



**FACTORS INFLUENCING PERFORMANCE OF SMALL AND MEDIUM  
SCALE POULTRY FARMING ENTERPRISES IN BOMET CENTRAL  
SUB- COUNTY, BOMET COUNTY, KENYA**

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**ABSTRACT**

The research was based on the factors influencing performance of small and medium scale poultry Farming enterprises in Bomet central sub- county, Bomet County, Kenya. The study was guided by the following objectives: to assess the influence of training on the performance of poultry farming in Bomet central, Kenya., to access influence of entrepreneurial culture on the performance of poultry faming in Bomet central, Kenya., to access influence of availability of finance on the performance of poultry in Bomet central, Kenya. The study was significant to farmers in order to understand the relationship between enterprise growth on one hand and training /finance, entrepreneurial culture and market on the other hand. It contributed to better understanding of the barriers to growth of poultry farming enterprises. The limitation of the study was; requires enough funds, location of the respondents was at a distance and poor roads in the area. The basic assumption of the study was that all farmers practice farming, farmer's access capital through donations and grants, also every farmer practiced poultry farming. The target population was poultry farmers in Bomet central sub-county, Kenya, the population were estimated at 154 enterprises. Data collection was carried out using structured and unstructured questionnaire while both qualitative and quantitative methods were used to analyze the data.

**Key Words:** influencing performance, entrepreneurial culture, Farming enterprises

**ABBREVIATIONS AND ACRONYMS**

<b>CGK</b>	County Government of Kenya
<b>DEFRA</b>	Department for Environmental Food and Rural Affairs
<b>FDA</b>	Food and Drug Administration product
<b>GDP</b>	Gross Domestic Products
<b>GOK</b>	Government of Kenya

<b>MFIS</b>	Microfinance Institution
<b>NGOS</b>	Non Government Organization
<b>NYP</b>	National Youth Policy
<b>SMES</b>	Small and Medium Enterprises
<b>SPSS</b>	Statistical Software for Social Sciences
<b>UK</b>	United State Kingdom
<b>USA</b>	United State of America

## **INTRODUCTION**

### **1.1 Background to the Study**

The performance of an organization usually comprises the actual results when measured against its goals and objectives. It involves measuring the results of a particular process or procedure, then modifying the process to increase the results, increase efficiency, or increase the effectiveness of the process. Usually organizational performance can be undertaken at either an individual level or a commercial enterprise or even a farm. According to Barsky, (1999), organizational performance is considered as part of organization improvement since it entails organizational change in which the managers and governing body of an organization put into place and manage a program that measures the current level of performance of the organization and then provides options for modifying organizational behavior and infrastructure which were put in place so as to achieve higher output.

The main purpose of organizational performance is to increase its effectiveness and efficiency in delivering goods and services. Organizational efficacy, which involves the process of setting goals and objectives in a continuous cycle, is another area that forms part of organizations' continuous improvement.

Processes such as statistical quality control can be used to determine organizational performance especially at the operational or individual employee level. Performance measurement at the organizational level, uses tools such as customer satisfaction surveys in order to obtain qualitative information about performance from the customer's perspective. Kaplan (2001), noted that performance measures which incorporate competitive productivity strategies, quality improvements and speed are required in order to manage company performance successful especially in an increasingly dynamic and information-driven environment.

It is worthwhile for a company performance to be judged against a specific-objective in order to confirm if the objective has been achieved. The purpose of the company's objective is to provide a yardstick for choosing among different investment strategies and projects. According to Armstrong (2000), if the objective of the company is to maximize its return on net investment, it would be logical for it to achieve that objective by adopting investments with higher return on investment ratios than the company's current average return on investment ratio.

The choice of the most appropriate performance indicators to be used has elicited different views as there are several purposes to which performance measurement can be put although not all performance measurement can be used for all purposes. While many individual firms use firm-specific performance indicators, different firms employ a set of indicators which suit their needs. For many firms the main performance indicators usually include some combination of financial, market/customer, competitor, human resource, internal business process and environmental indicators (Barsky. 1999).

Organizations exist in a particular country and are greatly influenced by the norms and cultures of that region. Furthermore it dictates how organization operates and what it produces. This external environment forms the basis which is used when assessing factors that influence organization's operation and performance. In order to understand the forces outside organizational boundaries that are helping to shape the organization there is need to conduct external environment analysis. External forces considerably affect the internal operations of an organization. The external environment can provide both positive and negative impacts on organizational performance.

Research has shown that there is an interaction between business environment and small and medium poultry enterprises which has affected growth and profitability and hence, overall performance as an organization. The business environment that has influence on the performance of these enterprises include: entrepreneurial training, marketing, entrepreneurial culture, availability of finance. Given the above mentioned factors, the study sought to address the factors influencing the performance of small and medium scale poultry farming especially in Bomet Central, Kenya.

## **LITERATURE REVIEW**

### **Concept of Organizational Performance.**

In the current world of 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). According to Zairi (1999), performance measurement is the process of obtaining symbols to represent the properties of objects, events, or states. 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 necessary for organizations to measure their performance in order to utilize organization's resources towards achieving important organizational goals and designing a new 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 if achieve understanding of the factors that create the foundation of future success.

Neely (2002), noted that there has been introduction of new methods of measurement which includes; activity-based costing, throughput accounting and shareholder value analysis. Measurement frameworks, most 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.

Traditional cost-accounting based performance measurement 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. Bititci and Turner (2000), proposes 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 pan 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).

### **Factors Affecting Organizational Performance**

Organizations do not exist in a vacuum rather they are set in a particular environment to which they are related. This environment dictates the type of 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 the 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 Potter (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.

### **Influence of Training on the performance of Small and medium scale enterprises.**

Training is described as having knowledge or cognizance: aware of the difference between two or more versions (free dictionary). Hunter (2004) stresses that many companies do not know how to evaluate both the resources put into, and the success of their training endeavors. He believes that those which makes training integral to their ethos and business process undoubtedly gain the most from it. If an organization does not put resources into training of its staff, it may indeed be strategically unsustainable. Therefore, it is important to remember the survival philosophy of 'develop or delay'.

According to Mazur & Coleman (2008), greater flexibility and availability of training services mean that more and more companies are awakening to the reality of the value of investment in

this direction. They also believed that those which close the skill gaps see demonstrable benefit and financial returns.

To enhance the organization performance, training must be perceived as essential ingredient to turn knowledge into effective and efficient operation. A 'training and knowledge' culture certainly impacts on productivity whilst, at the same time, encouraging creativity, where being creative can certainly become the fuel of the future. After all, it is combination of an employee's capability and efforts that would enhance the undertaking of the business activities. Without doubt, it is felt that there is relationship between learning and achieving for two reasons: It sustains security and career progression for the employee and it generates a climate conducive to business success.

It is very imperative for every organization and particularly for an SME, to determine whether employees are efficiently able to do as well as have the opportunity to learn. In fact, Mazur & Coleman (2008) strongly believed that in-house mentoring can be a cost-effective solution to employee training and development- that is when skills gaps can be identified more easily and thus allowing training to be better targeted towards the needs of both the individual staff and the business itself.

Therefore, development internal talent would inevitably bring decision making, assist in long-term operational success as well as provide a healthy work environment. As part of the performance strategy, whether long term or short term, SMES ought to produce a plan to evaluate a goal and thereafter, assess possible training and development deficiencies.

As Austin (2009) supported by Coleman (2009), relates, organizations must abandon training and development initiatives and if they do it will be at peril; although such budget are often the first to get cut in a downturn, it is crucial that all the employees have the right skill to help take the business forward. This because the prudent to let them know that the organization values them as individuals and that the brakes have not been slammed on the in term of investment in the development. Indeed taking into account SMEs' uncertainties and vulnerabilities, there, there are important factors for them to explicitly consider; these include level, frequency and budgets or training needs as well as the recognition of what benefit can be ultimately gained.

Irrespective of the mode of training to be delivered, whether casual, on-the-job or formal, SMEs' must build this indispensable requisite into the operations to survive and sustain their business. Gardner (2009) stresses that it is vital for SMEs to think about long-term consequences of actions taken now; they must ensure high standard of practice in people management as this would pay dividends when the economic upturn comes. The eventual outcome depend on the managerial commitment and social responsibility, enduring and pro-active collaboration, professionalism as well as declaration of fundamental cores values. The importance of organization's vision cannot be discounted as it guides employees to continue being productive. Lack of coherent vision can lead to today's productive employees being tomorrow's most unproductive ones.

## **Influence of Marketing on the performance of small and medium scale enterprise**

Marketing is defined as the set of human activities directed at facilitating and consummating exchanges .All business activities facilitating the exchange are included in the marketing (Philip Kotler, 2003). Marketing involves all activities involve in production flow of goods and service from point of production to consumers. Marketing includes all the activities of exchange conducted by producers and middlemen in commerce for the purposes of satisfying consumer demand.

In order to meet the increasing risks and uncertainties that are prevalent in the business environment, management of majority small and medium enterprise (SMEs) is turning to the use of marketing as an instrument for combining growth, profitability and viability of their enterprise. The use of marketing has increasingly become important because environmental surveillance has become a result changes in the business external environment. (Cravens, 2004).

Stanton. (2006) defined marketing in its broadest sense as a dynamic action, stimulant to accomplish an organization's mission, business goals and its functional objectives. He also opined that it is also catalyst the main thread and trust of any business that provide systematic driving force, which bring into being the desire relationship between the business and its environment.

There are no generally accepted definitions of small and medium enterprise mainly because of wide diversity of businesses. According to Khan (2009) small and medium enterprises are privately owned and operated businesses which are characterized by small number of employees and low turnover. Small and medium enterprises are presently being considered as very important to the economy of any nation as engines for economic growth. Estimates from the World Bank reveal that the informal sector of the economy is currently providing over 50% of African urban employment. Its contribution to the GDP in many countries stands at 20% of their GDP. The world bank went forth by starting if the sector is encourage in sub- Saharan Africa, it will grow at annual rate of 75% and would invariably increase 35 million jobs within 10 years (Etga, 2000).

At any rate, most of the small and medium enterprise fail to survive and or achieve success in their venture to certain extend because most of them are ignorant in terms of planning, how to solve the fitting problem involve in starting and running the business, where to go, who to see so as to develop appropriate and effective strategy for the survival of the business. Nylen,(2003). As a result of the above factors, small and medium enterprise have fail to make any reasonable impact on the economy, by way of expansion, modernization since there inspection while some died naturally.

The survival as well as success of any small and medium enterprise (SMEs) therefore depends on its ability to utilize a superior marketing strategy. Lehman & Steckel, (2000) suggested that

business owners have to acquire thorough understanding skill and application of the business strategy. Therefore, it is important for any business to adopt necessary marketing strategies in order to enhance survival in the face of high competitive environment and the present economic recession in the world.

### **Influence of Entrepreneurial on the performance of small and medium enterprises**

Entrepreneur is a person who organizes and operates a business venture and assumes much of the associated risk. Entrepreneurs' characteristics that have been used by many researchers as will be showed in the coming sub-selection. Need for achievement – McClelland (1961) explain entrepreneurship as the expansion of a high need for achievement.

Different studies conducted the entrepreneurs show the need for achievement has a strong relation with entrepreneurship (Hansermark, 1998) moreover Pendergast (2003:2-9) mentioned entrepreneur deals with many characteristics, one of the characteristic needs for the achievement. Driessen and Zwart (2007:8) stated entrepreneurs characteristic include need for the achievement. Smith (201: 29) claimed need achievement is one of psychological trait of entrepreneurs, and he defined need for achievement as desire to meet an internal standard of accomplishment.

Sajilan et al. (2015: 40) defined need for achievement as people who want to be high achievers and want to have strong desire for success. The researcher defines need for the achievement as a psychological trait that drives the entrepreneur to achieve high standards that lead him toward success.

Self-confidence – Koh (1996:17) focused on the self-confidence as an important entrepreneurial characteristic. While Rubino and freshman (2005:399) declared that the confidence is one of the eight entrepreneurial competences exist in his study. Moreover Othman et al. (2006: 59-61) explain the main psychological characteristics of entrepreneurial personality including the mainly self- confidence. Bondima et al. (2013:102) state one of the characteristics and demographic factors influencing entrepreneurial inclination is self-confidence. Laguador (2013:62) mentioned the personal entrepreneurial competence and they involve self-confidence. Javan (2014: 22) state entrepreneurship has been consist of six dimensions is self-confidence. The researcher believes that he can lead his organization towards success

Initiativeness (pro-activeness) – Lumpkin and Dess (2001:431) define the pro-activeness as opportunity- seeking, perspective involving introducing new products or service ahead of competition and acting in anticipation of future demand to create change of shape the environment Vijaya and Srinath (2012) mentioned initiativeness and pro-activeness are entrepreneurs' characteristics. Sanchez and Hernandez-Sanchez (2013-31) state pro-activeness is entrepreneurship characteristics. Al-dhaafri et al. (2013: 74) define pro-activeness as willingness of organization and their ability to expect a new development. The research define the initiativeness as the ability the entrepreneur to start motivating others to do something useful, which adds value to himself, his organization and society.



Experience- Barahona et al (2006:99) said complementary educational activities and work experience prior the graduation could help to explain the propensity to create business start-ups. In addition to the Sandika and Kulasinghe (2010:86 & 91) said the entrepreneurs characteristics contain experience. At the same time scarlet et al (2011:92) stated the characteristics of successful entrepreneurs include business knowledge and experience.

Javan (2014: 22) stated personality traits are big five model that consist of introversion, agreeableness, conscientiousness, emotional stability, and openness of the experience. Onsongo and Muturi (2015:6) said experience give to entrepreneur knowledge and capability that can help in developing more successful strategy leading to more growth rates. Finally the researcher defined experience as known- how which developed over years about the business, problem solving and decision making, experience reflect his acquired knowledge and skills over years.

From the above literature review, this research focuses the following entrepreneurs' characteristics as the most important characteristics to be studied: need for achievement; self-confidence; initiativeness independency and responsibility; risk taking prosperity and experience. Business success dimensions-firm performance was influenced or affected by many factors either positive or negative (Abdullai et al. 2015:1).

Barman and Dutta (2010:1) proclaimed entrepreneur was about having the attitude and the drive to success in business. Zhao et al (2010:381) pronounce entrepreneurial personality play a role in the emergence and success of the entrepreneur in business. Erikson and Li (2012:1) found entrepreneurial characteristics could have significantly positive effect on the business success of small and medium enterprises. Singh et al.(2013:229) mention the success and the failure of the small and medium business rest in part of how entrepreneurs think. Davis et al. (2013:148) result demonstration that the various aspects of entrepreneurial behaviors have a different effect of performance.

Kaur and Bains (2013:31) show that the entrepreneurs play a very important role for business survival and its success. Tatanveer et al (2013:450) define the dimension of performance measurement as: growth, profit, size ,liquidity, success/failure and others. Small business success indicates the level of achievement. How much the small business is near or far from its target? Business success can be measured based on many different dimensions such sale growth, capital, increase in employment, increase in production line and other. The current research considers sales, gross profit, capital growth and expansion as success indicators.

### ***Influence of Availability of finance on the performance of small and medium scale enterprise***

Finance is defined as a legal contract where one party receives resource or wealth from another party and promises to repay him on future date along with interest. Small and medium enterprises (SMEs) are a policy priority for many countries, given their significance in terms of it play a key role in the economic development and make an important contribution to employment (Harash et al. 2013; Harash et al 2014).

Financial access is critical for small and medium enterprises (SMEs) growth and development, and the availability of external finance is positively associated with productivity and the growth. However access to financial services remains a key constraint to SME growth and development, especially in emerging economies (GFPI, 2011). Finance: of all the area in business environment, Improve access to companies clearly benefited to companies of all sizes (Hallward-Driemeir & Aterido, 2007).

One of the principal conclusions of modern economics is that finance is good for improving performance (Cecchetti & Kharroubi, 2012) of small and medium and small enterprise (SMEs) Beck & Demirguc-Kunt, 2006; Mohd Shariff et al & Peou, 2008). The idea that the economy needs intermediation to borrowers and lenders, channeling resources to their most efficient uses, is fundamental to our thinking (Cecchetti & Kharroubi, 2012).

Past studies have pointed to evidence supporting the view that financial development is good for improving performance of small and medium enterprises (SMEs). More recently researchers were able to move beyond simple correlations and establish a convincing causal link running from finance to improving (Cecchetti & Kharroubi, 2012) performance small and medium enterprises (SMEs) Mohd Shariff et al (2010) while they have been dissenting views today it is accepted that finance is not simply a byproduct of the development process by, but an engine propelling improving performance of small and medium enterprises (SMEs) Mohd Shariff et al (2010) Mohd Shariff et al & Peou, 2008) this in turn was one of the key element supporting arguments of financial.

It is good for improving performance of small and medium enterprises (SMEs) the main source of finance are self- financing (internal source), the debt and finally financial market. The lack of finance resources can constitute a serious obstacle to SMEs development. The lack of equity invested in SMEs makes their business more reliant on other source such as bank lending and other type of financial product (Demirguc- Kunt, Mohd Shariff et al 2010; Mohd Shariff et al & Peou, 2008).

Academic and policy studies of small and medium enterprises (SMEs) resourcing typically focus on financial (Iecornu et al 1996; maurel, 2008; Mohd Shariff et al 2010; ; Mohd Shariff et al & Peou, 2008) the earlier research shows Beck & Demirguc-Kunt, 2006; Beck et al. (2004), Mohd Shariff et al 2010; Mohd Shariff et al & Peou, 2008 and world bank reports (2010) in a research on the factors that influence the survival and performance of the MSEs find the business performance is strongly influence by access to finance. Therefore enterprises that have access to debt finance should perform better than those without access finance.

### ***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 mostly referred to as startups. 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-premiership 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.

Recently, 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, 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, self-employment is being considered as one way of creating employment for the 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, majority of the youth remain unemployed (National youth policy 2002). There is need therefore to understand how and why entrepreneurs succeed, as this is the key to ensuring youth employment.

### ***Poultry Farming in Kenya***

Agriculture plays a huge role in the Kenyan economy as it contributes 25 % of the country's gross domestic product (GDP). On the other hand poultry production contributes 30% of the agricultural GDP (Munyaka, 2015). According to the data from the state department of livestock, there are 29 million birds in country with 95 % being chicken. There are several challenges which affect growth and profitability of poultry enterprises in Kenya. These have hampered 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).

### ***Theoretical frame work.***

Social exchange theory began with roots in behaviorism in psychological and social perspectives that explain social change. The behavioral sociologists are concerned with the relationship between effects of actors' behavior on the environment and their impact on the actors' later behavior positively, neutrally or negatively (Blau, 1964). According to Karl Marx, social exchange, together with value, utility and price are the four attributes of a commodity. Marx indicates that the exchange value of a commodity is not identical to its price but represents what quantity of the commodities will be exchanged if traded. According to Homans (1961), social exchange theory envisages social behaviour as an exchange of activity tangible or intangible and more or less reward or costly between at least two persons.

The cost is incurred in engagement or actions and the reward is what the person gets. He urges that if the action that brings more reward (success), the person is more likely to perform that action. If the response is positive, actors are more likely to repeat the behaviour, and when the response is negative they will be less likely to repeat the behaviour. People modify their behaviours in an attempt to maximize positive reactions and minimize negative reactions. Donna Garske (1991) believes that for social change to occur, a community must possess certain characteristics. These include, knowledge of an issue, changing attitudes about the issue, beliefs forming the issue and developing behaviours to deal with issue.

Blau (1964) views the social exchange explicitly from an economic framework, that the social interaction has value to the people. He emphasizes action value and actions work effectively for actors seeking to achieve interests or social change. He argues that the provision of something from one person to person, when accepted by another, creates an obligation to reciprocate with provision of something of high value. Blau, (1964) contends that people are attached to each other for a variety of reasons that induce them to establish social associations. The associations remain strongly bonded if they provide rewards, and weaken if the reward is not insufficient. Reward could be income, physical labour, respect and many more.

The adoption of poultry farming is a behavior that has both psychological and sociological dimensions. Farmers as actors of this behavior change attitudes and embrace new technology in attempts to improve their livelihood through increased farm productivity. The behavior engagement incurs Formation of group associations such as farmers' cooperatives greatly enhance utilization of individual resources for better gain and power bargaining that influence the price to pay. Exchange theory assumes that people have access to information on interactions that they consider for alternatives or, for more profitable situations, relative to their present conditions. However, adoption of technology in developing countries is slow, restricted by various resource constrains and limited search for information (Philips, 1989).

### ***Conceptual Framework.***

The model shows factors influencing of performance of poultry farming. The enabling and impending factors interrelate with each other which influence the performance. Availability of market, access to credit facility, favourable government policies improves the performance, constrains involves shortage of funds, lack of field extension officers concerned with the relationship between effects of actors behaviour on the environment and their impact on the actors' later behaviour positively, neutrally or negatively (Blau, 1964).

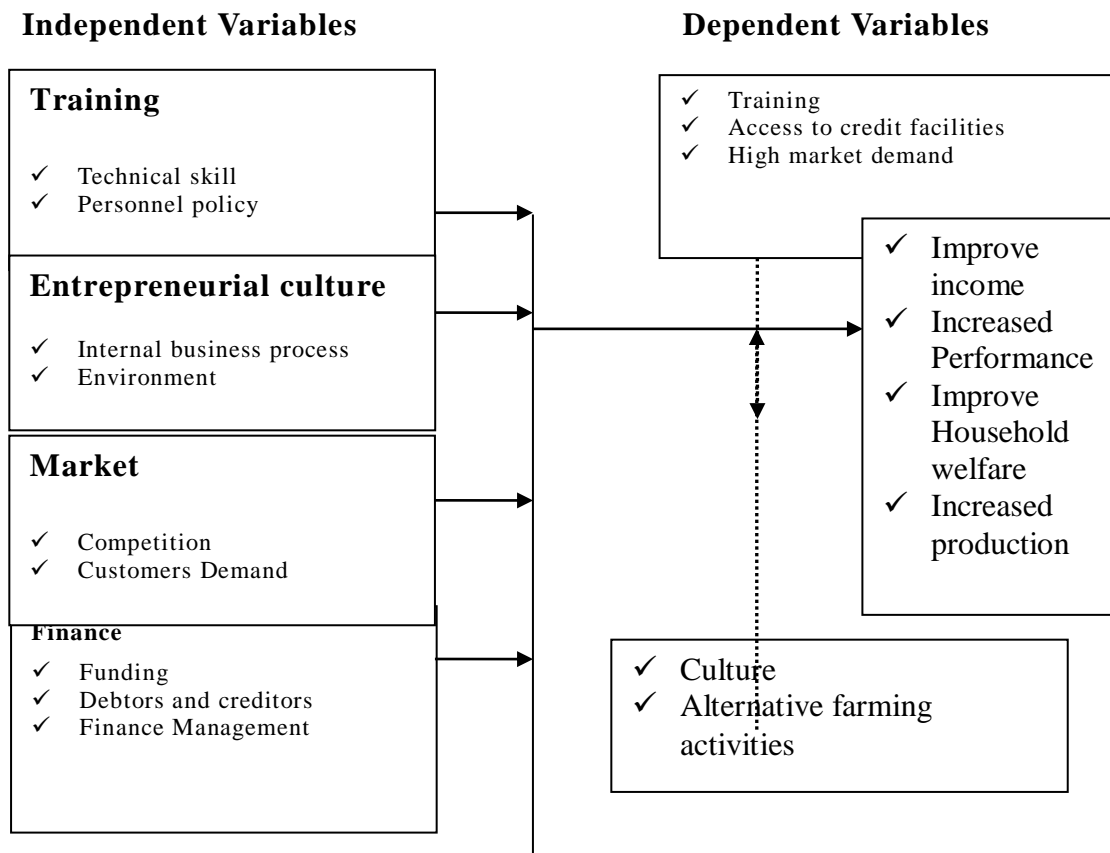
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The adoption of poultry farming is a behavior that has both psychological and sociological dimensions. Farmers as actors of this behavior change attitudes and embrace new technology in attempts to improve their livelihood through increased farm productivity. The behavior engagement incurs.

**Figure 1: Conceptual model**



**2.12 Summary of literature review.**

What can we conclude from the literature reviewed above? What is the land of certainty of the conclusion? In order to answer these questions it is important to appreciate that a reconciliation of all the literature reviewed strongly substantiates the good of performance of poultry farming that cannot be wished away in today word.

It is conclusive to say that from the literature review, bearing in mind the perceived gross benefits and gross costs there are net benefit realized from the adaptation of small and medium scale poultry farming.

It is however surprising and matter of greater concern on the reluctant and even sluggish pale that some poultry farmers must have not adopted towards good performance of their activity. Bearing fundamental principle in their poultry farming consumer is rational behavior. The key consumption is that the consumer is rational and seeks the maximized utility it is in the preview of this inconsistencies that the basis for undertaking these study is established. The gap of knowledge is lack of compression of the real issues that curtail enhance adaptation of poultry farming in developing nations like Kenya. To furnish such knowledge, this study poses the

question: what are the factors influencing the performance of small and medium scale poultry farming in Bomet central sub-county, Bomet County, Kenya.

## DATA ANALYSIS RESULTS AND DISCUSSION

### *Entrepreneurial culture; the duration of poultry keeping being practiced by the respondent.*

The study aimed at establishing the years of operation of the poultry enterprises. The results are presented in table 4.4 below.

Table 1 Entrepreneurial culture; the duration of poultry keeping being practiced by the respondent.

<b>Time</b>	<b>percentage</b>	<b>Total Frequency</b>
Less than one year	10	4
1-3 years	43	17
3-5 years	18	7
More than 5 years	30	12
<b>Total</b>	<b>100</b>	<b>40</b>

Majority of the enterprises had operated over a period of 1 – 3 years, indexed by 43%.

However those that were in operation for more than 5 years constituted a 30%, where

3 – 5 years recorded 18% and finally those in their infant stages below one year Constituted 10% of the response.

### *Performance Measurement*

The respondents were asked to measure the enterprises personal performance statement on the following measurements (Strongly disagree (SD), Disagree (D), Neutral (N), Agree (A), strongly agree), as indicated in Table 4.5.

As shown on the table 4.5, the study found that on additional capital statement majority of the respondent indicated it was difficult to acquire such by 78%. On the net – income growth respondent were satisfied. Information on capital sources was in scare as indicated by the outcomes at 50% strongly disagreement measure.



Table 2 Performance Statement Measurements **with the growth of net-income the**

<b>Alternatives</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
I am satisfied with the growth of net- income the poultry enterprise	11	7	2	43	37
Existing capital is sufficient to maintain and expand the business	44	21	0	19	16
I consider poultry to be successful	1	5	4	20	70
I receive regular feeding both positive and negative	33	32	25	10	0
I have accessible alternative of source if needed	78	12	0	7	3
If needed, it is easy to get additional capital I have access to information of capital sources	50	11	0	18	21
Have many helpful colleagues/friends who support the business	14	24	0	27	35

### ***Marketing***

#### 4.6.1 Target market segment

The respondents were asked to indicate which market segment they target and serve

With their products. The results are given in table 4.6.

As shown in the table it was found that the market segment of the enterprises Concentrated on individual households gave the majority 53%, and then followed by supplies to hotels by 28% and finally exports especially to East Africa indexed by

14%. As shown in table 4.7, on distributional channels majority of the respondent agreed at 62% and 33% on agree and strongly agree index respectively. However market intelligence in terms

of market and customer information in terms of demand and satisfaction levels was lacking, indexed by 33% and 25% on strongly disagree and disagree respectively.

Table 3 Target market segment

Target Market	Frequency	Percentage
Individual	2	5
Hotel/ institution	11	28
Households	21	53
Exports	6	14

#### 4.6.2 Monthly Sale

The respondents were asked to indicate the level of sales brought in on annual basis. The output in monetary terms in terms of sale turnover was measured on average over the two and a half years. It was observed that majority of the respondent turnover was a gross annual income of Kshs. 100,001 – 200,000, and then followed by Kshs. 200,001 – 500,000.

Table 4 Monthly Sale

	Amount (kshs.)	Response	Percentage
a)	Below 5,000	0	0
b)	5,001-10,000	0	0
c)	10,001-20,000	18	46
d)	20,001-50,000	11	25
e)	50,001-100,000	8	21
f)	100,001-200,001,	2	7
g)	200,001-50,000	1	2
h)	Above 500,001	0	0

#### Market Trend

The study also measured the enterprises market trends and planning. This involved respondents being asked to assess a set of statements based on marketing being measured by the following criteria (Strongly disagree (SD), Disagree (D), Neutral (N), Agree (A), strongly agree).

**Table 5 Market Trend**

<b>Factor</b>	<b>SD</b>	<b>D</b>	<b>N</b>	<b>A</b>	<b>SA</b>
Distribution channel of my products is already in place	2	3	0	62	33
Market potential of my products in promising	36	34	2	17	11
Searching for new market for my product is not difficult	4	6	0	70	20
Marketing of my products is well planned	23	27	0	33	9
I have access to information on market or consumer of my product	33	25	32	5	5

As shown in table 4.8, on distributional channels majority of the respondent agreed at 62% and 33% on agree and strongly agree index respectively. However market intelligence in terms of market and customer information in terms of demand and satisfaction levels was lacking, indexed by 33% and 25% on strongly disagree and disagree respectively.

### **Availability of Finance**

Respondents were asked to specify where they get their financial assistance.

**Table 6 Availability of Finance**

<b>Source of finance</b>	<b>Frequency</b>	<b>Percentage</b>
Credit	9	18
Grants	4	10
Loans and borrowing	27	72

Total	40	100

From the table 72% of the respondent said that major financial source is loans and borrowing while for grand is 10%.

### ***Performance***

Respondents were asked to give their own opinion on the following factors as shown on the table below.

1. Very unimportant (VU),
2. Unimportant (U), 3. Neutral (N), 4. Important (I), 5. Very important (VI)

Availability of finance received the highest significance at 69% very important scale, followed by Marketing at 66%, then Entrepreneur culture at 63%, this was followed by Capital access at 63% and lastly by training which is 18%.

**Table 7 Performance**

Factor	Vu	U	N	I	Vi
Trainings	12	25	0	45	18
Entrepreneur culture	5	3	0	29	63
Capital access	0	0	0	76	24
Marketing	0	0	0	35	65
Availability of finance	0	0	0	31	69

## **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### ***Summary of Findings***

The results of the study revealed that all the respondents were aware that some factors such as training, availability of finance, entrepreneurial culture and marketing plans that affect the performance of poultry farming as business to small scale farmers in Bomet central.

### **To determine the factors that affects the performance of poultry farming in Bomet central, Kenya.**

Majority of the respondents had a gross annual income of Kshs. 100,001 – 200,000, and then followed by Kshs. 200,001 – 500,000. On additional capital statement majority of the respondent indicated it was difficult to acquire such by 78%. On the net – income growth respondent were satisfied. Information on capital sources was in scare as indicated by the outcomes at 50% strongly disagreement measure. Majority of the enterprises had operated over a period of 1 – 3 years, indexed by 43%.

However those that were in operation for more than 5 years constituted a 30%, where 3–5 years recorded 18% and finally those in their infant stages below one year constituted 10 of the response. The findings further indicated that capital was reported by most of the respondents as a factor influencing the level of credit accessibility for their business. Small enterprises need inputs such as equipment, labour, materials, and purchased services in order to produce goods and services. The business therefore, requires funding from internal sources or from external operations such as loans from financial institutions. The availability and cost of these inputs has a great impact on poultry production.

### **To determine market influence on the growth of Poultry Farming in Bomet central.**

The study was able to show that the market segment of the enterprises concentrated on individual households as given by a majority 56%, then followed by supplies to hotels by 29% and finally exports especially to East Africa indexed by 15%.

### **To determine how entrepreneurial culture influence the growth of Poultry farming in Bomet Central.**

Availability of finance received the highest significance at 69% very important scale, followed by Marketing at 66%, then Entrepreneur culture at 63%, %, this was followed by Capital access at 63% and lastly by training which is 18%.

### ***Conclusion***

Marketing was identified as the greatest challenge facing farmers in the study area. The problem was exacerbated by the low purchase prices of poultry products being offered by traders in the local markets. Opportunities identified in this research from the respondent were; exploring and promoting strategies for increasing the size of the eggs and the growth rate and mature size of the

chicken, crossbreeding with exotic breeds and upgrading the local chickens by using selected indigenous types.

Other opportunities are; facilitating the formation and empowerment of marketing groups and organizations, improving the local marketing infrastructures and exploring and promoting strategies for increasing the consumption of both eggs and chicken meat in local markets. Exploring and promoting appropriate strategies for sourcing and disseminating marketing information on eggs and chicken from within and without the district was also identified as an opportunity. Low prices given for both eggs and the birds by the traders discourage the small scale farmers from engaging, and investing in poultry production enterprises.

Another challenge is the apparent low demand of chicken meat in local markets. There is need to explore and promote strategies for increasing local consumption of poultry products within the community. Capital availability is still quite a challenge to many of these poultry entrepreneurs since most of them had no access to starting capital. This has been made worse by the fact that high investment is required to start a business of any kind depending on individual capability. There are those who may want to start businesses that require a lot of investment while others are willing to engage in low capital investment. Whichever form of business, starting capital is very important.

### ***Recommendations***

The Government of Kenya should strive to support poultry farmers by providing training services which in turn lead to the production of high quality poultry products. Consequently, production of high quality products will fetch high prices in the market while also leading to reduction of imported poultry products brought about by consumer preference for high quality imports. Furthermore subsidies should also be provided by the government so as to lower the cost of poultry feeds. This will stimulate poultry production in the country hence reducing unemployment status in Kenya. There is need to evaluate and modify both the local, traditional knowledge and foreign mechanism with the aim of developing appropriate strategies for improving poultry production in Kenya. The way forward is to mobilize all stakeholders involved in promoting poultry production, consumption and marketing in the district to plan the way forward.

Management of SMEs should strive to get competent employees with proper training and skills so as to compete well in the market. Financial management training is important in managing poultry proceeds. The government should introduce various schemes intended to provide training for small scale farmers in poultry financial management. Although most of the poultry are raised through the free-range system, they need supplementation especially during the dry seasons. Carrying out an inventory to document the types and quantities and qualities of the range of plant seeds, worms and insects available to the chickens during their free ranging expeditions is an important research area in improving poultry production in the District. Other technologies of availing more feeds to the chickens should also be explored.

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