

Factors Affecting the Performance of Small and Medium Scale Poultry Farming Enterprises in Karuri, Kenya

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ABSTRACT

The paper examined the performance of poultry production in independent farms in Karuri, Kenya. Poultry products are widely accepted in Kenya. The commercial poultry farming system started in 1980 but until now meat deficiency is 89.5%. In today's Kenya Poultry farming, operate under various conditions and constrains, which stand on the way to the achievement of the enterprise, Commercial farming can be one of the possible solutions in this deficiency situation and due to its size poultry farmers neither has control over input factor costs or the prices at which it sells its output with the result that insufficient and high cost firms are forced out of the business. This study will explore ways of solving these constraints. With effective management, commercial farming system can be a mean to develop markets and to bring about the transfer of technical skill in a way of increasing productivity that is profitable for both the investors and farmers. The primary data were collected from 45 sample farms in Karuri, Kenya and analyzed using SPSS v.20. It was revealed in the present study that although the independent farmer was able to take advantage of the increase in the price of broilers in the market, resulting in a higher price per bird as compared with the commercial farmers, these farmers were faced by numerous challenges in their undertakings. The Government of Kenya should train poultry farmers in a systematic and continuous process in order for farmers to maintain quality products which can enable them fetch high prices. Farmers should also be assisted by the government through subsidies so as to ensure that they buy poultry feeds at a lower price and this will make overall prices of their products to be low to compete favorably in the market.

Keywords: Kenya, commercial, poultry, productivity, profitability

1. INTRODUCTION

1.1 Background to the Study

It was generally recognized that small and medium poultry enterprises interact with the business environment, which affect their growth and profitability and hence, overall performance as an organization (Getambu 2009). Some of the environmental factors impacting on the performance of these enterprises are: entrepreneurial training and experience, access to credit facilities, national policy and regulatory environment, technological change, country infrastructure and markets information. Given the above mentioned factors, this research addressed factors affecting the performance of small and medium scale poultry farming enterprises in Kenya.

1.1.1 Organizational Performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). Organizational performance is the concept of measuring the output of a particular process or procedure, then modifying the process or procedure to increase the output, increase efficiency, or increase the effectiveness of the process or procedure. The concept of organizational performance can be applied to either individual performance such as an athlete or organizational performance such as a racing team or a commercial enterprise or even a farm or live stock production. In performance improvement Organizational performance, is the concept of organizational change in which the managers and governing body of an organization put into place and manage a programme which measures the current level of performance of the organization and then generates ideas for modifying organizational behavior and infrastructure which were put in place to achieve higher output (Barsky, 1999).

The primary goals of organizational performance are to increase organizational effectiveness and efficiency to improve the ability of the organization to deliver goods and services. Another area in organizational performance that sometimes targets continuous improvement is organizational efficacy, which involves the process of setting organizational goals and objectives in a continuous cycle. Organizational performance at the operational or individual employee level usually involves processes such as statistical quality control. At the organizational

level, performance usually involves softer forms of measurement such as customer satisfaction surveys which are used to obtain qualitative information about performance from the viewpoint of customers. In an increasingly dynamic and information-driven environment, the quest by business leaders and management researchers for performance measures which reflect competitive productivity strategies, quality improvements, and speed of service was at the forefront of managing company performance (Kaplan, 2001).

To be meaningful, company performance should be judged against a specific objective to see whether the objective is achieved. Without an objective, a company would have no criterion for choosing among alternative investment strategies and projects. For instance, if the objective of the company is to maximize its return on investment, the company would try to achieve that objective by adopting investments with return on investment ratios greater than the company's current average return on investment ratio (Armstrong, 2000).

1.1.2 Factors Affecting Organizational Performance

No organization can exist in a vacuum; each is set in a particular country and region to which it is inextricably linked. This setting provides multiple contexts that influence how the organization operates and what it produces. Thus, the concept of "external environment" is an important consideration for any organization when assessing the factors that affects its operation and performance. An analysis of the external environment is an attempt to understand the forces outside organizational boundaries that are helping to shape the organization. Forces outside the institution's walls clearly have considerable bearing on that which transpires within. The external environment can provide both facilitating and inhibiting influences on organizational performance. Multiple influences in the immediate or proximal environment form the boundaries within which an organization is able to function; these influences likewise shape how the organization defines itself and how it articulates what is good and appropriate to achieve. Key dimensions of the environment that bear on the institution include the administrative/legal, technological, political, economic, and social and cultural contexts, the demands and needs of external clients and stakeholders, and relations with other pertinent institutions (Pearce, 2007).

Legal Environment. The administrative and legal environment in a country provides a framework within which an organization operates. In some countries this environment is very restrictive and has significant impact on all aspects of the organization; in other countries the administrative/legal context is more permissive. Understanding the administrative/legal environment is essential to determining if organizational change can take place. The administrative context within which the organization operates may be shaped by a unique combination of forces, including international, governmental, nongovernmental policy, legislative, regulatory, and legal frameworks. An organization is affected by the policy or regulatory context that gave rise to it. This includes specific laws and regulations that support or inhibit the institution's development, (Pearce 2007).

Technology Environment: Both the types and the level of technology in the society give insight into understanding an institution. Institutions dealing with Western paradigms are dependent on the state of national infrastructure, e.g. power, water, transport; those which concentrate on indigenous research paradigms may have totally different dependencies. Thus, it is important to understand the level of relevant technology in the institutional context and whether such technology is defined by computer literacy or by highly developed indigenous methods of verbal and nonverbal communication. It might also be helpful for an assessment to include a consideration of the process by which new technology comes into use, both to understand how difficult it is to acquire needed research technologies and to develop an appreciation for the society's willingness to embrace both new knowledge and change, (Pearce 2007).

Political Environment, at a general level, all organizations needs to understand the relationship between governmental strategy or development plans and the institution. Several specific dimensions of the political context should be scrutinized: The extent to which government and its bureaucracy supports and contributes resources to the institution: It is imperative that all organization know whether significant governmental inputs are anticipated to support increased staffing, maintenance, or other recurring costs typical in research projects. The political context usually entails resource trade-off decisions at the government level (Pearce, 2007).

In the economic environment, the organizational analysis should centre on those aspects of the economic system that directly impact the type of project being considered. For example, inflation, labour laws, and opportunity costs for researchers in public institutions directly impact organizational activities. Clearly, a country under a structural adjustment regime or one that is expecting to undergo restructuring presents an investment context that an organization needs to understand. Countries with foreign currency restrictions represent different environments for institutions than countries without them, for such restrictions have ramifications for research, e.g. for equipment procurement and maintenance (Pearce, 2007).

Social and cultural forces at local, national, and often regional levels have profound influence on the way organizations conduct their work and on what they value in terms of outcomes and effects. For example, the mores of an indigenous culture have a bearing on the work ethic and on the way in which people relate to one another. Undoubtedly, the most profound cultural dimension is language. The extent to which organizational members can participate in the discourse of the major scientific language will determine the extent to which research efforts focus inwardly or contribute to regional and global research agendas. Understanding the national/regional/local values toward learning and research provides insight into the type and nature of research that is valued. For example, what is the relative priority placed on contract research in partnership with local clients, e.g. testing products and procedures with indigenous populations, as opposed to sharing information with academic peers internationally, or generating biostatistician data that will shape national or regional policy? Arriving at these priorities involves culture-based decisions, (Pearce 2007).

1.1.3 Small and medium enterprises (SMEs)

Definition for SMEs is often considered to be an obstacle for business studies and market research. Definitions in use today define thresholds in terms of employment, turnover and assets. They also incorporate a reasonable amount of flexibility around year-to-year changes in these measures so that a business qualifying as an SME in one year can have a reasonable expectation of remaining an SME in the next. The thresholds themselves, however, vary substantially between countries. As the SME thresholds dictate to some extent the provision of government support, countries in which manufacturing and labor-intensive industries are prioritized politically tend to opt for more relaxed thresholds. Breaking down the SME definition, Kenya defines a small business as one that has fewer than 50 employees or revenue less than 50 million Kenya shillings. A firm that has more employees than these cut-offs but fewer than 500 employees is classified as a medium-sized business.

In Kenya, the Small and medium Enterprises (SMEs) sector plays a pivotal role in the overall industrial economy of the country. Further, in recent years the SME sector has consistently registered higher growth rate compared to the overall industrial sector. The major advantage of the sector is its employment potential at low capital cost. As per available statistics, this sector employs an estimated 11 million persons spread over 2.2 million enterprises and the labour intensity in the SME sector is estimated to be almost 4 times higher than the large enterprises. (Strategic business advisors Africa Ltd- SME banking sector report 2007)

1.1.4 Poultry Farming in Kenya

Agriculture contributes 25-26% of GDP in Kenya with poultry playing a major role, representing 30% of the agricultural contribution to GDP. Most rural families in Kenya (an estimated 75%) keep chicken. Indigenous chickens contribute 71% of the total egg and poultry meat produced in Kenya and therefore impact significantly on the rural trade, welfare and food security of smallholder farmers. The average household is reported to keep 13 birds per flock. Commercial poultry are concentrated in the urban centers of Nairobi, Mombassa, Nakuru, Kisumu and Nyeri where ready markets are available. This has led to the growth of commercial hatcheries located in the peri-urban areas, which sell hybrid broiler and layer chicks to commercial farmers, (Njenga, 2005). The Kenya Poultry Farmers' Association Baseline Survey (2008), established about 3.8 million farmers in Kenya are engaged in poultry farming both for commercial and subsistence purpose. The Ministry of Livestock Development in Kenya annual estimates on poultry meat production records 18,600 tonnes per annum valued at KShs 3.5 billion while the annual egg production is 1.2 billion valued at KShs 9.7 billion (2008). Based on the statistics given poultry farming in Kenya has a potential for growth. However, this growth has been hindered by a number of challenges, largely because the necessary backward and forward market linkages are rarely in place i.e rural farmers and small scale entrepreneurs lack both reliable and cost efficient inputs, credit for running business and guaranteed and profitable markets for their output. Other challenges include poor disease management and lack of quality inputs such as chicks, feeds and vaccines. The Kenya Poultry Farmers' Association (KEPOFA) has been at the forefront in voicing these issues to stakeholders in the poultry sector. The association believes that some of these challenges could be addressed through the adoption by the government of a policy to guide the regulation of the poultry sector more effectively, (Getambu, 2009).

1.2 Statement of the Problem

There is consensus among researchers and industry experts that one of the principal barriers to promote organizational performance in any industry is the lack of knowledge towards the factors affecting performance. For continuous improvement to occur it is necessary to have an audit on factors affecting the performance of an organization. Njenga (2005), in his study on productivity and social-cultural aspects of local poultry examined small scale poultry farming as a micro enterprise has been recognized as the critical factor to the economic transformation of some parts of the country, it is practiced by many small scale farmers in the country and therefore forms a substantial growth of the economy as a whole. Poultry Farmers are said to be entrepreneurs with innovative solution to the society most pressing social problems. They are ambitious, persistence in tackling

social problems, major social issues and offering new ideas for wide scale change. They scan the environment to find what they can do in order to make a leaving, then they embark on the field they see a problem and enter into it to offer a solution by changing the system; spreading the solution and persuading the entire society to take new live. Okitoi and Mukisira (2001) explored the essence of poultry farming performance where they argued that it is necessary to analysis the contributions of the small scale poultry enterprise to the economy. The small scale Poultry farming often satisfies economic needs that large enterprises cannot cost effectively serve. They are generally small in nature with few employees with a low level of organization, low and uncertain wages and no social welfare in the society. It is necessary to define Poultry farming enterprises for two reasons. First, analysis of the contributions of micro enterprise to the economy must be preceded by an agreed definition of the firms to be included in any study. Secondly, if Government is to give special assistance to small scale farming; it is therefore necessary to define the enterprise businesses organizations enlisted to secure assistance. Small scale Poultry farming has made a great contribution in giving the entrepreneurs an occupation and a living. In today's Kenya Poultry farming, operate under various conditions and constrains, which stand on the way to the achievement of the enterprise. There are for example, shortages of funds, lack of field extension officers. Due to its size poultry farmers neither has control over input factor costs or the prices at which it sells its output with the result that insufficient and high cost firms are forced out of the business and for these reasons researchers critically evaluated the factors affecting the performance of small and medium scale poultry enterprises in Karuri, Kenya.

1.3 Objective of the Study

- i. To determine the factors that affects the performance of poultry farming in Karuri, Kenya.
- ii. To determine market influence on the growth of Poultry farming in Karuri.
- iii. To determine how entrepreneurial culture influence the growth of Poultry farming in Karuri.

1.4 Value of the Study

The theories and practices in this study will contribute in the following ways:-

First and foremost to farmers, understanding the relationship between enterprise growth on one hand and training, finance, entrepreneurial culture and market on the other hand in the missing middle would contribute to a better understanding of the barriers to sound growth of Poultry enterprises. The results of this study will highlight strategies that can be used by Poultry enterprises to overcome training, financial, entrepreneurial cultural and market access which hinder successful growth of the Poultry enterprises. Current and potential poultry farmers would gain from the study by getting an insight of the complexes of the business, identifying the growth gaps and looking for the strategies to address them. Knowing their weaknesses would help them address and well diagnose.

Secondly to the government, the results of this study may also be used by government economic planners who may require knowledge and adaptive strategies of successful Poultry enterprises which can be used to identify needs for training, financing, entrepreneurial culture and market necessary for growth of Poultry enterprises. This would help in crafting economic policies and strategies aimed at fighting poverty and unemployment through development of entrepreneurship. This will be presently so for the ministries of Finance, Economic Development, and Youth Development.

Thirdly to financial institutions, to benefit from the study, would be finance institutions that might be interested in targeting Poultry farmer's men, women and youth, and their enterprises particularly micro finance institutions (MFIs). They would be interested in gaining new knowledge of how to integrate all the necessary parameters required for sustained growth of Poultry farming enterprises rather than taking that provision of credit alone would guarantee success. Many could have been wondering why Poultry farming fail to grow even after provision of credit.

Finally, other researchers, practitioners, consultants and business students who might use this study to borrow ideas on Poultry farming enterprises would find it very useful as a source of knowledge and a base for further research.

2. LITERATURE REVIEW

2.1 Organizational Performance

In today's business, performance measurement is the systematic assignment of numbers to entities. It is concerned with the development of methods for generating classes of information that will be useful in a wide variety of situations and for solving a wide variety of problems (Churchman, 1999). "The ultimate purpose of the performance measurement system is to provide data from which decision makers can implement actions to improve business performance". Performance measurement is the process of obtaining symbols to represent the

properties of objects, events, or states (Zairi, 1999). Others concentrate on explaining that the role of performance measurement is assessing the performance of individuals. Sharman (1999), for instance, explains that performance measurement efforts provide the organization with a device through which to focus and enunciate accountability

It is natural that organizations measure their performance in order to direct organization's resources towards important organizational goals and in designing strategy. The rapidity of change fostered by global competition and advancing technology has made adaptive flexibility another characteristic of successful organizations. Manufacturers must have the response capability to take advantage of technological changes through process and product innovation. They must have the capability to respond to changes in the marketplace and to respond to the failure of an executed strategy (Alfred et al. 1992). Business today requires better information across a wider scope than the traditional and often linear, financial measures, to achieve understanding of the factors that create the foundation of future success. According to Neely (2002), recent years have seen the introduction of new methods of measurement, such as activity-based costing, throughput accounting and shareholder value analysis. Measurement frameworks, notably the balance scorecard and the business excellence model have taken the business community by storm.

According to Gosselin (2005), the recent performance measurement literature suggests that organizations should put more emphasis on non-financial measures in their performance measurement systems that organizations must use new performance measurement approaches such as the balanced scorecard and that measures should be aligned with contextual factors such as strategy and organizational structure. Performance-measurement systems that are based on traditional cost-accounting systems do not capture the relevant performance issues for today's manufacturing environment. A variety of integrated systems have been proposed to overcome the limitations of the traditional performance-measurement systems. According to Bititci and Turner (2000), a dynamic performance measurement system should have an external monitoring system, which continuously monitors developments and changes in the external environment and an internal monitoring system, which continuously monitors developments and changes in the internal environment and raises warning and action signals when certain performance limits and thresholds are reached.

Bititci et al (2004), describes corporate culture as one of the critical factors supporting the use of strategic measures stating "companies should have a corporate culture focused on continuous improvement and use of strategic performance measurement system". Concluding, a successful performance measurement systems leads to cultural changes towards an achievement culture. According to CIMA (1993), changes are taking place in the manufacturing environment in terms of the use of flexible production technologies and the implementation of novel work organization techniques. Such changes have in turn been accompanied by an interest on the part of manufacturing companies to alter the data provided by performance information systems. The five components of a high performing organization include employee involvement, self-directing work teams, integrated production technology, organizational learning, and total quality management (Osborn, 2003).

2.2 Factors Affecting Organizational Performance

Organizations do not exist in a vacuum. Each organization is set in a particular environment to which it is inextricably linked. This environment provides multiple contexts that affect the organization and its performance, what it produces, and how it operates (Nabli and Nugent, 1989). As we refine and extend the original framework for organizational assessment, the concept of an enabling environment is key to understanding and explaining the forces that help shape the character and performance of organizations (Scott, 1995). There are various factors affecting company performance. According to Porter (1980), proposed a model for assessing a business in competitive environment. The model in itself does not provide specific strategies; instead it establishes the nature of the competitive environment which is supposed to determine the strategies to be adopted by the marketer. It highlights five forces which should be understood so as to determine the appropriate marketing strategies. These include:-

Threat of potential entry: - In a competitive market, many companies would prefer to entry and do business due to the perceived benefits. Such companies will always threaten the survival and the operation of the organization. Appropriate strategies should be determined in order to scale down the level of potential entry. Bargaining power of suppliers: - In a competitive market, supplier bargaining power is always high. When the levels of power are predetermined, it becomes possible to identify strategies like backward, forward and horizontal integration etc. Product substitution: - The level of substitution in a competitive market is always high. Product should be developed at a high quality value so as to encourage the customer to buy from the company as opposed to the competitor. Bargaining power of the customer: - In the modern market, customers are characterized by high powers in their purchases. In some economies like USA consumers' has characterized the nature of operations.

To overcome these forces, segmentation and targeting strategies must always be implemented for the company survival. Rivalry position: - This is the position which the company occupies when it manages to fight all the forces. To establish this position, the company keeps on jostling from location to location until when it occupies a strategic ground to fight all the forces. This is an internal force which brings about rivalry.

2.3 Small and medium enterprises (SMEs)

This are companies whose headcount or turnover falls below certain limits. The term small and medium businesses has been predominantly used in many countries with many having their own definition of what constitutes an SME, for example the traditional definition in Kenya had a limit of 50 employees or with annual revenue less than 50 million Kenya shillings. The EU has sought to standardize the concept. Its current definition categorizes companies with fewer than 10 employees as "micro", those with fewer than 50 employees as "small", and those with fewer than 250 as "medium". By contrast, in the United States, small business is defined by the number of employees; it often refers to those with fewer than 100 employees, while medium-sized business often refers to those with fewer than 500 employees. In most economies, smaller enterprises are much greater in number. In Kenya, SMEs comprise approximately 2.2 million of all firms. In many sectors, SMEs are also responsible for driving innovation and competition. Globally SMEs account for 99% of business numbers and 40% to 50% of GDP.

2.4 Entrepreneurship in Kenya

Entrepreneurship is the act of being an entrepreneur, which is a French word meaning "one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods". This may result in new organizations or may be part of revitalizing mature organizations in response to a perceived opportunity. The most obvious form of entrepreneurship is that of starting new businesses (referred as Startup Company); however, in recent years, the term has been extended to include social and political forms of entrepreneurial activity. When entrepreneurship is describing activities within a firm or large organization it is referred to as intra-preneurship and may include corporate venturing, when large entities spin-off organizations, (Shane 1999).

Entrepreneurial activities are substantially different depending on the type of organization that is being started. Entrepreneurship ranges in scale from solo projects (even involving the entrepreneur only part-time) to major undertakings creating many job opportunities. Many "high value" entrepreneurial ventures seek venture capital or angel funding (seed money) in order to raise capital to build the business. Angel investors generally seek annualized returns of 20-30% and more, as well as extensive involvement in the business. Many kinds of organizations now exist to support would-be entrepreneurs, including specialized government agencies, business incubators, science parks, and some NGOs. In more recent times, the term entrepreneurship has been extended to include elements not related necessarily to business formation activity such as conceptualizations of entrepreneurship as a specific mindset (see also entrepreneurial mindset) resulting in entrepreneurial initiatives e.g. in the form of social entrepreneurship, political entrepreneurship, or knowledge entrepreneurship have emerged (Ebbena, 2001). According to the 2003 Economic Survey by the Government of Kenya, employment within the small scale and medium enterprises increased from 4.2 million in 2000 to 5.1 million in 2002; with the informal sector accounting for 70.4 per cent of total employment opportunities. In 2001, the informal sector accounted for 72.8 per cent of total employment opportunities. This percentage rose to 74.3 per cent in 2002 and 76.5 per cent in 2004 (GoK Economic Survey, 2005).

Entrepreneurs in Kenya are the engines that get the economic train moving. Entrepreneurs organize and direct business undertakings. They assume the risk for the sake of the profit. Success often depends upon how skilled, innovative, and passionate entrepreneurs are about their ideas and dreams. An entrepreneur has exceptional vision, creativity, and determination and frequently creates entirely new industries. There is no shortage of entrepreneurs in Africa; in fact, over the centuries, there have always been entrepreneurs in Africa. Given the opportunity, entrepreneurs in Africa and from around the world will drive Africa's economic trains forward. (David 2005).

Looking at the different conceptualizations of the term entrepreneur and entrepreneurship, it becomes apparent that a clear-cut and controversy-free definition is nowhere within reach. A business manager, for instance, who astutely guides, organizes, directs or co-ordinates the operations of a business venture, by making decisions on the use of productive factors, or the nature, quality, and style of products or services to be produced and on marketing and time factors, is, indeed, an entrepreneur. In so doing, the manager may out rightly innovate or as is more commonly the case, exercise creative imitation, often referred to as adaptation. (Njeru 2006)

The question of what factors lead individuals to become entrepreneurs is an old one. It is also common knowledge that although the propensity to entrepreneurship varies from one society to another, a universal

constant is that no matter how many entrepreneurs emerge, most do not succeed in creating lasting organizations. In Kenya, we are looking at self-employment as one way of creating employment for youth. Approximately 500,000 graduates from various tertiary academic institutions enter the job market annually. However, due to low economic growth, rampant corruption, nepotism and demand for experience by potential employees, a majority of youth remain unemployed (National youth policy 2002). We must therefore work hard to understand how and why entrepreneurs succeed, as this is key in ensuring youth employment.

2.5 Poultry Farming in Kenya

It is generally recognized that Kenyan poultry farmers face unique challenges, which affect their growth and profitability, performance and hence, diminish their ability to contribute effectively to sustainable development. Lack of access to credit is almost universally indicated as a key problem for poultry farmers in Kenya. This affects technology choice by limiting the number of alternatives that can be considered. Many farmers may use an inappropriate technology because it is the only one they can afford. In some cases, even where credit is available, the entrepreneur may lack freedom of choice because the lending conditions may force the purchase of heavy, immovable equipment that can serve as collateral for the loan (Wanjohi and Mugure, 2008).

Credit constraints operate in variety of ways in Kenya where undeveloped capital market forces entrepreneurs to rely on self-financing or borrowing from friends or relatives. Lack of access to long-term credit for small enterprises forces them to rely on high cost short term finance. Here are various other financial challenges that face small enterprises. They include the high cost of credit, high bank charges and fees. The scenario witnessed in Kenya particularly during the climaxing period of the year 2008 testifies the need for credit among the common and low earning entrepreneurs. Numerous money lenders in the name of Pyramid schemes came up, promising hope among the 'little investors,' which they can make it to the financial freedom through soft borrowing. The rationale behind turning to these schemes among a good number of entrepreneurs is mainly to seek alternatives and soft credit with low interest rates while making profits. Financial constraint remains a major challenge facing SMEs in Kenya (Wanjohi and Mugure, 2008).

Lack of sufficient market information poses a great challenge to small scale farmers. Despite the vast amount of trade-related information available and the possibility of accessing national and international databases, many small enterprises continue to rely heavily on private or even physical contacts for market related information. This is due to inability to interpret the statistical data and poor connectivity especially in rural areas. Since there is vast amount of information and only lack of statistical knowledge to interpret and Internet connectivity, small enterprises entrepreneurs need to be supported (Muteti, 2005). Education and skills are needed to run micro and small poultry business. Research shows that majority of the lot carrying small scale poultry in Kenya are not quite well equipped in terms of education and skills towards managing their poultry farms. (Wanjohi and Mugure, 2008).

3. RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

Descriptive research design was adopted in this study. According to William (2006), descriptive research design is a process of collecting data in order to test hypothesis or to answer questions concerning the current status of the subjects in the study. While the study did not make use of hypothesis, the design was chosen in order for the study to answer questions on the current status of the subject of the research and in reference to the objectives of the study. The design was more appropriate to surveying the behavioral aspects of performance and related variables Poultry farming.

3.2 Target Population

In the study, the target population was poultry farming enterprises in Karuri area. The population was estimated at 154 enterprises (Gatambu, 2009).

3.6 Sample Selection

Stratified random sampling method was used in the study. Since the accessible population was distributed within the section of the locality, and in addition, a stratified random sample was selected from each of the section. The technique was appropriate in this case because the area was divided into three sections.

According to Mugenda and Mugenda (2003), a sample size is the number of items selected from a sample frame or accessible population for observation. Mugendas' asserts that a sample of 10% of the accessible population is quite representative. Given the population of 154 Poultry farming enterprises, a sample size of 45 representing 29% was taken due to geographical dispersion of poultry farmers in the areas. The larger sample was enough for a representative and cushioned against effect of non responses. Table 3.1 below shows the sample size and distribution amongst the clusters/ward.

Table 3.1 Sample Size

Area Block	Number Small-Scale Poultry farmers	Sample Ratio	Sample Size
North West Karuri	62	0.29	18
Karuri Central	51	0.29	15
Karuri East	41	0.29	12
Total	154	0.29	45

Source: Authors (2014)

3.4 Data Collection

The study collected primary data using a structured (closed ended) and unstructured (open ended) questions questionnaire. The researchers dropped and picked the questionnaires from the test units. Necessary care and due diligence was put in place in order to ensure the intended results were successfully achieved.

3.5 Data Analysis Method

Data was analyzed using SPSS V.20 and presented using tables. The data analysis involved the initial steps of coding, editing and tabulation as a basis for further analysis. The data was then analyzed by use of descriptive statistics such as mean, variance and standard deviation.

4. DATA ANALYSIS RESULTS AND DISCUSSION

4.0 Introduction

This chapter entails a summary of key issues obtained and analyzed from literature reviewed and feedback from questionnaires. It involves comparing and contrasting findings based on the formulated objectives of the study

4.1 Annual Sales

Table 4.1 **Descriptive Statistics of Annual sales**

	N	Min	Max	Mean	Std. Deviation
annual Sales 2008	45	15000	200000	96400.00	71545.726
profits 2008	45	1000	94000	36000.00	34390.141
Annual sales 2009	45	20000	300000	140400.00	102897.654
profits 2009	45	26000	80000	63200.00	19213.632
Annual Sales 2010	45	120000	500000	274800.00	150368.275
Annual sales & profitsjan-jun 2010	45	34000	100000	81600.00	26134.617

The average annual sales of poultry farming in Karuri increases from 96400 in 2008 , 140400 in 2009 and 274800 in 2010. Profits also indicates an increase from 36000 in year 2008 , 63200 in 2009 and 81600 in 2010. This indicates a growth in revenue and the farm from year to year.

One-Sample Statistics

	N	Mean	Std. Deviation
satisfied with the growth of net-income the poultry enterprise	45	3.60	1.372
capital is sufficient to maintain and expand the business	45	2.60	1.031
consider poultry business to be successful	45	3.60	1.372
receive regular feedback both positive and negative	45	4.40	.495
have accessible alternatives of capital sources if needed	45	2.80	1.179
needed, it is easy to get additional capital	45	2.40	.809
have access to information on capital sources	45	2.40	1.031
many helpful colleagues/friends who support the business	45	2.40	1.372

4.2 Performance of Poultry Keeping

From the table, receive regular feedback both positive and negative has the highest mean of 4.40 which is close to 4 and this is agree from likert scale. It indicates that majority of the respondents agree that they receive regular feedback both positive and negative and this help them to improve performance of poultry keeping. It also has a very small standard deviation of .495 which indicates that the respondents uniformly agree on the same issues. If needed, it is easy to get additional capital, have access to information on capital sources and many have helpful colleagues/friends who support the business have a mean of 2.40 which is close to 2 which means that most respondents disagree from likert scale that access to traditional methods, receive help from friends and family and have access to capital determines the performance of poultry keeping.

Table 4.2 **One-Sample Test**

	t	df	Sig. (2-tailed)
satisfied with the growth of net-income the poultry enterprise	17.604	44	.000
capital is sufficient to maintain and expand the business	16.912	44	.000
consider poultry business to be successful	17.604	44	.000
receive regular feedback both positive and negative	59.576	44	.000
have accessible alternatives of capital sources if needed	15.926	44	.000
needed, it is easy to get additional capital	19.900	44	.000
have access to information on capital sources	15.611	44	.000
many helpful colleagues/friends who support the business	11.736	44	.000

From the table, all the statements have $p < 0.05$, the significance level for all statements has a p-value of 0.00. These shows the factors are all significant at $p < 0.05$ and hence majority of these factors have a significant effect in the performance of poultry keeping on growth of revenue.

One-Sample Statistics

a t cannot be computed because the standard deviation is 0.

Table 4.3 **One-Sample Test**

	t	df	Sig. (2-tailed)
Distribution channel of my products is already in place	16.626	44	.000
Market potential of my products is promising	23.416	44	.000
Searching for new market for my products is not so difficult	28.365	44	.000
Marketing of my products is well-planned	14.071	44	.000
Marketing	15.955	44	.000
Technology	17.151	44	.000
Capital access	15.955	44	.000
Social network	14.443	44	.000
Legal requirements	23.889	44	.000
Business plan	29.665	44	.000
Entrepreneurial readiness	14.071	44	.000
Government support	11.608	44	.000
Farm in puts	17.151	44	.000

From the table, all the statements have $p < 0.05$, the significance level for all statements has a p-value of 0.00. These shows the factors are all significant at $p < 0.05$ and hence majority of these factors have a significant effect in the performance of poultry keeping on growth of revenue

4.3 Motivation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	High income	27	60.0	60.0	60.0
	self-Independent	9	20.0	20.0	80.0
	Success	9	20.0	20.0	100.0
	Total	45	100.0	100.0	

From the study high income motivates farmers in the business this takes 60%, self-independent takes 20% and success take 20%.

5. Conclusion

The results suggested that in the study area most of the poultry farmers are under small farm category and that their farms were substantially profitable. Poultry farming offers many incentives for farmers, including access to small markets, technical assistance, locally available inputs, and financial support from small micro finance institutions. Moreover, the study has found that farmers were also assured of more stabilized prices even during period of low demand due to there nature of localized markets. So it could be concluded that well organized vertically integrated poultry farming could be a feasible approach to increase the poultry production in Kenya there by taking advantage to meet the domestic poultry requirement and also for export market. And by following this system various problem of running commercial farms will be solved as well as poultry farmers will be more benefited.

Poultry faming has not only the potential to increase incomes of farmers but also to have multiplicative effects in the broader economy. Establishment of such vertical integration requires investors to ensuring quality output. Besides that banks have to adopt proactive and liberal approach in financing poultry sector to take advantage of opportunities thrown open due to implementation of policy on poultry development. On the other hand as a developing country Government has to monitor the sector to see that efficient and effective incentives are available to the farmers This combined with favorable Government policies like extension of subsidies to poultry farmers and exporters and protection from imports will help us to play a significant role in global poultry products trade besides meeting the ever increasing domestic demand. It could be suggested that for increasing the poultry production and developing poultry industry, government as well as other private investors can take initiative to establish such effective and well organized poultry farming system in Kenya. With effective management, vertically integrated poultry farming system can be a means to develop markets and to bring about the transfer of technical skill in a way that is profitable for both farmers and integrators.

6. Recommendations

The higher profitability that results from commercial poultry faming may be due to productivity which comes from financial support, technical information exchange and marketing assistance. Moreover, in the commercial poultry farming system, price risk and part of production risk due to mortality can be shared by the other investors since farmers can be assured of more stabilized prices even during period of low demand. Well organized vertically integrated poultry farming could be a feasible approach to increase the poultry production in Kenya and by following this system various problems of running commercial farms may be solved as well as contract poultry farmers will receive more benefits than independent farmers.

The Government of Kenya should train poultry farmers in a systematic and continuous process in order for farmers to maintain quality products which can enable them fetch high prices and on the other hand it can lead to reduction of imported poultry products brought about by consumer preference for imported goods. Farmers should be assisted by the government through subsidies so as to ensure that they buy poultry feeds at a lower price. This will help many unemployed Kenyans to venture into poultry farming which will thus reduce unemployment status in Kenya.

7. Areas of further study

Still now no study in Kenya has emphasized whether farmer's are benefited by getting incentives through integrated poultry farming or not.

Also much has been done on production and economic aspects of commercial independent poultry farm but research work on contract farming is very scanty. So far only a few studies (Chowdhury, 2001, Karim, 2000) have been done on benefit-cost analysis of poultry contract farming system. So, it is necessary to identify and measure the farmer's incentives, if any that can be attributed to contracting.

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