairtrade practices influence the performance of certified producer organizations in Kenya. The findings underscore a strong and statistically significant positive relationship between Fairtrade practices and organizational performance. Specifically, Fairtrade practices were found to explain 65% of the variance in organizational performance, as indicated by the high R-squared value of 0.640 from Pearson's Product Moment Correlation ($r = 0.654$). The strong correlation observed suggests that organizations embracing Fairtrade principles tend to achieve higher levels of performance. This aligns with expectations derived from prior research and theoretical frameworks in Fairtrade literature. Importantly, the majority of respondents reported that their Fairtrade-certified products are predominantly exported, with fewer organizations indicating dual sales channels (both local and international) and even fewer exclusively focusing on the domestic market. This distribution underscores the significant impact of Fairtrade certification on organizational performance, validating the initial hypotheses posited.

Furthermore, while most respondents demonstrated a comprehensive understanding of their market dynamics, with clear identification and ranking of target markets, there remains a possibility that a minority may overestimate their international market presence. This phenomenon could be influenced by perceptions of prestige associated with exporting products, potentially inflating the perceived impact of Fairtrade practices on organizational performance for some respondents. The study's findings substantiate the hypothesis that Fairtrade practices exert a significant and positive influence on the performance of certified small tea producer organizations in Kenya. The empirical evidence supports the notion that adherence to Fairtrade standards enhances market access, operational efficiency, and overall sustainability for small tea producers.

This study builds upon existing research by exploring the intricate relationship between Fairtrade practices and organizational performance. An important discovery was the identification of a robust and statistically significant connection ($R\text{-squared} = 0.409$) between Fairtrade practices and performance outcomes, particularly when evaluated using perceptual indicators. This suggests that organizations embracing Fairtrade principles not only achieve tangible improvements in performance metrics but also perceive a noticeable enhancement in

TABLE I: SUMMARY OF RESEARCH OBJECTIVE, HYPOTHESIS AND CONCLUSIONS

Objective	Hypothesis	Pearson's product moment correlation (r)	R	R ²	Levels of significance (p-value)	Conclusion
1. Determine the influence of fairtrade practices and performance of certified Small tea producers organisation in Kenya	H ₁ : Fairtrade practices does not have a significant influence on performance of certified small tea producer organizations in Kenya	0.654	0.640	0.409	0.000	H ₁ was not supported

Source: Research, 2023.

their overall performance quality. The impact of Fairtrade practices on organizational performance emerges as a notable phenomenon in this study. The extent to which an organization adopts and upholds Fairtrade values plays a crucial role in shaping collective behaviors among its members, thereby influencing long-term organizational success. This research underscores Fairtrade practices as a potent predictor of organizational performance, highlighting the importance of cultivating a fair and ethical corporate culture. By contributing to the ongoing discourse on Fairtrade practices, this study encourages further investigation and implementation of Fairtrade principles in the business realm. It situates its findings within a broader scholarly context, synthesizing supportive and conflicting evidence from various renowned studies. This analysis provides insights into the nature of Fairtrade practices and their profound impact on organizational success. Aligned with previous research by [Fort and Ruerd \(2009\)](#), [Adler and Kwon \(2012\)](#), [Batjargal \(2015\)](#), and [Huggins and Williams \(2009\)](#), which also established a positive relationship between Fairtrade practices and performance, this study reinforces the notion that Fairtrade serves as a valuable intangible resource crucial for achieving optimal organizational performance.

6. CONCLUSIONS

This section explores the implications of the research findings on theoretical advancements, policy formulation, and practical applications, aligning with the study's objectives and conceptual hypotheses. It focuses on how these findings contribute to advancing theoretical frameworks, shaping policy decisions, and offering actionable insights for practitioners. Additionally, the section critically examines the limitations encountered during the research process and proposes avenues for the future.

6.1. Theoretical Implications

The findings of this study raise several issues that have implications for the integrative social contract theory, instrumental theory, and stakeholder theory. The research aimed to assess the impact of Fairtrade practices on the performance of small tea producer organizations in Kenya, examining how this influence interacts with corporate social capital and market innovation. The results confirm the hypothesized direct relationship, demonstrating that Fairtrade practices significantly influence organizational performance. Moreover, from the perspective of a developing country like Kenya, the study identifies specific conditions under which organizational outcomes are

shaped by corporate social capital and market innovation. The theoretical contributions of this study enhance the current understanding of the Fairtrade practices construct, particularly within the context of unique behavioral dynamics present in developing markets such as Kenya. By delineating these relationships, the research provides valuable insights that extend theoretical frameworks and inform practical applications in Fairtrade initiatives. This understanding contributes to broader discussions on sustainable business practices and ethical frameworks in emerging economies, paving the way for further exploration and refinement of Fairtrade principles in diverse global contexts. As pioneering research on the fairtrade practices construct in Kenya, it has contributed a local dimension to the advancement of the integrative social contract theory by providing insights into how the fairtrade phenomenon influences organization performance with corporate social capital and market innovation factors playing moderating roles in the association. By adopting an integrated approach that examines all key variables simultaneously, this study has advanced the theoretical underpinnings of the Fairtrade concept. Unlike previous studies ([Lorenzo, 2016](#); [Markelova, 2009](#)), which typically focused on singular or paired variables, this research provides a framework that considers the interplay among Fairtrade practices, corporate social capital, and market innovation in shaping organizational outcomes.

From a methodological standpoint, the current study employed a dual approach, utilizing both primary and secondary data sources. The primary data findings were substantially supported by secondary data, facilitating a robust corroboration of analysis and findings, unlike many previous Fairtrade studies ([Deakins & Wyper, 2007](#); [Dragusanu & Nunn, 2014](#)). This methodological strategy ensured consistency and strengthened the study's premise that the Fairtrade practices phenomenon significantly influences organizational performance.

Specifically, the secondary data highlighted countries such as Egypt, the UK, Pakistan, Iran, and the United Arab Emirates as major importers of Kenyan tea, correlating with respondent mentions of these markets for small tea producer organization brands in the primary data. This convergence reinforces the reliability of behavioral insights derived from Fairtrade practices, as observed in the primary data analysis. Moreover, the steady increase in export volume and value in recent years, as evidenced by secondary data, aligns with the substantial influence of Fairtrade practices on organizational performance established in this study. Thus, the combined use of primary and secondary data sources not only strengthened the

empirical foundation of the study but also provided a comprehensive view of how Fairtrade practices shape market behaviors and organizational outcomes within the Kenyan tea sector.

Additionally, the current research introduced a three-dimensional approach to analyze the relationship among Fairtrade practices, corporate social capital, market innovation, and the performance of certified small tea producer organizations. This methodological approach measured these variables across three dimensions, which proved advantageous for the descriptive research design utilized in this study. It facilitated a quantitative description of trends, attitudes, and opinions within the population, allowing for precise estimation of population parameters and subsequent generalization, as advocated by Barbieri (2013). Moreover, the three-dimensional approach was instrumental in comprehending the variables examined within the framework of a descriptive research design. This design, recommended by Sproull (1995), is particularly effective when attitudes and behaviors are pivotal aspects of the analysis. By considering these dimensions, the study enhanced the depth of its methodology compared to typical Fairtrade practice studies, which often isolate the influence of single variables at a time (Besser & Miller, 2011; Barham & Jeremy, 2012). This approach provided more understanding of how Fairtrade practices, corporate social capital, and market innovation collectively influence organizational performance among small producer organizations.

From a theoretical standpoint, this research has introduced two specific enabler variables—corporate social capital and market innovation—as moderators. The study found that corporate social capital did not exert a positive and significant moderating effect on the relationship between Fairtrade practices and organizational performance. Similarly, market innovation did not demonstrate a positive and significant direct effect on the relationship between Fairtrade practices and organizational performance. Many existing theories, such as those outlined by Antonioli et al. (2016), primarily focus on the influence of Fairtrade practices while overlooking the potential moderating effects that could influence these relationships. This study significantly enriches the body of knowledge on Fairtrade practices, addressing a gap where the degree and mechanisms of influence remain unresolved (Mick & Murray, 2008). It highlights a lack of coherent conceptual frameworks surrounding the Fairtrade construct. Through rigorous hypothesis testing, the developed conceptual framework offers valuable insights applicable to studying the Fairtrade phenomenon, particularly within the contexts of other developing countries. The findings affirm earlier studies that Fairtrade practices indeed influence the performance of small tea producer organizations, thereby advancing theoretical knowledge and foundational understanding of the Fairtrade concept.

Moreover, the study supports the assertion by Glento (2010) that consumers perceive certified products as cues for quality and acceptability based on ethical, sustainable, fairness, mutual benefit, and human rights considerations. It aligns with Glento's view that the cognitive aspect of (Fairtrade Foundation, 2014) contention that

the perceived effects of Fairtrade certification are particularly pronounced among consumers who value fairness, mutual benefit, and sustainability in developing countries. In essence, this research not only enhances theoretical frameworks surrounding Fairtrade practices but also contributes to a deeper understanding of how consumers perceive and respond to certified products based on ethical considerations, thereby shaping market dynamics and organizational strategies within the Fairtrade context.

6.2. Policy Implications

The findings of this study carry significant implications at the national policy level. By introducing a global marketing and organizational performance perspective to the challenges faced by small tea producer organizations in Kenya, this research offers a holistic approach to developing comprehensive solutions. Unlike previous studies that predominantly focused on economic and managerial aspects, this study sheds light on additional factors influencing the industry, particularly the impact of Fairtrade practices, which have been underexplored until now. Understanding these dynamics will enable stakeholders to address industry challenges more effectively and promptly. It will facilitate the formulation of practical solutions and the development of relevant marketing policies and business strategies by manufacturers, distributors, retailers, international and local marketing practitioners, governments, NGOs, and other stakeholders. Specifically, this research enriches the understanding of Fairtrade dynamics within the tea sector, aligning with Kenya's goals under Vision 2030 to attract new local and global consumers and increase market share through formal channels, thereby contributing to GDP growth (Kenya Vision 2030).

Kenya's strategy to revitalize small tea producer organizations and boost the tea industry, which includes creating a conducive environment, improving efficiency and competitiveness, and providing entrepreneur training, must now incorporate insights from this research on Fairtrade influence-related factors. Government efforts to rejuvenate the small tea producer organizations and the broader tea sector will benefit significantly from considerations related to Fairtrade practices. This is particularly crucial in addressing industry challenges, supported in part by initiatives such as the Tea Reform Bill 2022 aimed at accelerating investments and enhancing sectorial sustainability, as noted by Kamau (2023). Recognizing the entrenched influence of Fairtrade practices among Kenyan farmers, as evidenced in this study, suggests that tea reforms should focus on developing robust legal, policy, and administrative frameworks. This approach aims to optimize farmer benefits and encourage leadership at various levels—KTDA, county, and national governments—to allocate resources effectively for value addition in tea production, thereby enabling farmers to sell finished products with greater profitability.

In crafting pertinent marketing policies and business strategies, stakeholders, including manufacturers, distributors, retailers, and both international and local marketing practitioners in the tea sector, must account for the profound impact of Fairtrade practices. Given this influence, there is a growing imperative for aligning tea products

with Fairtrade standards in countries such as Egypt, the UK, Pakistan, Iran, and the United Arab Emirates, where a majority of consumers reside. Respondents' emphasis on the importance of Fair-trade-certified tea for export markets underscores the need for marketing and retailing strategies to reflect ethical consumer preferences and cater to the demand for products that uphold these standards. Moreover, for those aiming to promote local tea sales, effective marketing programs focused on attitude and behavior change will be essential. Such initiatives can encourage consumers to switch to locally manufactured tea brands, emphasizing ethical practices and meeting the demand during periods characterized by high consumer interest.

6.3. Implications for Practitioners

The significant reliance of small tea producer organizations on foreign markets without value addition poses critical implications for governmental and non-governmental bodies involved in initiatives like the 'Buy Kenyan, Build Kenya' campaign. Entities such as the Brand Kenya Board, Kenya Investment Authority, Kenya Association of Manufacturers, Kenya Private Sector Alliance, and Kenya Association of Hoteliers & Caterers must prioritize investment in comprehensive attitude and behavior change marketing programs. These efforts are essential to persuade consumers to switch to local tea brands and support economic growth through local purchasing. As highlighted by [Tuan and Ngoc \(2016\)](#), attitudes are formed and changed through personal experiences, information sources, and individual personalities. Therefore, altering consumer attitudes toward favoring local products is pivotal for marketers. A variety of strategies exist for attitude change, categorized into different approaches and techniques. This strategic consideration underscores the importance of targeted campaigns that effectively communicate the benefits of supporting local industries, thereby influencing consumer behavior positively.

It is evident from this study that the significant influence of Fairtrade practices on organizational performance among Kenyan small tea producer organizations extends beyond their products to potentially impact other industries such as construction, agriculture, and cosmetics. Unless addressed, this Fairtrade influence poses a challenge to Kenya's aspirations for global competitiveness and balanced trade, as outlined in Vision 2030, aimed at fostering economic growth, employment creation, and improved livelihoods ([Wang, 2014](#)). The Kenya Tea Board, in particular, must develop effective marketing strategies to cultivate patriotism and national pride in locally manufactured products. ([Varis & Littunen, 2010](#)) suggest that products from developing countries can enjoy favorable perceptions and preferences among consumers under conditions of high patriotism, national pride, or consumer ethnocentrism, especially when local products are perceived to be of equal or superior quality and price. Therefore, efforts to promote Kenyan small tea producer organization products must confront stiff competition from countries like Pakistan, Uganda, and Rwanda, which

are gaining popularity in international markets. To successfully promote Kenyan tea, it is imperative that its price and quality are at least on par with, if not better than, its competitors. The research underscores the need for heightened awareness among small tea producer organizations about the importance of value addition and maintaining high-quality standards in locally produced tea. Unlike in Pakistan, Rwanda, and Western markets, where such practices are increasingly mainstreamed, Kenya's small tea producers have yet to fully embrace these principles ([DeCarolis & Saporito, 2016](#)). Supporting local tea manufacturers like Ketepa, a subsidiary of KTDA, is crucial to ensuring their brands remain competitive and continue to be preferred by consumers, as recommended by [Bacon and Christopher \(2010\)](#). [Weber and Jeremy \(2011\)](#) proposal to view the tea sector as a serious business rather than a mere pastime is equally pertinent for nurturing Kenya's tea industry and sustaining its global market presence.

This study extends the understanding of the challenges faced by the Kenyan tea sector beyond conventional economic and managerial factors by introducing a global marketing perspective and exploring producer behavior. By investigating the impact of fair-trade practices on small tea-producer products, the research illuminates factors within the fair-trade context and introduces a valuable new dimension, previously applied in other global contexts, to comprehend the sector's dynamics. As a pioneering local study on the fairtrade phenomenon, it provides crucial insights into fairtrade-related factors specific to Kenya, which is increasingly relevant in an era of globalization characterized by [Lee and Drever \(2014\)](#) as marked by global business expansion driven by economic convergence, trade liberalization, regional economic integration, and advancements in communication and transportation technologies. The findings of the moderation analysis hold significant managerial implications. Firstly, since organizational performance is moderated by market innovation, small tea producer organizations should regularly assess market innovations to stay abreast of critical developments, especially in countries where tea products enjoy consumer preference both domestically and internationally. Secondly, the results underscore the importance of corporate social capital—encompassing structural, relational, and cognitive dimensions—in influencing the performance of small tea-producer organizations. Consequently, marketing strategies within the tea sector should integrate these dimensions, aligning with product, process, and relationship dynamics. This study highlights that such alignment significantly enhances organizational performance, possibly due to the perceived quality, fairness of pricing, and prestige associated with ethical products embraced by consumers favoring fair trade practices. [Greene and Storey \(2008\)](#) advocate segmenting markets based on varying consumer attitudes—positive, neutral, and negative—underscoring the need for marketers to discern which attitudes, beliefs, and benefits are pivotal in influencing buying behavior. This approach is essential for effectively targeting consumers who value ethical considerations in their purchasing decisions, thus shaping marketing strategies to resonate with diverse consumer preferences and behaviors in the tea sector.

6.4. Limitations of the Study

While this study provided valuable insights into the influence of fairtrade practices on the organizational performance of small tea producer organizations within a crucial sector of Kenya, it faced several limitations primarily related to resource constraints during the study period. These limitations affected the scope of the research, focusing solely on a segment of the tea sector represented by small tea producer organizations under the Kenya Tea Development Agencies (KTDA). This narrow focus may limit the generalizability of the findings to the broader tea sector, which includes multinational tea estates and privately owned small tea producers.

The study's design and execution were influenced by constraints in time, cost, and operational capacity, which dictated the scale and scope of data collection. Data were primarily gathered from management and financial statements of 67 small tea producer organizations, offering insights into the variables and constructs under study at a specific point in time. Consequently, the findings may not be universally applicable across different temporal contexts, highlighting the need for longitudinal studies to capture dynamics over time and broader studies encompassing a wider array of tea sector participants.

Furthermore, the research focused narrowly on a limited number of variables and constructs, namely fair-trade practices and organization performance of small tea producer organizations. However, given the complex nature of factors influencing fair trade practices and organizational performance, there is a potential for additional variables to provide deeper insights and explanations within the context of the Kenyan tea sector.

Another limitation lies in the reliance on quantitative methods exclusively, which restricted respondents from expressing perspectives beyond the structured questionnaire. This approach may have constrained the richness and depth of insights that could have been gleaned from qualitative exploration, where respondents could elaborate on various aspects of the variables under investigation more openly. Addressing these limitations would not only enhance the robustness of future research efforts but also provide a better understanding of the multifaceted dynamics at play within the trade practices and organizational performance landscape of the Kenyan tea sector.

6.5. Suggestions for Further Research

The findings of this study significantly contribute to both conceptual and empirical understanding of how fair-trade practices influence the organizational performance of small tea producer organizations. Moreover, the research highlights that this relationship is moderated by variables such as corporate social capital and market innovation. Future studies should expand on these insights by incorporating additional factors not covered in this research to provide a more comprehensive understanding of the concept of fair-trade practices and their impact on organizational performance. Including more variables in future studies would not only strengthen the models used but also enhance the generalizability and validity of the findings. Given that this study captured insights at a specific point in time, there is a critical need for longitudinal

research to track changes over time and broader studies that encompass a wider array of participants within the tea sector.

Furthermore, ongoing research on fair-trade practices in Kenya should investigate whether the influence observed among small tea-producer organizations extends to other sectors such as construction, agriculture, and cosmetics. Replicating this study across different industries would offer deeper insights into the nature of relationships identified, providing a more nuanced understanding of fairtrade's impact across various economic sectors. Expanding this research to include other subsectors within Kenya's tea industry would also be beneficial. Understanding if fair-trade practices similarly influence organization performance across different segments of the tea production landscape would enrich our understanding of industry-wide dynamics and behaviors in tea-growing regions.

Additionally, there is a need to replicate this study in other countries within the East African region and across the African continent. Given the limited knowledge of fairtrade practices in developing countries, particularly within regional trade partnerships like the East African Community (EAC), COMESA, and SADC, such studies could provide valuable policy and practical insights. Countries sharing similar historical and socio-economic contexts could benefit from understanding the universality and significance of fair-trade practices on organization performance.

To address the limitations of relying solely on quantitative methods, future research should incorporate qualitative approaches such as focus group discussions and structured interviews. This mixed-methods approach would allow respondents to express a wider range of views and insights beyond what can be captured through quantitative surveys alone. By combining quantitative rigor with qualitative depth, future studies can offer more detailed interpretations and findings regarding trade practices and their impact on organizational dynamics in the tea sector and beyond.

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CONFLICT OF INTEREST

The authors declare that they do not have any conflict of interest.

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