

**INFLUENCE OF FAIR TRADE PRACTICES ON EXPORT PERFORMANCE OF
COFFEE FACTORIES IN KIAMBU COUNTY**

BY

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**A RESEARCH PROJECT PRESENTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS
ADMINISTRATION DEGREE, SCHOOL OF BUSINESS, UNIVERSITY OF
NAIROBI**

NOVEMBER, 2021

DECLARATION

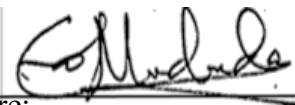
I declare that this research project is my original work and has not in its entirety or in part been presented to this or any other university.

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This research project has been presented with my approval as the University Supervisor.


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ACKNOWLEDGEMENTS

I give thanks to God for the gift of life and his provision of good health and resources to undertake the programme.

I am particularly grateful to my Supervisor Mr. Eliud O. Mududa for his patience and commitment in guiding my study to the very end. His comments, constructive criticism and inputs were of great assistance in this study.

I am greatly indebted to my family for bearing with me during the tough moments. Special thanks to Mr. H. M. Kinyanjui who have been a strong pillar of support and encouragement throughout my academic endeavour, may God bless you abundantly for your sacrifice and relentless support.

My special regard to the entire University of Nairobi fraternity. Finally to all those who provided technical skills and devotion towards the success of this project, I pray for your prosperity.

ABSTRACT

The competitive level in international trade has continued to rise from period to period especially over the last three decades, partly due to globalization and enlightened customer base that has become more demanding in their quest to link what is consumed and the social problem that affects majority of the producer countries.

The aim of the study was to determine the influence of fair trade practices on the export performance of the coffee factories in Kiambu County. The study incorporated four major fairtrade practices exercised by firms enrolled with fair-trade organization. These practices

comprised of safe working environment, discrimination and child labour, environmental conservation and eradication of poverty. The research used a cross-sectional descriptive survey for this investigation on the population that comprised of 67 coffee factories in Kiambu County. From the descriptive statistics, the study established that majority of coffee factories in Kiambu County have moderately achieved implementation of fair-trade practices considered in the study. Similarly, the study concluded that through implementation of fair trade practices strategies, there has been increase in coffee supply to factories leading to increase in export volume.

Based on the findings, the study recommends that coffee factories should educate employees on various fair-trade practices that help gain sustainable supply of coffee to factories as a consequent of good returns to the farmers. The scope of the study was limited to coffee production industry in Kenya. Consequently, it is suggested that a study be undertaken on more than one production sector to compare the results and get a more representative finding.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The world is continuously renewing itself as a result of emerging concepts like globalization, relentless competition, technological innovation and the loss of the physical boundaries of markets. With the advent of globalization, an increasing number of businesses have been obliged to go beyond their traditional local markets in order to generate sales and ensure their survival. The export performance of a country not only benefits individual firm but also results in increase in a country's foreign exchange, revenue reserves, economic development and social welfare (Malhotra & Kumari, 2016). As a result, there is need for concerted effort, both at the government and individual firm level to adopt strategies that will improve the export performance of a country and more so smaller agricultural firms. One of the strategies being employed by producer firms includes adoption of the fair-trade practices.

The introduction of fair-trade production enables farm households to shift away from activities within their productive potential to a point closer to the frontier by increasing employment at market pay and greater productivity levels (Hultman, Robson & Katsikeas, 2011). In fact, access to developing countries' marketplaces in theoretical literature is one of the major reasons why small producers seek fair trade certification. It is necessary to examine if the approach is successful in the coffee subsector in Kenya.

The fair trade concept and its application in determining the export performance of coffee societies in Kiambu County was anchored on three theories namely, institutional theory, network theory and the classical trade theory. Under institutional theory corporations might voluntarily comply with

norms in order to recover or preserve their legitimacy through societal pressure from special interest groups and/or the media. The network theory is about the idea that, effective internationalization is achieved through having foreign networks to distribute ones' products and also be able to make the products visible in the foreign land through advertisement and promotion. Hence, labelling of fair trade products can achieve its goal of increased sales if there is a foreign partner. Ricardo's (2004) classical theory of trade expanded the extent to which the exports and the imports of a country connect to its pattern of dealing with other nations. The idea essentially explains the scenario in which a country produces products and services for indigenous consumption and then exports the surplus.

Coffee was the third foreign exchange generator in Kenya, behind tea and horticulture as at the end of 2019. The production of coffee however has been declining for the last ten years being 41,375 tonnes in 2018, having declined from a high of 69,280 tonnes in 2009 (International coffee organization, 2020). Kenya also had the lowest growth in the region, at 3.2 per cent. The reduction of the coffee production over the years in Kenya has been attributed to the smallholder farmers who form the bulk of coffee producers and that have scaled down the coffee farming exercise. According to Gathura (2013), the smallholder farmers in Kiambu County, who form the mainstay of the coffee sector in Kenya, have abandoned the crop due to poor returns, and delays in payments with waiting times of up to one year.

Expensive farm inputs has over the years forced growers to replace coffee bushes with mainly macadamia or avocado, currently the leading export crops of central Kenya where most of the country's coffee is grown. Similarly, the cost of production has increased with the cost of labor increasing significantly. The daily wage for casual labor has increased from charging Kshs. 120 in 2001 to around Kshs.350 in 2013 (Rao & Qaim, 2013). The reduction of coffee production in

Kiambu County and the increased production cost demands that the County farmer's societies come up with different and unique strategies aimed at accessing greater international market and thus be able to fetch premium pricing for their coffee. One of the strategies that has been adopted lately is the fair trade labelling.

1.1.1 Fair Trade Practices

Fair trade practices are a set of commercial processes voluntarily taken on by farmers and buyers to enhance the economic, social and environmental goals of small-scale farmers, farm laborers and craftsmen, with a further aim of increasing and stabilizing revenues (Wilson & Mutersbaugh, 2015). Bacon (2013) comments on the fact that fair trade is a trade relationship founded on Dialogue, Transparency and Respect, with an objective of striving for greatness in equity as far as international trade is concerned.

Fair trade helps to promote long-term development by improving trading circumstances and protecting the rights of marginalized producers and employees, particularly in the developing world. Fair trade aims to defend employees' basic rights, such as the right to work in a safe environment, the right to join a trade union and negotiate pay and conditions with their employer, and the prohibition of discrimination and forced or unlawful child labor. Protection of the environment is a major factor in the Fair-Trade approach to sustainable development. Furthermore, fair trade methods aid in boosting consumer knowledge of manufacturers' harmful consequences so that they may use their purchasing power wisely. Through respect, transparency, and conversation among all parties, these principles strive to encourage trade collaboration.

1.1.2 Export Performance

Firm export performance is recognized as one of the most crucial markers of a company's export success, and as such, it has been examined extensively. Despite the importance of export success to a country and a company, several definitions of what constitutes an organization's export performance have been proposed. According to Spasova (2014), a company's export success shows its distinctive behavior in exploiting its resources and competencies in an international setting at a given time. Diamantopoulos (1999) took a similar stance, claiming that a firm's export success represents the output of the motion for international sales in various organizational and environmental settings.

Commenting on the factors that determine the export performance of a firm, Sousa, MartínezLópez and Coelho (2008) acknowledge that the external export environment and internal company specific determinants drive the performance of exports. Internal determinants of a firm export performance include factors such as the resources available, firm export orientation, strategy adopted, organizational and export environment market conditions. The ability of a firm to carry out adequate market research, gather customer and competitor information, and supply chain channels information will determine how successfully a firm will enter a foreign market. This therefore implies that the export performance of a firm is dependent upon multiple factors; both internal and external. To determine the performance of exports, financial measures such as profitability, volume of sales and rapid growth in sales have been touted as good measures. In addition, strategic measures such as increased competitiveness, increased strategic position in the foreign market and increased global market share have been noted as possible measures of performance.

1.2 Research Problem

The competitive level in international trade has continued to rise from period to period especially over the last three decades, partly due to globalization and enlightened customer base that has become more demanding in their quest to link what is consumed and the social problem that affects majority of the producer countries (Carrigan & Attalla, 2014). This kind of consumerism has tended to package together human rights and working conditions in the farms that produce the agricultural products to their purchasing intention since they show that they are concerned with the society at large through purchase behaviour. According to Browne et al., (2012) there has been an increase in the group of consumers in the international market that are pegging their purchases of agricultural goods to ethical consideration for moral dimensions of how products are produced. Therefore, in order to access this niche of market, it becomes necessary that a producer tailors his/her production system to conform to the demands of the consumers.

Although fair-trade is a topic of a burning concern among ethical consumers, and fair-trade branded items (particularly coffee) are readily accessible in stores, the relative value of a fairtrade label in a consumer's purchasing choice as yet to be investigated. Coffee is used as an example of a fair-trade product. Thus, from the above studies reviewed and other literature, it can be concluded that though studies have been undertaken to establish the factors that affect the export performance of a country and investment, limited studies have sought to link the fair trade labelling and the export performance of the organization. Consequently, the research sought to answer the following question; what is the influence of fair trade practices on export performance of the Coffee factories in Kiambu County?

1.3 Research Objectives

The objectives of the study were;

- i. To determine the level of fair trade practices adopted by the coffee factories in Kiambu County
- ii. To determine the influence of fair trade practices on the export performance of the coffee factories in Kiambu County

1.4 Value of the Study

From the study, the understanding of the different fair-trade practices being employed in the growing and marketing of the coffee products in Kenya is of benefit to the government and policy holders. To the Ministry of Agriculture and the coffee sector regulator, the study is of benefit in determining the existing fair-trade practices, especially those relating to production labour and sales and distribution channels to ensure that child labour is neither practiced nor the farmer being exploited. Consequently, the coffee sector regulators are able to come up with appropriate policies that will enable the sector to be compliant with the fair trade practices. The management of exporting firms in Kenya is able to know the strategies that they can employ in order to grow their export business through upholding the fair-trade principles and also labelling their products. The coffee farmers are also expected to benefit from the study since they are now able to appreciate what production practices, they will need to adopt in order for their coffee to fetch premium prices in the international market considering that consumers might like to be associated with products that have been fairly produced and marketed.

The study will be of benefit to scholars seeking to understand the effect of labelling products as fair trade on the performance of such organizations. Since the fair-trade concept is relatively new in Kenya and Africa in general, scholars will benefit from the study in understanding how the fair-trade label can

be used as a strategy of promoting export especially in developing countries. The study will also be of benefit in advancing the internationalization theories, namely international entrepreneurship theory, network theory and stakeholder theory. This will be achieved through discussion on how to apply the theories to the fair-trade labelling of products and how they influence export performance.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section discusses relevant literature towards answering the study objectives. Theories that are applicable to the topic like dimensions of Fair trade and the impact of Fair trade on export performance are also discussed. Additionally, it also presents a conceptual framework to help the researcher explain the variables used for the study.

2.2 Theoretical Foundation

The study was anchored on three theories. Institutional based view Theory, Network theory and Classical Trade Theory. These theories will help to expound more on the effect of Fair trade on export performance.

2.2.1 Network Theory

Johanson and Mattsson (1988) proposed the network theory, which asserts that a company operating in foreign markets and international business is positioned inside a global network and so has direct links with foreign players. Having a network perspective and, as a result, defining the roles and strengths of the players within it, gives the company a better knowledge of the restrictions and possibilities that may exist in its operations (Axelsson and Johanson, 1992; Johanson and Vahlne, 1992). Lawler and Yoon (1998) describes a network as composition of two or more associated company groups, through which the partnership between firms perceived to be joint participants is shared. The perception on networking is that it is a spring of knowledge and information concerning the market, such information will take ages to gather. Networks are thus mechanisms used to bridge and facilitate rapid export performance (Nooshabadi, & Özşahin, 2010).

The Network theory is criticized in one way, that it does not recognize the economic condition, resource depth and policies and regulations of the country in which firm within the business network originates (Axelsson and Johanson, 1992). However, the theory is relevant to the current study since it demonstrates that the willingness of an organization to participate in international business and collaborations for instance the Fairtrade exports, is a function of formal and informal network ties (Chaney 2014). The major premise is that coffee factories in Kiambu County will be

able to realize faster export process by way of the resources and experience of network partners (Paul, Parthasarathy & Gupta, 2017). All companies that operate in Fairtrade program and any market are thought to be in a web of one or more networks through links to their customers, suppliers, other market actors and subcontractors (Chetty & Holm, 2000).

2.2.2 Classical Trade Theory

The classical trade theory was a pioneer work by Adam Smith in 1776 and states that practical ties between markets and exchange rates were always well-worked in the long run – although not in quite a long period. A rise in the quantity of money would also result in an improvement in value and in a depreciation of exchange rates (Myint, 1982). The classical trade theory further states that there is no way that the theory precede the latter: The sequence of occurrences might be in the opposite direction. Where rates fall behind, the production and import dumping premiums are effectively levied. Yet for this very purpose equilibrium will be restored early unless new deposits of money is constantly introduced into circulation. Therefore, one should be alert while formulating the strategies of Fairtrade and export of goods.

The classical trade theory has been criticized in two ways: the first critique, according to Green (2016), is that the theory has not clearly established how a country in particular contributes to factor distribution on trade and secondly, the classical trade theory does not categorically outline the factors distribution of trade. Factor proportions theories, such as the Heckscher Ohlin (H-O) model, fill in the gaps by claiming that trade patterns are influenced by national factor endowment and the way technology allows for the combining of components to generate comparable goods. As a result, trade takes place when relative inequalities in factor endowment are recognized, resulting in capital-rich nations exporting capital-intensive commodities and labor-rich nations exporting

labor-intensive ones. Second, it is obvious from the classical trade theory and its expansions that it is not robust to demonstrate the other drivers of competitiveness (Ayieko, 2011).

However, despite the critiques, the theory is relevant to the current study in that the study borrows the idea of exchange rates and its impact on value creation to the producers from the theory. When the value and quality of currency is high, it implies that the producers will have favorable market price which is favorable to the principles and practices of Fairtrade. On the other hand, depreciation of currency and increasing costs of products render the budget difficult to balance and finance and that contributes to higher inflation, more price increases and more deterioration of the economy (Zhang & Liu, 2020). This deficit will therefore be brought into equilibrium through the practices of Fairtrade program that aims to give producers stable market prices, enhance transparency and accountability, capacity building as well as provide an opportunity for the marginalized and disadvantaged producers and farmers and in this view, encourage producers to supply more produce to the factories thus enhancing country's total coffee exports (Fort & Ruben, 2017).

2.2.3 Institutional-Based View

Scott (2004) proposed institutional theory, which tries to explain the most fundamental and persistent features of how organizational norms, routines, procedures, and plans are developed as recommendations for business success. The IBV stresses the significance of the structural institutional climate and indicates that structural factors influence the strategic choices of companies and decide their success (Dacin et al., 2002). According to the idea, local organizational operations emerge as a result of a rationalized institutional appraisal of the working environment, and these routines must vary in response to market demands. In order to effectively enter and

manage a foreign market, a company must be able to devise tailor-made plans that address the demands of the target market.

These strategies will include coming up with appropriate marketing strategies and distribution mechanism to reach the targeted market and customers. Institutional theory, according to Hsu (2004), has been advocated as one of the most relevant perspectives for studying firm operations, particularly in developing countries with weak legal and enforcement frameworks, necessitating the use of informal institutions systems to achieve organizational performance. According to Park and Luo (2001), establishing an organizational operational strategy that describes the rules of the game would enable the improvement of the organization's outcome by reducing the amount of ambiguity among its employees and outside business partners.

Institutional based view theory, just like any other theory has critiques from scholars. The IBV has been criticized in the view that the theory as not clearly expound the impact that strategic capacity of an organization has caused on the institutionalization performance. In addition, theory has been criticized also on aspect of passivity in extraction of the best combination of resources in an institution to realized sustainable competitiveness. Unlike the resource dependent theory that has concentrated on response to external demands from external demands by citing the benefits and methods of non-compliance, the IBV theory has focused on strategic practices that is aimed to improve institutional capacity to respond appropriately to external factors within an institution and also establish the convenient time on complying to the factors.

However, IBV is relevant to the current study since the operational institutional climate and other institutional factors of the coffee industries, which the theory acknowledges are vital in determining the strategic choices of the factories-subjects of the study- in enhancing the export

performance. These factors are essential for exporting companies, as export operations are subject to specific institutional powers in the host and export markets and the presence of high quality institutional strengths that contribute to higher export output (Temiz & Gökmen, 2011)

2.3 Fairtrade practices

Fairtrade practices is a concept that has been adopted by developing countries to be able to gain sustainable trade relationships. According to Elder, Zerriffi and Le Billon (2013), Fairtrade practices involve creating safe working environment, prohibiting discrimination and child labour, environmental protection and eradicating poverty. The present study has adopted the mentioned practices in the belief that they have major impact on export performance of coffee factories.

2.3.1 Safe working environment

Employees and/or members of the Fairtrade have been enjoying safe and healthy working environment which is advocated by the program. The program complies with national and local regulations with regard to employee working environment as well as ILO health and safety requirements, according to Djokoto, Afrane-Arthur, and Badu-Prah (2015). Working hours and conditions in organizations that comply with the fair-trade terms are in accordance with national and local laws as well as ILO requirements for employees and/or members (including for homeworkers). Fair Trade Organizations, according to Dolan (2010), are cognizant of the producer groups' health and safety concerns. They are always working to raise awareness of health and safety issues and to enhance health and safety practices in producer groups.

Employees working with Fairtrade certified farms have various benefits which their counterparts in ordinary farms do not enjoy (Johannessen & Wilhite, 2010). Some of these benefits include

requirement by Fairtrade standards that workers should receive minimum wages and should also have collective bargaining. Fairtrade premiums are also passed on to the workers of the certified farms. The Fairtrade certified farms also offer financial assistance to the needy children of the workers in addition to the demand that they should not hire child labour. Generally, Fairtrade seeks to uplift the livelihoods of workers employed in Fairtrade certified farms.

2.3.2 Prohibition of discrimination and child labour

In an attempt to safeguard equality in workplaces, Fairtrade organizations do not discriminate on the basis of caste, race, country origin, handicap, religion, gender, union membership, sexual orientation, HIV/AIDS status, political affiliation, or age in employment, payment, access to training, promotion, termination, or retirement (Dragusanu, Giovannuci and Nunn, 2014). The organization provides opportunity for both men and women to enhance their talents and actively encourages women to apply for employment opportunities and leadership roles. Pregnant women and breast-feeding moms have unique health and safety needs, which are taken into account by the program.

The organization, according to Raynolds and Ngcwangu (2010), gives employees the freedom of engaging and joining a trade union that best fit their bargaining demands and that they have faith in so that in case of misunderstanding between employees and employer, the union will be a negotiating tool for reaching a consensus. In the context where politics and law constrain employees' rights to choose the trade union of their choice, Where workers' rights to join trade unions and negotiate collectively are constrained by legislation or the political context, the organization will provide mechanisms for employees to engage in autonomous and free association

and bargaining groups. This guarantees that employee representatives are not subjected to workplace discrimination.

According to Beuchelt and Zeller (2011), the Fairtrade program complies with the United Nations (UN) Convention on the Rights of the Child and national/local child labor laws. The organization assures that none of its employees, members, or homeworkers are subjected to forced labor. Organizations buying fair trade items directly by producer groups or via intermediaries verify the production process does not involve forced labor or that the producer adheres to the regulations provided by the United Nation's recommendations on how children can be involved in employment and their rights get protected accordingly. These organizations or buyers also conforms to the domestic specifications on child rights as far as forced labor is concerned. It is always published and made known on the right procedures to be followed on the involvement of children in inclusion into making products that conforms to fair trade specifications with an intention of safeguarding the education progress and wellbeing of children (Valkila and Nygren, 2010).

2.3.3 Environmental protection

People in developing countries are always attempting to find a balance between optimum agricultural methods and environmental protection. Fairtrade Certification requires farmers and their networks to follow globally recognized environmental criteria. Producers that show a commitment to reforestation, environmental education, and water conservation will be rewarded financially under the scheme (Sally, 2016). Producers are urged to protect and safeguard the environment, which includes natural water resources, virgin forest bodies, soil erosion and management waste.

Farmers that advocate ecologically friendly farming techniques benefit from fair trade. These farmers are expected to participate in environmental protection efforts. Fairtrade initiatives often compel farmers to create, execute, and monitor procedures that strike a balance between agricultural productivity and environmental preservation. They are urged to use chemicals that are less harmful to the environment.

2.3.4 Eradication of poverty

The Fair-Trade movement works to alleviate poverty around the world through trade, according to Valkila and Nygren (2010), by working with disadvantaged communities and producers to create opportunities for them to develop their own businesses rather than handing out handouts in the traditional charity model. The challenge for many people trying to find a way out of poverty is that their own communities do not have the money to buy the products they can produce. What they need is access to markets of potential buyers and with regard to Dragusanu, Giovannucci and Nunn (2014), this is where the Fair Trade movement has a key role to play. Fair Trade enterprises work with disadvantaged suppliers and producers from developing countries and connect them with markets in wealthier countries. This can be for simple commodity items like tea, coffee and chocolate – items many of us are familiar with in regard to Fair Trade.

A case study of Traidcraft, a prominent FT organization with a purpose to fight poverty via trade, was conducted by Redfern and Snedker (2002) to evaluate the influence of the fair trade movement in establishing market possibilities for small businesses and reducing poverty. The study established that small scale enterprises often produce beautiful quality items that are of great value to the right buyer. Fair Trade businesses help to present artisans work in markets at a value that is in line with the skill, artisanship and time required to create the goods. In addition to helping

economically disadvantaged producers connect with markets for their goods. Fair Trade businesses work with producers on developing their business and drive them out of poverty by ensuring that they are good suppliers that meet the demands of the market. This can mean working on a broad range of things that often starts with practical operations like identifying the simplest and most cost effective means of shipping or helping to set up secure systems for money management and transfer across borders (Johannessen & Wilhite, 2010).

2.4 Fairtrade practices and export performance

In an attempt to explain the association between International standard certifications, Fairtrade and performance of total export in a country, Robledo-Ardila and Londoño-Avila (2014) investigated the operations of top four banana exporting companies in Colombia. The study established that international standard certification and Fairtrade have a significant and positive influence on performance banana export among the exporting companies in Colombia, citing that Fairtrade gives exporters fair prices and also seeks for markets overseas while international standard certifications ensures that the exports meet the standard of international markets.

Elliott (2012) reviewed the present state of fair trade markets and looked at recent developments in Fairtrade operations that have resulted in improved export performance in the United States of America (USA). According to the findings, customers are prepared to pay for fair trade items, and producers are prepared to endure the expenses of certification, implying that they benefit from it, but perhaps not in the ways that are commonly assumed. However, fair trade buyers may supply producers with more information and competition, as well as aid in increasing quality and connecting to worldwide markets.

In a regional context, Nakkiran and Gobben (2014) investigated the Yirgacheffe coffee farmers' cooperative union (YCFCU) of Ethiopia's performance in export trade—a case study. The research focused on two cooperative unions that excel in export commerce and were specifically chosen for the study. The study's main findings were that unions face stiff international competition in their export marketing; they are able to withstand this competition and emerge victorious by improving coffee quality, adopting fair trade practices, and maintaining better relationships with all stakeholders involved in the export trade.

Tadesse (2016) carried out a study to investigate The Effect of Fair Trade on the Coffee Sector in an attempt to find a link between export performance and income. Comparison was done of the effect of Fair Trade on the volume of export for Ethiopian and Kenyan coffee based on data on coffee export and international price for the past twenty five years (1991-2015). The results show that the volume of Fair Trade coffee exported has been steadily increasing for Ethiopian coffee while it has been steadily decreasing for Kenyan coffee. In terms of prices, however, Kenyan coffee has consistently commanded a higher price than Ethiopian coffee over the years, which may have to do with the differences in the quality of coffee exported by the two countries. As far as the effect of Fair Trade on the volume of coffee export is concerned, the study did not find evidence of significant effect at the macro level.

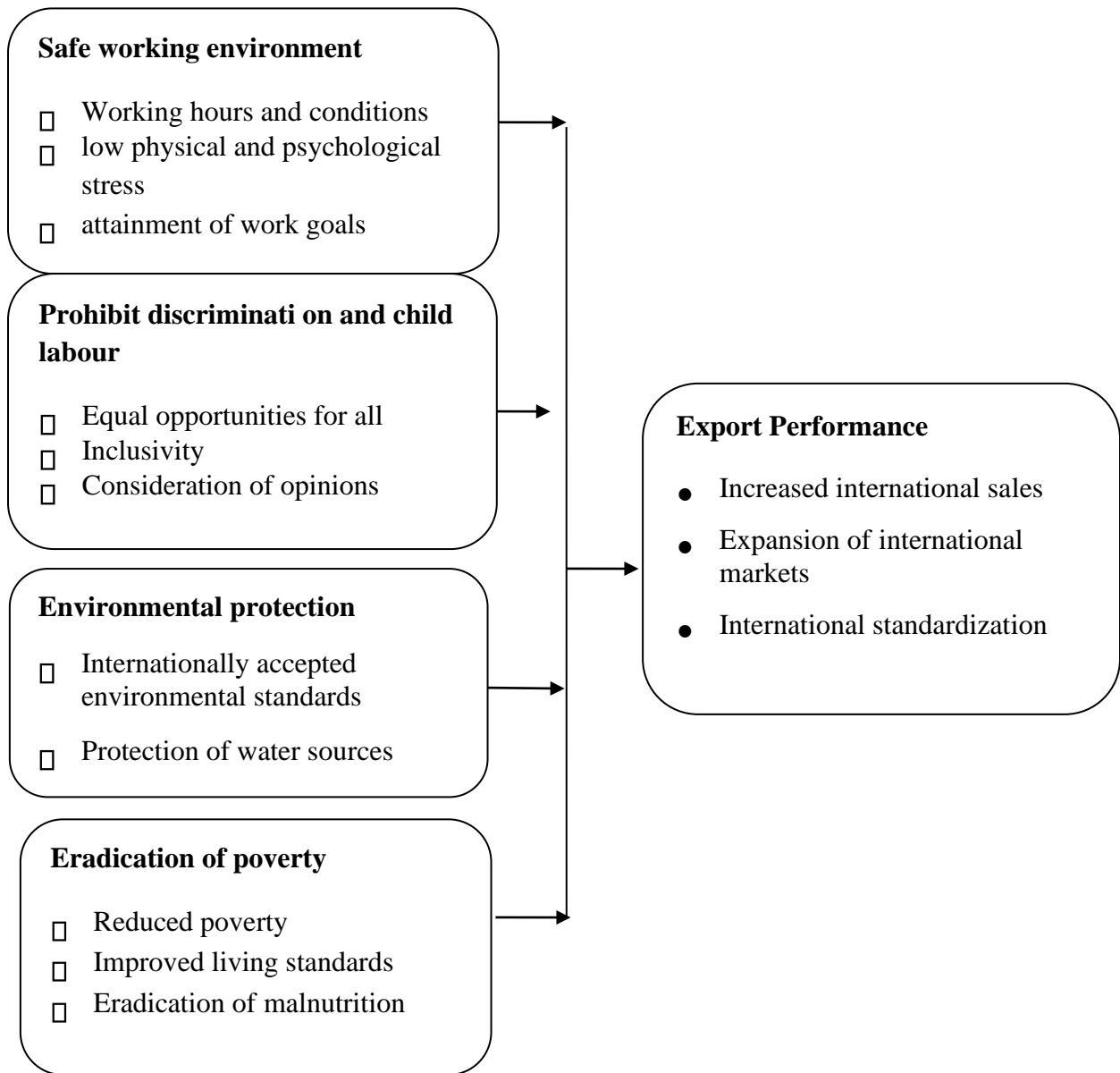
2.5 Summary of literature and knowledge gap

From the literature review, many studies affirm the idea that Fairtrade activities enhance export performance (Elliott (2012), Nakkiran and Gobben (2014)), with some studies claiming that international standardization as an intervening variable on the impact of Fairtrade practices on export performance play a vital role (Robledo-Ardila and Londoño-Avila, 2014). These studies

support the notion that export performance can be improved through appropriate implementation of Fairtrade practices. However, most of the studies have mainly been based in developed economies. Since the studies done are outside Kenya, they have no relevance to the Kenyan perspective particularly in Kiambu County. As a result, the present study has identified this gap and therefore aims to investigate whether the same perception applies with regard to the impact of Fairtrade practices on export performance of Coffee factories in the County.

2.6 Conceptual Framework

A conceptual framework is a set of ideas and values developed from relevant research domains that are used to present the variables under investigation (Reichel & Ramey, 1987). According to the research assessment, Fairtrade policies followed by organizations have an impact on export performance. The relationship between Fairtrade practices and export performance can be represented in the following schematic diagram.



Source: Researcher (2020)

Figure 2. 1 Conceptual Framework

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The methodology that was used in the study in order to achieve the research's objectives was the main topic of discussion in this chapter. As a result, the part focuses on study design, target population, data collection processes, and data analysis..

3.2 Research Design

The research used a cross-sectional descriptive survey for this investigation. According to Gill and Johnson (2006), the descriptive survey design is primarily concerned with addressing the unique characteristics of a certain population of components. The design may be used in a business perspective for instance in determining an employee's behaviour. This research design was considered suitable for this study because it enables the investigator to reach findings on the survey factors without manipulating the respondent and thus allows for complete control of the measures.

3.3 Population of the Study

The study population was the coffee factories in Kiambu County. Since all the firms was surveyed, then the research was a census study. There are 67 coffee factories in Kiambu County as per the list received from the Coffee Directorate of the Agricultural and Food Authority of Kenya (AFA), attached herewith as Appendix 1.

3.4 Data Collection

A semi-structured questionnaire was used to collect primary data in this research. The questionnaire consisted of questions both open and closed-ended. Open-ended questions were

aimed at allowing respondents to respond to questions as they like, while closed-ended questions are designed to help respondents to answer them fast (Appendix II).

The questionnaire for collecting primary data comprised of three segments. Section A covered respondents' and organizations demographic information, while section B aimed to find out the Fairtrade practices enjoyed by the factories. Section C collected data regarding the relationship between the Fairtrade practices and export performance. The researcher administered two questionnaires to each factory. The target respondents in the firms were Business Development, marketing, finance, sales and corporate affairs managers. These staff are deemed to be knowledgeable on the research objectives.

3.5 Data Analysis

All the questionnaires distributed to the respondents was collected, then upon successful collection, they were checked for consistency and accuracy, numerical codes were assigned in each questionnaire and then entered into templates to obtain the descriptive statistics such as response percentages, the mean and variance data and errors.

The data was analysed on the basis of the outcomes of the questionnaires. Summarizing the answers and showing the magnitude of similarity and variations, in specific mean values, standard deviations, percentages, and frequency distributions. Tables and diagrams was used to present results of the analysis.

The outcome variable in the study was export performance. The independent variables for the study were the Fairtrade practices. The regression equation assumes the following form:

Export Performance = f (x1, x2,);

More specifically, the regression was of the form; $Y = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + \varepsilon$

Where Y = Export Performance; β_0 = Constant;

x_1 = Safe working environment;

x_2 = Prohibit discrimination and child labour;

x_3 = Environmental conservation;

x_4 = Eradication of poverty; and

ε = Error Term

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

Findings from the analyzed data constitute the contents of chapter four of this study. This is however preceded by a presentation of the background information of the research participants.

Specifically, it contains results derived from descriptive statistics analysis and inferential statistics analysis independently as well as their statistical interpretation as far as the research objective is concerned. Thus, the findings have been interpreted and systematically discussed.

4.2 Questionnaire Return Rate

In the present study, the target population comprised of coffee factories in Kiambu County. This comprised of 67 coffee factories as per the list received from the Coffee Directorate of the Agricultural and Food Authority of Kenya. The researcher sent online survey link to two destinations in the factories targeting respondents in business development, marketing, finance, sales and corporate affairs departments. Out of the 134 expected responses, a total of 83 responses were received which represents a response rate of 61.9%. According to the Mugenda & Mugenda article (2003), 50% of the response rate is great, 60% is good and 70% and above is very good. According to the previous scholars, the response rate was therefore considered appropriate to draw inferences and conclusions on the topic.

4.3 Demographic Information

In the present study, the researcher focused on organizational demographic characteristics in regard to the number of employees and experience in the industry proxied by the number of years in operation. The demographic information of the organizations involved in the study was considered important since it was considered necessary to establish the size and experience of an organization which determines the rate of involvement of an organization with fair-trade activities.

4.3.1 Number of Employees

The study aimed to establish the number of employees in Coffee factories, the target population in the study, which operates in Kiambu County. In research studies, the number of employees helps determine the size of an organization where the higher the number of employees, the larger an organization or a firm. In Fairtrade participating companies, human capital is considered as vital component of Fairtrade implementation. Hence to establish the size of organizational human capital is also significant for studies that focus on Fairtrade practices and performance.

Table 4. 1 Number of Employees

Category	Frequency	Percent	Cumulative Percent
Valid			
11-20 employees	10	12.0	12.0
21-30 employees	53	63.9	75.9
Over 30 employees	20	24.1	100.0
Total	83	100.0	

From the findings, it was established that majority of the respondents indicated that the coffee factories they are working for comprise of 21-30 employees. Similarly, 24.1% of the respondents argued that the number of employees in their firm were over thirty while 12% of the research participants opined that employee in their firm range between 11 and 20. The findings imply that coffee factories in Kiambu County are small organization given the small number of employees operating in the firms.

4.3.2 Years in Operation

The number of years that an organization has been in operation helps determine the level of experience that an organization has had in the industry. In addition, it also helps understand the extent and frequency that an organization has been involved with the phenomenon under investigation.

Table 4. 2 Years in Operation

Years Category		Frequency	Percent	Cumulative Percent
Valid	Less than 5 years	10	12.0	12.0
	5-10 years	18	21.7	33.7
	11-20 years	31	37.3	71.1
	Over 20 years	24	28.9	100.0
	Total	83	100.0	

From the findings, it was established that 37.3% of the respondents indicated that the coffee factory they are serving has been in operation for 11-20 years, 28.9% indicated that their firm has been operating for over 20 years. In addition, it was opined by 21.7% of the respondents that the coffee factory they were working for had operated for 5-10 years while 12% of the respondents gave a response indicating that their firm has been operating for a period less than 5 years. The findings thus imply that the coffee factories in Kiambu County have been in operation for a significant period of time and therefore employees in the factories have experience with the phenomenon under study.

4.4 Descriptive Statistics of Fair-Trade Practices

Descriptive statistics analysis was applied to assess various aspects pertaining to fair-trade practices in the coffee factories in Kiambu County and their export performance. The aspects were assessed on a 1-5 Likert scale with 1 representing the least prevalence of the aspect and 5 representing its highest prevalence as expressed. Percentage, mean (M) and standard deviation (SD) were therefore determined for each aspect.

4.4.1 Safe Working Environment

Table 4. 3 Safe Working Environment

Statement	N	Mean	Std. Deviation
The organization provides employees with protective equipment in the workplace	83	4.1687	.74603
Employees are allowed good resting period	83	3.8916	.84120
There is security in all our work places	83	3.7711	.75426
The organization ensures that there is a good working relationship with fellow coworkers	83	3.7470	.74643
The organization ensures that there is a good lighting system in the workplace	83	3.7349	.75035
There is a good relationship between employees/farmers and their superiors	83	3.7108	.77350
The organization encourages development of good working condition with all subordinates	83	3.6867	.85437
The organization provides good and safe working condition for all its employees Valid N (listwise)	83	3.6024	.69738
	83		

From the findings, the respondents agreed that as far as safe working environment is concerned, the coffee factories under study provides employees with protective equipment in the workplace (mean=4.169) and that employees are given enough resting period (mean=3.892). The study also found that there was adequate security in all work places in the factories (mean=3.771) and that the firms ensured that there was a good working relationship among coworkers (mean=3.747) and also good lighting system in the workplace to avoid physical injuries (mean=3.735). Additionally, the study findings established that there was a good relationship between employees/farmers and their superiors (mean=3.711) and that internally, development of good working condition with all subordinates was encouraged (mean=3.687). From the findings, it is established coffee factories have achieved moderately implementation of safe working environment as a practice for fair-trade. The standard deviations less than one imply that there was a small variation in responses.

4.4.2 Discrimination and Child Labour

Table 4. 4 Discrimination and Child Labour

Statement	N	Mean	Std. Deviation
We offer pre-harvest finances to our clients	83	3.9277	.82319
Our products are mainly produced by women who are disadvantaged	83	3.8313	.85282
Mothers in the child-bearing stage are accommodated	83	3.8072	.80331
The workers involved during the production of our products are the indigenous people	83	3.7952	.72850
No child labour is involved in our production process	83	3.7831	.79707
The products sold aims at fostering the economic well-being of the community	83	3.6988	.69379
The foregoing goal of our factory is to improving the economic wellbeing of the farmers	83	3.6988	.72809
The organization works to improve the welfare of the marginalized workers Valid N (listwise)	83	3.5301	.73811
	83		

Based on the findings in relation to discrimination and child labour in which fair-trade practice advocates for its eradication, the respondents agreed that the coffee factories offer pre-harvest finances to all the clients without discrimination (mean=3.928). The respondents agreed that to enhance women empowerment and eradicate discrimination of people with disabilities, the products in the factories are mainly produced by women who are disadvantaged (mean=3.831). Additionally, the study established that to enhance equality in the factories, mothers in the childbearing stage are accommodated (mean=3.807) and that workers involved during the production of factories products are the indigenous people (mean=3.795). According to the findings, no child labour was involved in the production process of the factory products (mean=3.783) whereby products sold aimed at fostering the economic well-being of the community (mean=3.699) and particularly the wellbeing of children and the marginalized workers (mean=3.530). The findings imply that as far as discrimination and child labour is concerned, the

coffee factories involved in fair-trade practices have devised strategies to curb the problem and that the main focus has been to ensure that there is no child labour and discrimination of workers or communities based on their class and capacities. The standard deviations of the statements were less than 1 implying that majority of the responses were inclined towards one direction that is, the agreement side of the statements.

4.4.3 Environmental Conservation Practices

Table 4. 5 Environmental Conservation Practices

Statement	N	Mean	Std. Deviation
The factory arranges continuous training to its employees on environmental conservation during production process	83	3.9277	.71197
The farmers balance between their agricultural needs and the need to conserve the environment	83	3.8795	.73911
The factories are using renewable energy in its processing	83	3.8313	.86700
Carbon emission standards is always adhered by our farmers	83	3.8072	.70638
The production waste is recycled and used as manure in the farms	83	3.8072	.63357
Minimal use of agro-chemicals is used during the production process	83	3.7229	.75407
Our farmers conserve forest bodies during their production process	83	3.5783	.66480
Natural water resources are always conserved	83	3.3976	.77993
Valid N (listwise)	83		

In regard to the findings in relation to environmental conservation practices, the respondents agreed that the factories arrange continuous training to its employees on environmental conservation during production process (mean=3.928) and that farmers balance between their agricultural needs and the need to conserve the environment (mean=3.880). Additionally, the study established that factories were using renewable energy in their processing (mean=3.831) thus making sure that carbon emission standards were always adhered by the factories and the farmers (mean=3.807). The study also discovered that production wastes in the factories were recycled and used as manure

in the farms (mean=3.807) leading to minimal use of agrochemicals during the production process (mean=3.723). To ensure that natural resources are conserved, the coffee factories under study ensured that farmers conserve forest bodies during their production process (mean=3.578) hence conserving also the natural water sources (mean=3.398). From the findings, the mean (≥ 3.5 =agree) and standard deviations (≤ 1 =minimal response variation) of the statements it is evident that coffee factories involved in fair-trade practices have managed to moderately achieve environmental conservation.

4.4.4 Eradication of Poverty

Table 4. 6 Eradication of Poverty

Statement	N	Mean	Std. Deviation
We offer adequate information on market performance	83	4.0723	.82319
The organization posts account information on primary society doors	83	4.0602	.78631
The organization involves producers on all matters affecting them	83	4.0361	.72323
We equip producers with the necessary technical know-how	83	4.0000	.81150
The quality of product determines the prices offered in the market and hence encouraging the production of quality products	83	4.0000	.84102
Changes in the international market is well explained to the producers	83	3.9880	.80386
Product production is based on equity	83	3.9639	.68869
The prices offered comply with the fair-trade cost of living	83	3.9398	.81674
Product production is based on dialogue with producers	83	3.4819	.75485
Valid N (listwise)	83		

The study findings in relation to eradication of poverty shows that coffee factories aim to enhance returns to farmers by offering adequate information on market performance (mean=4.072) and also posts account information on primary society doors (mean=4.060). It was also agreed among the respondents that coffee firms involve producers on all matters affecting them (mean=4.036) and equip producers with the necessary technical know-how (mean=4.000) thus enhancing farming

output which results to increased farming returns. The study also established that quality of product determines the prices offered in the market and hence encouraging the production of quality products (mean=4.000) whereby to ensure continuous flow of market information, changes in the international market is well explained to the producers (mean=3.988). Additionally, fair-trade pricing strategy aims to enhance quality of living through adequate returns to customers. As a result, prices offered by coffee factories comply with the fair-trade cost of living (mean=3.940). The study findings imply that coffee factories have enhanced strategies that foster eradication of poverty in the community by implementing fairtrade practices and policies in that context.

4.5 Performance of Coffee Factories

Table 4. 7 Performance of Coffee Factories

Statement	N	Mean	Std. Deviation
Export quantity has continually increased with certification	83	4.3253	.54344
Increased foreign market turnover	83	4.2771	.75407
There has been direct export and thus by-passing the local auction	83	4.1687	.71259
The firm foreign market share has increased	83	4.0964	.63658
The prices of our products have increased as compared to the last period	83	4.0000	.71568
New market opportunities have arisen in the foreign market	83	3.9880	.63427
Export barriers have decreased with fair trade certification	83	3.7470	.71300
Valid N (listwise)	83		

The study aimed at establishing the effect of fair-trade practices on export performance of coffee factories in Kiambu County. From the descriptive statistics, the study established that Export quantity has continually increased with certification (mean=4.325) and that there has been increased foreign market turnover (mean=4.277) as a result of fair-trade practices. In addition, the respondents agreed that due to implementation of fair-trade practices, there has been direct export

and thus by-passing the local auction (mean=4.169) and that firm foreign market share has increased (mean=4.096). Similarly, the respondents agreed that the prices of products have increased significantly as compared to the period that the factories were not subscribed to fairtrade policies (mean=4.000). In this regard, new market opportunities have arisen in the foreign market (mean=3.988) and that Export barriers have decreased with fair trade certification (mean=3.747). The study findings from the descriptive statistics imply that fair-trade practices have significantly affected export performance of coffee factories.

4.6 Regression Analysis

Regression analysis was conducted in order to establish relationship between fair-trade practices and export performance of coffee factories in Kiambu County. Linear regression analysis was performed using statistical package for social sciences. Under linear regression analysis, three tables are presented for interpretation; the model summary, the ANOVA table and the regression coefficient table.

4.6.1 Model Summary

The model summary table presents the R coefficient, adjusted R square, R square, and standard error of estimate. The R coefficient is also known as the correlation coefficient while the R square is also known as the coefficient of determination which explains the extent of variation in the dependent variable explained by the dependent variable.

Table 4. 8 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.801 ^a	.641	.623	.63012

a. Predictors: (Constant), Eradication of poverty, Safe working environment, Environmental conservation practices, Discrimination and child labour

From the model summary statistics, the R coefficient was 0.801 implying that fair-trade practices and export performance have a positive and strong correlation. Similarly, the study established that the R Square was 0.641. This means that the four fair-trade practices assessed (eradication of poverty, safe working environment, environmental conservation practices, discrimination and child labour) influences 64.1% of the changes in export performance. The rest (35.9%) of changes in the export performance of coffee factories in Kiambu County are influenced by other factors not included in the study.

4.6.2 ANOVA

The analysis of variance table estimates the good of fit of a model to predict an outcome variable given the data of the predictor variables. In this case, the predictor variables were the fair-trade practices (eradication of poverty, safe working environment, environmental conservation practices and discrimination and child labour) while the outcome variable was export performance of coffee factories operating in Kiambu County. The decision criterion for the ANOVA table is based on the significance value in that if the significance value is less than 0.05, then the model is good of fit.

Table 4. 9 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	55.416	4	13.854	34.893	.000 ^b
	Residual	30.970	78	.397		
	Total	86.386	82			

a. Dependent Variable: Performance

b. Predictors: (Constant), Eradication of poverty, Safe working environment, Environmental conservation practices, Discrimination and child labour

The value for F is 34.893 and the p-value is 0.000. Since the p-value is less than 0.05, the estimated model is significant and fit for the data at the confidence level of 95% (Significance = 0.05).

4.6.3 Regression Coefficients

The regression coefficients table provide the variable coefficients that define the estimated model for the relationship between the predictors and the dependent variable. In this regard, the table provides the coefficients that estimate the model for the influence of fair-trade practices on export performance of coffee factories.

Table 4. 10 Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-.007	.303		-.023	.982
	Safe working environment	.259	.096	.258	2.691	.009
	Discrimination and childlabour	.120	.110	.115	1.090	.279
	Environmental conservation practices	.407	.104	.347	3.929	.000
	Eradication of poverty	.289	.098	.260	2.963	.004

a. Dependent Variable: Performance

In estimating the model, the equation was formulated as

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \epsilon$$

Where: Y is export performance; X₁, X₂, X₃ and X₄ are safe working environment, discrimination and child labour, environmental conservation and eradication of poverty respectively. β_0 = constant; β_1 , β_2 , and β_3 and β_4 = regression coefficients for X₁, X₂, X₃ and X₄ respectively; and ϵ = error term which is always assumed to be zero. In this regard, the model was expressed as:

$$Y = -0.007 + 0.259X_1 + 0.120X_2 + 0.407X_3 + 0.289X_4$$

Where X_1 , X_2 , X_3 and X_4 are safe working environment, discrimination and child labour, environmental conservation and eradication of poverty respectively.

From the coefficients, when coffee factories in Kiambu County enhance safety of working environment ($\beta_1 = 0.259$, Sig. = 0.009) by one unit, their export performance increases by a factor of 0.259 units which is a significant margin because the p-value is less than 0.05. In addition, when the factories enhance strategies that reduces discrimination and child labour ($\beta_2 = 0.120$, Sig.= 0.279) by one unit, the export performance improves by a margin of 0.279 which is a statistically insignificant margin because the p-value is greater than 0.05. Similarly, a unit increase in environmental conservation strategies ($\beta_3 = 0.407$, Sig.= 0.000) and eradication of poverty ($\beta_4 = 0.289$, Sig.= 0.004) triggers an improvement in export performance by a factor margin of 0.407 and 0.289 units respectively, a significant marginal improvement since the pvalue for each of them is also below 0.05.

4.7 Summary of Research Findings

The main objective of the study was to establish the influence of fair-trade practices on export performance of coffee factories in Kiambu County. The study incorporated four major fair-trade practices exercised by firms enrolled with fair-trade organization. These practices comprised of safe working environment, discrimination and child labour, environmental conservation and eradication of poverty. From the descriptive statistics, the study established that majority of coffee factories in Kiambu County have moderately achieved implementation of fair-trade practices considered in the study.

Based on the inferential statistics on the effect of each fair-trade practice on export performance, the study established that safe working environment had a positive and significant effect on export

performance. A safe working environment enhances employee commitment and engagement which lead to increased employee production thus increases cumulative output in the firm. The findings are in tandem with Dolan (2010) that Fair Trade Organizations are cognizant of the producer groups' health and safety concerns. They are always working to raise awareness of health and safety issues and to enhance health and safety practices in producer groups. In turn, there is increased employee engagement and commitment therefore increasing performance per employee as well as overall organization performance.

In addition, based on the study findings, one of the attributes of fair-trade oriented firms is to eradicate discrimination and child labour. As a result, the study established a positive relationship between eradication of discrimination and child labour and export performance. That incorporation of people from all dimensions of life enhances the overall output hence encouraging the society to contribute towards enhancement of factory performance for sustainability and better living. As stated in earlier study by Valkila and Nygren (2010) that it is always published and made known on the right procedures to be followed on the involvement of children and people living with disabilities in inclusion into making products that conforms to fair trade specifications with an intention of safeguarding education progress of children and wellbeing of persons with disabilities (PWD).

Similarly, the study established that environmental conservation plays a significant role in enhancing export performance. As a result, there was a positive and significant effect of environmental conservation realized on export performance among factories in Kiambu County that deals with export of coffee products. As reported by Sally (2016), producers are urged to protect and safeguard the environment, which includes natural water resources, virgin forest bodies, soil erosion and management waste.

From the study findings, it was established that eradication of poverty as one practice of firms subscribed to fair-trade organization positively affect export performance. The notion that Fairtrade organizations pay farmers well on their output encourages farmers to produce more for greater return. As a result, export output is enhanced leading to increased export performance of coffee factories. The Fair-Trade movement works to alleviate poverty around the world through trade, according to Valkila and Nygren (2010), by working with disadvantaged communities and producers to create opportunities for them to develop their own businesses rather than handing out handouts in the traditional charity model.

CHAPTER FIVE: SUMMARY CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This Section provides the summary of the results, the conclusions drawn from the research findings presented in the previous chapter. The findings and conclusions are presented in order to achieve

research objective. The recommendations and policy suggestions are given based on the findings established from analysis of primary data collected.

5.2 Summary

The study sought to establish the influence of fair-trade practices on export performance of coffee factories operating in Kiambu County. In quest of achieving this objective, the study considered two slack variables that helped in determining the size and the age of coffee factories. From the findings, the study established that with respect to the size of organization based on the number of employees, majority of coffee factories are small organizations with more than 70% factories having 30 or less employees. In addition, the study also found that more than 80% of coffee factories in Kiambu County have been in operation for a period of more than five years which shows that the factories had adequate experience in the export market.

The present study focused on four major fair-trade dimensions. These dimensions comprised of eradication of poverty, safe working environment, environmental conservation practices and discrimination and child labour. From the findings, the study established a positive ($\beta=0.259$) and significant ($\alpha=0.009$) relationship between safe working environment practice and export performance of coffee factories. The study also discovered that in attempt of implementing effective safe working environment strategy, firms provide employees with protective equipment in the workplace. In addition, the study also found that organizations ensure that there is a good lighting system in the workplace. This implies that coffee factories have implemented safe working environment strategies as a result of enrolment to fair-trade organization.

Further, abolishment of discrimination and child labour was found to contribute positively towards enhanced export performance. The findings establish a positive coefficient ($\beta=0.120$) and a

significance value of ($\alpha=0.279$) implying that although there is a positive effect on export performance attributed to eradication of discrimination and child labour, the effect was insignificant. There was a general consensus among the respondents that workers involved during production process were the indigenous people and that no child labour was involved in the production process. In addition, the foregoing goal of the factories was to improve the economic wellbeing of all farmers without discrimination.

In line with environmental conservation practice, the study established a positive regression coefficient ($\beta=0.407$) and a significant alpha value ($\alpha=0.000$). The findings thus implies that environmental conservation had a positive and significant effect on export performance. Environmental conservation advocates sustainability of coffee farming in an area and therefore farmers will support production of coffee. Consequently, there will be an increase in coffee production leading to increase in export performance of coffee factories. In an attempt to boost environmental conservation, the factories had developed strategies such as continuous training of employees on environmental conservation during production process.

Additionally, the study found that eradication of poverty positively ($\beta=0.289$) and significantly ($\alpha=0.004$) affect export performance. When farmers are working for increased output with an intention of getting good returns and move out of poverty line which the fair-trade organization advocate for, farmers will work hard and increase production leading to increased export performance by coffee factories. The factories also enable farmers by equipping them with the necessary technical know-how in order for them to produce quality coffee in high quantities.

The regression analysis further established a correlation coefficient of 0.801 implying that fairtrade practices and export performance have a strong correlation. In addition, the findings established that fair-trade practices explain 64.1% ($R\text{ square}=0.641$) of the overall export performance

variations. The findings imply that other factors not considered in the study explains 35.9% of export performance.

5.3 Conclusion

The study established that fair-trade practices have been exercised by various coffee factories in Kiambu county. Based on the findings, safe working environment creates ample and sustainable environment for continuous coffee production. With advanced environmental conservation practices, the study established that there is support from the community which in turn enhances coffee production output. The study concluded that coffee factories have devised strategies for enhancing environmental conservation such as training of farmers and employee on effective ways of conserving the environment.

The study also concluded that fair-trade organization advocates for equality among employees and producers. As a result, coffee factories have ensured that there is no discrimination nor child labour in the production process as well as in the factory working environment. In this regard, coffee factories work to improve the welfare of the marginalized workers hence getting the support of the farmers who in turn supply coffee in large quantities leading to increase in coffee export. Similarly, the study concluded that through implementation of strategies that supports eradication of poverty among coffee producers, there has been increase in coffee supply to factories leading to increase in export volume.

5.4 Recommendations

Based on the findings, the study suggests that coffee factories should educate employees on various fair-trade practices that help gain sustainable supply of coffee to factories as a consequent of good

returns to the farmers. Fairtrade practice for instance fair prices to the farmers will encourage voluminous supply of raw coffee berries to the factories hence enhancing export performance. The study also recommends that coffee factories should partner with the government through the Ministry in charge of environment in order to further enhance environmental conservation measures for sustainable coffee production.

Based on eradication of poverty dimension, the study recommends that coffee factories should partner with international market players in providing market information to farmers. This will help inform the farmers on the quality of coffee required for export. Additionally, coffee factories should equip the farmers with technical know-how which will facilitate efficiency in operation thus leading to increase in output per farmer hence adequate returns.

5.5 Limitations of the study

The study's restrictions comprised of limited time set aside for the research. With emergence of COVID19 pandemic, the study was restricted to online survey since the COVID19 protocols set by the Ministry of health and also by the management of Coffee factories restricted the number of visitors in the firms.

This study also focused on Kenya coffee factories. The findings may be limited to coffee production industry as well as Kenyan economy. The study adopted a descriptive research design and therefore the findings cannot be generalized to other sectors in the country. More so, a case study research design can be undertaken to get a more detailed analysis of how succession affects employee turnover intent. However, despite the above stated limitations, the findings of this research will form an important reference material in other studies and policy decisions by managers and policy makers.

5.4 Suggestions for Further Research

Since the time schedule was limited, the study suggests a further study be undertaken over a long period of time to have a longer observation of fair-trade practices and the long-term impact that it has on export performance.

The scope of the study was limited to coffee production industry in Kenya. Consequently, it is suggested that a study be undertaken on more than one production sector to compare the results and get a more representative finding.

Finally, the study suggests future studies to consider other designs other than descriptive that was adopted by the present study. The findings of a cross sectional study may not be generalized for a longer period of time thus future studies should consider time series analysis.

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APPENDICES

Appendix I: List of Coffee Factories in Kiambu County

- | | | | |
|-----------------|-----------------|----------------|----------------|
| 1. Gatei | 18. Kibiru | 35. Korokoro | 52. Kianganga |
| 2. Gathaiti | 19. Gatundu | 36. New Thuita | 53. Magumu |
| 3. Githombokoni | 20. Wamuguthuko | 37. Riakahara | 54. Nyamangara |
| 4. Igamba | 21. Gichi | 38. Thiururi | 55. Giagithu |
| 5. Kiriko | 22. Ruaka | 39. Kibonge | 56. Ndithiati |
| 6. Ndekei | 23. Gachika | 40. Mikari | 57. Nyaga |

- 7. Gathare 24. Githuka 41. Magomano 58. Nyakabugi
- 8. Gititu Main 25. Gitare 42. Muthiga 59. Riuki
- 9. Ikinu 26. Baringoko 43. Ndumberi 60. Handage
- 10. Karweti 27. Gathiruini 44. Ngaita 61. Wamuguma
- 11. Kiairia 28. Gatuyu 45. Riabai 62. Kiamwangi
- 12. Kimathi 29. Githongo 46. Nembu 63. Kigaa
- 13. Mutuya 30. Kagwanja 47. N. Gatukuyu 64. Thaara
- 14. Ngemwa 31. Kaimbu 48. Kaibere 65. Githembe
- 15. Ngochi 32. Kamuchege 49. Kairi 66. Kiganjo
- 16. Karatu 33. Kanake 50. Kanyoni 67. Ndundu
- 17. Karinga 34. Kirura 51. Kiandino

Appendix II: Questionnaire

SECTION A: DEMOGRAPHIC INFORMATION

1. Name of the factory (Optional).....
2. How many employees are there in your organization?
 - a) Less than 10 () b) 11 – 20 ()
 - c) 21 - 30 () d) Over 30 ()
3. For how long has your organization been in operation?
 - a) Less than 5 years () b) 6 – 10 years ()

c) 11 - 20 years

()

d) Over 21 years

()

SECTION B: Fair Trade Practices

4. Please indicate the extent to which you concur with the following statements concerning fair practices.

KEY;

Use 1) Very low extent; 2) Low extent; 3) Moderate extent; 4) Great extent; 5) Greater extent

a) Safe Working Environment

Statement	5	4	3	2	1
The organization provides employees with protective equipment in the workplace					
The organization provides good and safe working condition for all its employees					
There is security in all our work places					
The organization ensures that there is a good lighting system in the workplace					
There is a good relationship between employees/farmers and their superiors					
The organization ensures that there is a good working relationship with fellow coworkers					
The organization encourages development of good working condition with all subordinates					
Employees are allowed good resting period					

How else is the safe working environment enhanced in your organization

.....

b) Discrimination and Child Labour

Statement	5	4	3	2	1
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The foregoing goal of our factory is to improving the economic wellbeing of the farmers					
The organization works to improve the welfare of the marginalized workers					
The products sold aims at fostering the economic well-being of the community					
Our products are mainly produced by women who are disadvantaged					
Mothers in the child-bearing stage are accommodated					
The workers involved during the production of our products are the indigenous people					
No child labour is involved in our production process					
We offer pre-harvest finances to our clients					

How else is the company managing discrimination and child labour during the production process

c) Environmental Conservation Practices

Statement	5	4	3	2	1
Our farmers concern forest bodies during their production process					
Natural water resources are always conserved					
The production waste is recycled and used as manure in the farms					
The farmers balance between their agricultural needs and the need to conserve the environment					
Minimal use of agro-chemicals is used during the production process					
Carbon emission standards is always adhered by our farmers					
The factory arranges continuous training to its employees on environmental conservation during production process					
The factories are using renewable energy in its processing					

How else is environmental conservation during production process achieved

.....

d) Eradication of Poverty

Statement	5	4	3	2	1
Product production is based on equity					
Product production is based on dialogue with producers					
We offer adequate information on market performance					
The organization involves producers on all matters affecting them					
The organization posts account information on primary society doors					
Changes in the international market is well explained to the producers					
The quality of product determines the prices offered in the market and hence encouraging the production of quality products					
The prices offered comply with the fair-trade cost of living					
We equip producers with the necessary technical know-how					

How else is the organization facilitating eradication of poverty during the production process

SECTION C: PERFORMANCE OF COFFEE FACTORIES

5. Indicate the extent to which the fair trade practices have influenced the performance of the coffee factories

Where, 5 = Greatly; 4 = Considerately; 3 = Moderately; 2 = Remotely; 1= Not at all

Statement					
Export quantity has continually increased with certification					
Export barriers have decreased with fair trade certification					
The firm foreign market share has increased					

The prices of our products has increased as compared to the last period					
New market opportunities have arisen in the foreign market					
There has been direct export and thus by-passing the local auction					
Increased foreign market turnover					

THANK YOU SO MUCH