



STRATEGIC ALIGNMENT, STAKEHOLDER ENGAGEMENT AND ORGANISATIONAL PERFORMANCE OF THE TEA INDUSTRY IN KENYA: A CASE OF KABIANGA TEA FACTORY

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ABSTRACT

Kenya's tea industry, a leading foreign exchange earner, faces climate variability, certification demands from international buyers and volatile auction prices. Corporate social responsibility (CSR) is often proposed as a strategic response, yet evidence on how it is managed in farmer-owned factories under the Kenya Tea Development Agency (KTDA) remains scarce. This study examined the effect of strategic alignment and stakeholder engagement, as dimensions of CSR practice, on the organisational performance of Kabianga Tea Factory in Kericho County, Kenya. The study was anchored on Stakeholder Theory and supported by the Natural Resource-Based View. A descriptive case study design was adopted. From a target population of 805 factory managers, operational staff, farmer-members, community representatives and KTDA oversight personnel, a sample of 160 respondents was drawn through stratified random and purposive sampling. Data were collected using a pilot-tested structured questionnaire, which yielded 146 usable responses (91.25 per cent), and were analysed using descriptive statistics, Pearson correlation and linear regression. Both practices were rated favourably, with strategic alignment scoring a mean of 3.98 and stakeholder engagement 3.90, while organisational performance scored 3.76. Strategic alignment ($r = 0.831$) and stakeholder engagement ($r = 0.819$) had strong, positive and significant relationships with performance, and individually explained 69.1 and 67.1 per cent of its variation respectively ($p < 0.001$). Both remained significant predictors in the overall regression model, with stakeholder engagement ($\beta = 0.324$) and strategic alignment ($\beta = 0.301$) contributing distinctly to performance ($p < 0.001$). The study concludes that CSR improves performance when it is embedded in strategy and built on genuine, two-way relationships with stakeholders. It recommends that the factory write CSR objectives into its strategic plan and mission, tie CSR targets to board-reviewed performance indicators, and formalise grievance-resolution mechanisms for farmers, workers and communities.

KEYWORDS: Corporate Social Responsibility, Strategic Alignment, Stakeholder Engagement, Organisational Performance, Tea Industry, Kenya

1. INTRODUCTION

Corporate social responsibility (CSR) has moved from simple acts of charity to a way of conducting business in which social and environmental concerns shape strategy, governance and routine decisions (Carroll, 1991; Aguinis & Glavas, 2012). Porter and Kramer (2006) argued that firms benefit most when the social causes they take up overlap with their value chain and competitive environment. Organisational performance, the outcome of interest, refers to how far an organisation meets its financial and other targets and creates value for its stakeholders (Richard, Devinney, Yip, & Johnson, 2009), and is increasingly assessed on social and environmental as well as financial fronts (Montiel & Delgado-Ceballos, 2014).

Global evidence suggests that responsible conduct makes business sense. A meta-analysis of 52 studies by Orlitzky, Schmidt and Rynes (2003) found that corporate social and financial performance move together, largely through reputation and stakeholder goodwill, while Saeidi, Sofian, Saeidi, Saeidi and Saeidi (2015) showed that CSR lifts financial results mainly by strengthening competitive advantage. In Africa, Idemudia (2011) contended that CSR

advances development only where local stakeholders are treated as partners rather than recipients. Kenyan findings are mixed: Mwangi and Oyenje (2013) found only a weak, non-significant link between CSR and return on assets among listed firms, whereas Wanzallah and Muathe (2024) reported that stakeholder engagement explained about 71 per cent of the variation in the sustainable performance of sugar mills.

Tea is among Kenya's most important exports: in 2023, output exceeded 570 million kilogrammes and export earnings passed KES 180 billion (Tea Board of Kenya, 2024). More than 500,000 smallholders supply KTDA-managed factories, which produce most of the national crop (Cameron, 2017). Kabianga Tea Factory in Kericho County is one such factory, buying green leaf from about 18,000 registered smallholders and holding Rainforest Alliance certification (Kabianga Tea Factory, 2025).

1.1 Statement of the Problem

Tea producers face erratic weather, catchment degradation, labour-standard concerns, unstable prices and certification conditions set by overseas buyers (Ochieng,



Hughey, & Bigsby, 2013; Chepkoech, Keitany, & Bett, 2023). CSR is widely proposed as part of the response, but when run as charity or compliance it can consume scarce resources without strengthening the business (Porter & Kramer, 2006). Kenyan research has concentrated on multinational estates, farm-level certification and listed firms in other sectors (Mwangi & Oyenje, 2013; Chepkoech et al., 2023), and has often treated CSR as a single construct measured against financial results only. KTDA factories are owned by the farmers who supply them, so their governance differs from that of estates. There is therefore limited evidence on how strategic alignment and stakeholder engagement relate to multidimensional performance in a smallholder-owned tea factory.

1.2 Literature Review

Stakeholder Theory. Freeman (1984) argued that firms thrive when they create value for all who affect or are affected by them. Its instrumental strand expects sound stakeholder management to produce better performance (Donaldson & Preston, 1995), and later work frames value as co-created through dialogue and joint problem solving (Freeman, Harrison, & Zyglidopoulos, 2018). Although critics note that it gives little guidance on weighing rival claims (Mitchell, Agle, & Wood, 1997), the theory anchors the stakeholder engagement objective.

Natural Resource-Based View. Extending Barney's (1991) Resource-Based View, Hart (1995) argued that environmental and social capabilities can become sources of competitive advantage, and Hart and Dowell (2011) found a consistent link between such capabilities and financial results. The view

underpins the strategic alignment objective: when CSR is woven into strategy, governance and resource allocation, it becomes a capability that competitors find hard to copy.

Strategic alignment and performance. Burke and Logsdon (1996) identified centrality, the fit between CSR and the firm's mission, as the first condition for strategic gains. Husted and Allen (2007) found that CSR at the core of large Spanish firms' missions created more value than unrelated philanthropy, and Jain and Jamali (2016) showed that board oversight shapes whether CSR is sustained. In Kenya, Muthuri and Gilbert (2011) observed that many firms still treat CSR as externally driven philanthropy, which may explain the weak results reported by Mwangi and Oyenje (2013).

Stakeholder engagement and performance. Henisz, Dorobantu and Nartey (2014) found that stakeholder cooperation raised the market value of 26 gold mines, and Choi and Wang (2009) showed that firms with sound stakeholder relations sustained superior results for longer. In Kenya, Wanzallah and Muathe (2024) reported a strong correlation between stakeholder communication and the performance of sugar mills ($r = 0.852$), and Cameron (2017) showed that farmer and staff involvement was critical to the certification of KTDA factories.

1.3 Conceptual Framework

Figure 1 presents the hypothesised relationships. Strategic alignment and stakeholder engagement are the independent variables, and organisational performance is the dependent variable.

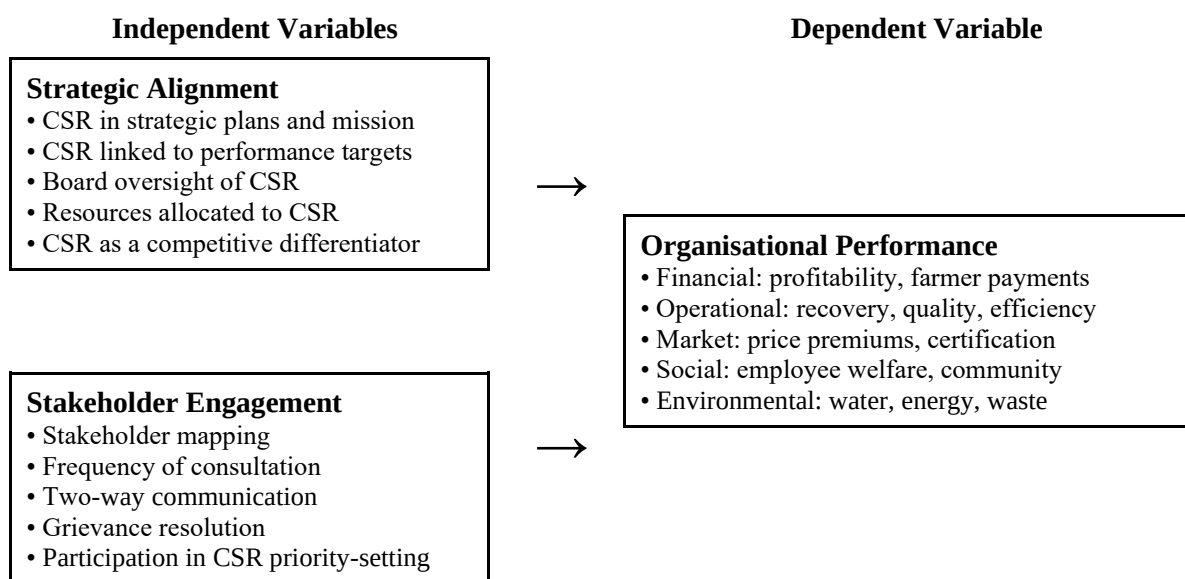


Figure 1: Conceptual Framework

2. OBJECTIVES OF THE STUDY

The general objective was to examine the effect of CSR practices on the organisational performance of the tea industry in Kenya, using Kabianga Tea Factory as the case. The specific objectives were:

- To examine the effect of strategic alignment on organisational performance of Kabianga Tea Factory.
- To assess the effect of stakeholder engagement on organisational performance of Kabianga Tea Factory.

The study tested the following null hypotheses:



H01: Strategic alignment has no significant effect on organisational performance of Kabianga Tea Factory.

H02: Stakeholder engagement has no significant effect on organisational performance of Kabianga Tea Factory.

3. METHODOLOGY

The study adopted a descriptive case study design, which permits close investigation of a contemporary phenomenon in its real-life setting (Yin, 2018). A quantitative approach was used. Primary data were collected through a structured questionnaire in which each variable was measured with five statements on a five-point Likert scale (1 = strongly disagree; 5 = strongly agree). The instrument was pilot-tested on 17 respondents at Momul Tea Factory, a comparable KTDA factory. Content validity was established through expert review, and reliability was confirmed using Cronbach's alpha:

strategic alignment (0.934), stakeholder engagement (0.925) and organisational performance (0.870) all exceeded the 0.70 threshold (Tavakol & Dennick, 2011). Data were collected through a drop-and-pick-later method after obtaining a NACOSTI research licence and permission from factory management and KTDA. Informed consent, confidentiality and anonymity were observed throughout.

4. SAMPLING DESIGN

The target population comprised 805 people in five stakeholder groups. A sample of 160 (about 20 per cent) was drawn in line with Mugenda and Mugenda's (2003) guideline of 10 to 30 per cent for descriptive studies. Staff and farmer-members were selected by stratified random sampling, while management, community representatives and KTDA personnel were selected purposively (Table 1).

Table 1: Target Population and Sample

Category	Population (N)	Sample (n)	Technique
Factory management staff	23	5	Purposive
Operational and field staff	72	14	Stratified random
Registered smallholder farmer-members	628	124	Stratified random
Community representatives	64	13	Purposive
KTDA oversight personnel	18	4	Purposive
Total	805	160	

Source: Kabianga Tea Factory and KTDA Records (2025)

5. STATISTICAL DESIGN

Data were analysed in SPSS. Descriptive statistics (means and standard deviations) summarised the ratings, with means of 3.50 to 4.49 read as agreement. Pearson correlation measured the strength and direction of relationships, and multicollinearity was checked using tolerance and the variance inflation factor (Field, 2018). Each objective was tested using simple linear regression, and the joint effect was estimated using the model $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \varepsilon$, where Y is organisational performance, X₁ is strategic alignment, X₂ is stakeholder engagement, β_0 is the constant, β_1 and β_2 are coefficients and ε is the error term. All tests were conducted at the 5 per cent significance level.

6. GEOGRAPHICAL AREA OF THE STUDY

The study was conducted at Kabianga Tea Factory in Kericho County, within the South Rift tea zone of Kenya. The

factory is smallholder-owned and managed under KTDA. It processes green leaf from about 18,000 registered farmers into black CTC tea, sold mainly through the Mombasa Tea Auction. Data were collected at the factory and at its leaf collection centres across the catchment.

7. RESULTS AND DISCUSSION

7.1 Response Rate and Respondent Profile

Of 160 questionnaires administered, 146 were returned complete, a response rate of 91.25 per cent, which Mugenda and Mugenda (2003) would classify as excellent. Men made up 55.5 per cent of respondents, 50.7 per cent were aged 30 to 39 years, 63.7 per cent held a university qualification, 78.8 per cent were farmer-members, and 78.1 per cent had been associated with the factory for at least three years.

7.2 Descriptive Results

Table 2: Descriptive Statistics for Strategic Alignment and Stakeholder Engagement (n = 146)

Statement	Mean	Std. Dev.
CSR objectives are integrated into strategic plans and mission statement	3.93	0.98
CSR priorities are explicitly linked to business performance targets	4.04	0.95
The board provides governance and oversight of CSR strategy	3.95	0.94
Resources are allocated to CSR in proportion to its strategic importance	3.95	0.91
CSR (e.g., certification) is used as a competitive differentiation tool	4.01	0.96
Strategic alignment (aggregate)	3.98	0.84
The factory formally identifies and maps its stakeholders	3.92	0.95
Stakeholders are consulted frequently	3.89	0.96
Communication with stakeholders is multi-directional	3.92	0.96
Grievance-resolution mechanisms are effective	3.86	0.95
Stakeholders participate in CSR priority-setting	3.90	0.96
Stakeholder engagement (aggregate)	3.90	0.84

Source: Field data (2026)



Strategic alignment recorded a mean of 3.98, with 71.0 per cent average agreement. Linking CSR priorities to performance targets was rated highest (4.04), while integration of CSR into formal plans and the mission was rated lowest (3.93), suggesting that alignment is more evident in practice than in written strategy. This agrees with Aguinis and Glavas (2012) and Husted and Allen (2007). Stakeholder engagement

recorded a mean of 3.90, with 67.2 per cent average agreement. Two-way communication and stakeholder mapping scored highest (3.92 each) and grievance resolution lowest (3.86), consistent with Idemudia's (2011) observation that CSR in Africa often relies on consultation more than on mechanisms that give stakeholders real influence.

Table 3: Descriptive Statistics for Organisational Performance (n = 146)

Performance dimension	Mean	Std. Dev.
Financial: profitability, revenue and farmer payment rates	3.81	0.95
Operational: made-tea recovery, quality grades and efficiency	3.71	0.97
Market: auction price premiums, certification and buyer satisfaction	3.75	0.99
Social: employee welfare, community development and farmer incomes	3.79	0.97
Environmental: water, energy and waste management	3.73	0.96
Overall organisational performance	3.76	0.57

Source: Field data (2026)

Organisational performance had an overall mean of 3.76. Financial performance scored highest (3.81) and operational performance lowest (3.71). Performance was rated

below both CSR practices, which suggests that the factory has not yet fully converted its CSR efforts into results, particularly in processing efficiency and resource use.

7.3 Correlation Analysis

Table 4: Pearson Correlation Matrix (N = 146)

Variable	1	2	3
1. Strategic alignment	1		
2. Stakeholder engagement	.797**	1	
3. Organisational performance	.831**	.819**	1

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

Both practices had strong, positive and significant relationships with performance: strategic alignment ($r = 0.831$) and stakeholder engagement ($r = 0.819$), both above Cohen's (1988) threshold of 0.50 for a strong relationship. The two

practices were closely related to each other ($r = 0.797$), but multicollinearity was not a concern (tolerance = 0.365; VIF = 2.741).

7.4 Regression Analysis

Table 5: Simple Regression Results

Predictor	R	R ²	F (1, 144)	Constant	B	β	t	Sig.
Strategic alignment	.831	.691	321.358	1.496	.569	.831	17.926	.000
Stakeholder engagement	.819	.671	293.372	1.574	.561	.819	17.128	.000

Dependent variable: Organisational performance

Strategic alignment alone explained 69.1 per cent of the variation in performance ($Y = 1.496 + 0.569X_1$; $p < 0.001$), so H01 was rejected. This supports the Natural Resource-Based View (Hart & Dowell, 2011) and agrees with Husted and Allen (2007) and Saeidi et al. (2015), while contrasting with Mwangi and Oyenje (2013), whose sample may have held CSR apart

from strategy. Stakeholder engagement alone explained 67.1 per cent of the variation ($Y = 1.574 + 0.561X_2$; $p < 0.001$), so H02 was rejected. This supports Stakeholder Theory (Freeman et al., 2018) and agrees with Henisz et al. (2014), Choi and Wang (2009) and Wanzallah and Muathe (2024).

Table 6: Multiple Regression Results (Overall Model)

Model	B	Std. Error	Beta	t	Sig.
(Constant)	1.087	.113		9.593	.000
Strategic alignment	.202	.046	.301	4.351	.000
Stakeholder engagement	.239	.045	.324	5.276	.000

Overall model: $R = .899$; $R^2 = .809$; Adjusted $R^2 = .803$; $F(4, 141) = 149.010$; $p < .001$. The model also controlled for materiality assessment and organisational culture.

In the study's overall regression model, which also controlled for materiality assessment and organisational culture, both practices remained significant predictors of performance. Stakeholder engagement had the larger standardised effect ($\beta = 0.324$, $t = 5.276$, $p < 0.001$), followed

by strategic alignment ($\beta = 0.301$, $t = 4.351$, $p < 0.001$). Each practice therefore makes a distinct contribution, supporting the argument that CSR practices are most effective when they operate together (Aguinis & Glavas, 2012).



8. SUGGESTIONS

- The board and management should state CSR objectives explicitly in the factory's strategic plan and mission statement, the lowest-rated alignment practice.
- CSR targets should be built into the factory's key performance indicators and reviewed by the board alongside financial results.
- The factory should formalise grievance resolution through clear channels, fixed response timelines and regular feedback to farmers, workers and communities.
- Meetings at leaf collection centres should involve members directly in setting CSR priorities rather than only informing them.
- KTDA and the Tea Board of Kenya should develop CSR planning and reporting guidelines that require documented stakeholder engagement and functioning grievance mechanisms.

9. CONCLUSION

Strategic alignment and stakeholder engagement each have a significant positive effect on the organisational performance of Kabianga Tea Factory. Tying CSR to strategy, targets and board oversight yields measurable gains, and in a farmer-owned factory, systematic two-way engagement builds the legitimacy and cooperation on which results depend. Because both practices remained significant when entered together with the other CSR dimensions, CSR should be managed as an integrated strategic system rather than as isolated community activities.

10. AREA FOR FURTHER RESEARCH

This study covered a single KTDA-managed factory and relied on perceptual, cross-sectional data. Future studies could compare several factories and estates, adopt longitudinal designs, use objective data from audited accounts and production records, and examine other CSR dimensions such as materiality assessment and organisational culture.

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