

Contribution of Private Tea Companies in Socioeconomic Development of Burundi

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Abstract

Original Research Article

The study aims to assess how PROTHEM S.A. contributes to local communities, livelihoods, and regional growth by examining various aspects of socioeconomic progress influenced by its operations. Using a mixed-methods approach, the research combines qualitative and quantitative data collection, with an emphasis on qualitative coding to enhance data reliability and validity. The target population includes 144 PROTHEM staff members and 9,264 tea cultivators across the five provinces, totaling 9,408 individuals. Stratified sampling based on Alain Bouchard's method was employed to select 57 staff members and 94 cultivators, ensuring a 95% confidence level with a 10% margin of error. The findings show that PROTHEM SA staff members' consumption has significantly increased, with expenditures exceeding 300,000 BIF. Notably, 19 respondents reported spending 400,000 BIF, reflecting increased revenue since joining the organization. Savings among members have also improved markedly: 36.1% (21 respondents) save between 100,000 and 200,000 BIF, while 25% (14 respondents) can save over 200,000 BIF, and another 14 respondents (also 25%) are able to save more than 400,000 BIF. This enhanced capacity to save offers members opportunities to start new businesses alongside their agricultural activities, contributing to improved living conditions. On the production side, tea output varied across locations.

Keywords: Contribution, Private Tea Companies, Socioeconomic development, Economic growth, rural livelihoods, Employment opportunities and Agricultural sector.

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INTRODUCTION

The contribution of private companies to socioeconomic development has garnered increasing attention worldwide, especially in developing economies. Private enterprises, particularly in the agricultural sector, are recognized for their potential to stimulate economic growth, create employment, and improve living standards (Smith & Johnson, 2023). Despite these benefits, the extent to which private companies impact socio-economic outcomes varies significantly across countries, often depending on governance, infrastructure, and market access. Globally, there remains a gap in understanding how specific sectors, like tea production, contribute to sustainable development goals, particularly in contexts where private sector engagement is emerging (World Bank, 2023).

In Africa, agriculture remains a vital sector for economic development and employment, with private companies playing a crucial role in modernization and

productivity enhancement (Osei & Mensah, 2023). However, the continent faces challenges such as inadequate infrastructure, limited access to finance, and policy inconsistencies that hinder the full potential of private sector contributions to socioeconomic progress (Adeleke & Oladipo, 2023). The tea industry, in particular, is an important subsector in several African countries, yet its role in fostering inclusive growth and reducing poverty remains underexplored and uneven across the continent (Kiplang'at *et al.*, 2023).

Regionally, East African countries like Kenya, Rwanda, and Uganda have established vibrant tea industries driven largely by private companies. These firms have contributed to regional integration, export earnings, and rural development (Mutua & Ndegwa, 2023). Nevertheless, disparities persist in terms of benefits distribution, environmental sustainability, and community engagement. The regional context underscores the need to assess how private sector involvement aligns with broader socioeconomic

objectives and whether it promotes equitable growth (Ethiopian Development Research Institute, 2023).

Within Burundi, the tea sector is recognized for its potential to drive socioeconomic development; however, it remains underdeveloped compared to neighboring countries. Private companies like PROTHEM S.A. are pivotal in this landscape, yet their contributions to local livelihoods, infrastructure, and community development require further investigation. Burundi faces specific challenges such as political instability, limited infrastructure, and low investment levels, which may constrain the sector's growth and its socioeconomic benefits (Ndayizeye & Ntahomvukiye, 2023). Understanding the role of private companies in this context is crucial for designing policies that harness their potential for sustainable development. Despite the acknowledged importance of private tea companies in fostering socioeconomic development, there is limited empirical evidence on their specific contributions within Burundi. This gap hampers the formulation of targeted policies that can optimize their role in poverty reduction, employment creation, and rural development. Given the strategic importance of the tea sector for Burundi's economic future, this study aims to examine how companies like PROTHEM S.A. influence socioeconomic outcomes, addressing a critical knowledge gap at both national and regional levels (Uwimana & Mugisha, 2023). Understanding these dynamics is essential for leveraging private sector growth to achieve sustainable development in Burundi and similar contexts.

METHODS

Data for this study was collected through two ways: documentation, survey, and interview.

This involved collecting information and data from books, annual reports, dissertations, theses, journals, articles, and various documents on the topic. To this end, different places were visited: HAU library, Burundi national University, IDEC library, PROTHEM SA annual reports, Internet, etc. The information and data collected at this stage were analyzed notably for the development in the literature review chapter. A survey was also carried out to complement information and data gathered through documentation. The process of sampling significantly influences the representation of the overall study (Yin, 1994). A sample, as defined by Nyandwi Elias (2014, 49), refers to the purposeful selection of observations. The sample size constitutes a subgroup or section sharing similar characteristics with the population under study. According to Cohen *et al.*, (2000, 56), factors such as cost, time, and convenience play a crucial role in determining the sample size during the planning phase of the study. Given the impracticality of covering the entire target population, researchers often resort to selecting a representative sample. The selection of a sample involves employing a specific procedure, and various sampling techniques exist. For this research, the Alain

Bouchard sampling size has been chosen due to its potential to provide a representative cross-section of the entire target population.

RESULTS

The above table reveals that 14 (25 %) of respondents who completed the questionnaire were 18 to 35 years, 27 (47%) were in the age of 36-55, with 16 (28 %) being above 56 years. In this study, the researcher assumed that age differences of the respondents would be significant to the study given that formal employment opportunities were dwindling and social economics development getting increasingly competitive, so much such that risk taking was defining the level of business success.

Most of the employees in staff member category of PROTHEM S.A were elderly entrepreneurs with much more business management skills and were therefore likely to keep such enterprises up and running. In view of such eventualities, these entrepreneurs were better placed to access business funds from the commercial lending institutions, as their credit rating due to possession of valuable collaterals would be high and contributed on personnel development. 25 percent of the respondents have been members of the PROTHEM S.A Company for less than two years while 30 percent of them have a membership duration ranging between two to five years whereas 45 percent have more than six years of membership. In this regard, a great majority of the staff member have participated in the PROTHEM SA project for more than four years. It is believed that the impact of the company will help to foster socioeconomic development given the experience of employees who have over four years of experience. This represents 25 % of all participants. 18 participants answered that they take from six to eight people in their Household Charges which means 31 % of participants; and 25 participants answered that they take above eight people in their Household Charges which falls to 44 % of participants.

This is particularly true when we consider that no one were gaining above 500.000 before joining Prothem while after being staff member there are 14 respondents with a monthly revenue above that amount. Also, before gaining Prothem SA, those who had revenue above 250.000 were 11 respondents while they are 36 after joining. Therefore, we can observe that the presence of Prothem SA has contributed to the increase of economic welfare in the five provinces under study. Savings have improved very much after being Prothem SA member. For instance, we have 21 respondents saving between 100.000 and 200.000. This represents 36, 1%. 14 respondents representing 25 % have the opportunity to save over 200.000. The chart shows also that 14 respondents have financial ability to save more than 400. 000. With that level of saving, Prothem SA members have the opportunity to start new business beside their main agricultural activities. Therefore, we can conclude that Prothem SA she has contributed in

raising the life conditions of families in the provinces it is conducting activities. Above show that 34 percent of the respondents have been members of the Prothem SA company for less than two years while 26 percent of them have a membership duration ranging between two to five years whereas 40 percent have more than six years of membership. In this regard, a great majority of the Tea cultivators have participated in the PROTHEM SA project for more than four years. It is believed that the impact of company will be helping in socioeconomic development. In Gisozi location, production was 431 in 2012 and it went to 787 tons in 2013 before reaching 1302 tons in 2014.

It dropped in 2015 and went to 719 due to the political crisis following 2015 events. Also, the decrease is explained by the fact that the company was going through a power shortage due to the breakdown of the transformer. Tea cultivators were then selling their production in neighbor factories.

For Jenda, Rusaka, Ndava, and Kiganda stations, the production also decreased in 2015 before rising again in 2016. But in 2017 and 2018, the production kept increasing from 2012 to 2014. It dropped in 2015 due to also the political crisis in the country and especially in that location. But the production renewed with the increase in 2016 where it reached its best production with 1346 tons of tea. Concerning Ryansoro, Bisoro Mugamba, It was the same trend. From 2012 to 2014 the production was increasing until it gets to 1502 tons in 2014. It decreased because of the political crisis the country was going through. Despite that decrease in 2015 the production was increasing in overall.

In Burundi, as mentioned above, the different estates that are certified Organic are also certified Fair trade. The move to Organic was made before the Fair-trade certification as both the organic certified companies claimed that they first joined the system because they had acquired overgrown fields and the costs for conventional rehabilitation were much higher compared to the Organic certification (Interviews on staff member).

Organic tea is currently only bought through direct contracts and accounts for an average of 86.1 % of total sales for this five year. Organic tea is paid a price premium, which is difficult to determine because the majority of certified organic tea that is exported from Burundi is actually of the Prothem SA. This also adds an additional price premium.

The data indicates that PROTHEM staff members experienced a substantial increase in their monthly income after joining the organization. Before employment, 16.7% of respondents earned between 0 and 100,000 BIF, whereas after joining, only 5.6% earned within this range. Conversely, the proportion earning over 500,000 BIF rose from 0% to 25%,

illustrating a clear upward trend in income (Tables 11 and 12). Similarly, their savings improved markedly, with 36.1% saving between 100,000 and 200,000 BIF after joining, compared to only 19.4% before (Tables 14). These figures support the hypothesis that PROTHEM staff members' revenues and expenses increased significantly, aligning with findings by Giovannucci *et al.*, (2008), who observed that certification and organizational support can elevate farmers' income levels.

On the production side, the tea output in areas under PROTHEM's influence increased over the years. For example, in Gisozi, production rose from 431 tons in 2012 to 1,302 tons in 2014, despite a dip to 719 tons in 2015 due to political unrest, and then rebounded (Table 19, Figure 16). Similar trends are observed in other locations, indicating an overall positive growth in tea production over time. These results confirm the hypothesis that the organization's activities have contributed to increased productivity. This aligns with the work of Rigg (2005), who emphasizes that targeted interventions can stimulate production and improve household incomes in rural agricultural settings.

DISCUSSION

The questionnaire response rate was exceptionally high at 90.7%, with 57 responses from staff members and 94 from tea cultivators (Table 6). Compared to national averages in agricultural surveys, which typically hover around 60-70% (OECD, 1999), our response rate stands out as particularly outstanding. Regarding the demographic characteristics, most staff respondents (47.2%) are aged between 36 and 55 years, suggesting a mature workforce with substantial experience (Table 7). This age distribution likely influences their access to financial resources and their capacity for innovation, as highlighted by Bebbington (1999). The predominance of middle-aged respondents indicates a stable and experienced labor force, which is consistent with other studies on agricultural workers in Africa (Gómez Tovar *et al.*, 2005). The significant proportion of respondents above 56 years (27.8%) further suggests a seasoned workforce capable of guiding development initiatives effectively. In terms of gender, a majority of 69.4% of the staff respondents are male (Table 8). This aligns with patterns observed across African rural sectors, where male dominance in agricultural employment is common (Nel *et al.*, 2007). Cost analysis indicates that the price per kilogram of tea ranges between 3,500 and 4,500 BIF (Table 22), reflecting tight margins for producers.

CONCLUSION

The findings revealed that the consumption patterns of Prothem SA staff members have significantly increased, with more than 300,000 BIF spent. This indicates a contribution to economic development through tax payments and savings. Notably, 19

respondents reported spending 400,000 BIF, demonstrating an increase in revenue since joining the company. Savings among Prothem SA members have substantially improved. For example, 21 respondents (36.1%) are saving between 100,000 and 200,000 BIF, while 14 respondents (25%) have the capacity to save over 200,000 BIF, and another 14 respondents can save more than 400,000 BIF. This enhanced savings capacity provides Prothem SA members with opportunities to start new businesses alongside their primary agricultural activities. In conclusion, Prothem SA has contributed to improving the living conditions of families in the provinces where it operates. Examining tea production in different locations, the study found variations. In Gisozi, production increased from 431 tons in 2012 to 1302 tons in 2014. In Jenda, Rusaka, Ndava, and Kiganda stations, production initially decreased in 2015 due to the political crisis but rebounded in subsequent years, reaching a peak of 1346 tons in 2016. Similarly, in Ryansoro, Bisoro Mugamba, production fluctuated but maintained an overall increasing trend despite the challenges posed by the political crisis in 2015.

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Competing interests

The authors declare no conflict of interest.

Contributions from authors

All the authors contributed to the conduct of this work. They also state that they have read and approved the final version of the manuscript.

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