

Factors Influencing the Performance of Agribusiness Enterprises in Trans-Nzoia County

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Abstract: The objective of the study was to analyze the factors influencing the performance of agribusiness enterprises in Trans-Nzoia County. This was broken down into the following four objectives; to examine the role of access to entrepreneurial finance on the performance of agribusiness enterprises, to find out the role of technological innovation on the performance of agribusiness enterprises, to establish the effects of Entrepreneurial skills on the performance of agribusiness enterprises and to Examine entrepreneurial marketing on the performance of agribusiness enterprises in Trans Nzoia County. In this Study, a combination of both qualitative and quantitative techniques was used for data analysis and visualization. Data was coded and analyzed using SPSS and visualized using Microsoft Excel. Descriptive statistics including percentages, frequency distribution tables were employed. Tables were also used for to stratify variables. The research and statistics available looked only at the positive elements in the sector, and sidelining the challenges, which are in fact real, and a major obstacle to the growth of agribusiness.

Keywords: Access to Entrepreneurial finance, Technological innovation ,Entrepreneurial skills and Entrepreneurial marketing.

I. INTRODUCTION

Background:

Agriculture is the most important sector of the Kenyan economy, and is spearheaded by a vibrant private sector comprising mainly of small and medium-sized farming and processing operations (KIPPRA, 2014). According to FAO, agribusiness is a term that is used to mean commercial farming. It incorporates all the other industries and services that constitute the supply chain from farmer to the consumer. This process involves production, processing, distribution and marketing. Put together, Kenya's farms, farm product processing and agro-industries generate about half of Kenya's GDP (GTZ, 2010). Trans-Nzoia is the food basket of Kenya; it lies within the Kenyan highland, which is known for plantation farming, horticulture and animal husbandry.

Entrepreneurs drive innovation and speed up structural changes in the economy thereby making an indirect contribution to productivity (Herrington et al, 2008). There is wild spread agreement on the importance of entrepreneurship for economic development, more so in the agricultural sector given that entrepreneurship is the single largest sector globally and with

its many facets, is possibly the most complex of all sectors. A large part of poverty reduction strategies in developing countries, particularly in Africa is predicated on expanding agricultural production and improving the output and capabilities of small farmers (Humphrey, 2006). According to Emerole, Dorcas & Kelechi (2014), entrepreneurship is one of the means through which innovation in the agricultural sector can be fostered, thereby improving the output and capabilities of small-scale farmers.

The high unemployment, public sector retrenchment, downsizing in corporations and other restructuring programmes is in full swing in Kenya currently, self-employment and small enterprises promotions are therefore presently high on the agenda of the country and the affected individuals. The youth present a particular challenge in this scenario (ILO, 2002 cited in Namusonge et al, 2012). According to the Kenya Economic Report 2014 (KIPPRA, 2014) about 84 per cent of the employed youth and 80 per cent of those aged 15 to 34 years work in informal sector activities. These include workers in the informal sector (Jua Kali), self-employed (informal), small-scale agriculture, self-small-scale agriculture, pastoralist employed, self-pastoralist and private household. The report further states that Agribusiness is therefore a cornerstone for the youth to be gainfully employed and be able to cater for their needs and those of their dependants.

According to Namusonge et al, (2012) incubation centres should be introduced in all the public universities so that the students who come up with good ideas may be nurtured there. Within the incubation the ideas are developed into products where the necessary infrastructure are provided that include space, marketing services and financial services. Spencer and Cranfield (2009), states one of the most profound changes taking place in the agro-food economy of developing countries is the emergence of agro-industrial enterprises as part of broader processes of agribusiness development. He also observes that the transformation of agro-processing from the informal to the formal sector has critical implications for participants along the entire length of the supply chain, from those engaged in agriculture, fisheries and forestry through food retailers and traders to the final consumer. Karajan (2013), notes that potentially, agro- industrialization presents valuable opportunities and benefits for developing countries, in terms of overall processes of industrialization and economic development, export performance, food safety and quality. He further argues that, agro-industries are changing on a global scale, presenting not only new opportunities but also challenges for developing countries, and suggesting that the future trajectory of agro-industrialization will be somewhat different than in the past. According to Wilkinson and Rocha (2009), in their work, *contributing to Agro-Industries For Development* published by FAO and UNIDO, experiences in Brazil, Chile, Kenya, Mexico, South Africa, Taiwan and Thailand have demonstrated the potential of agro-based SMEs for employment generation, value adding, food security, poverty alleviation, improvement of farm and rural non-farm income and the living standards among the rural poor. In Africa, he states there is a weakening of public services which has resulted in some dysfunctional input and output markets and a partial breakdown in the delivery of agricultural services to small-scale farmers. Due to this local agro-enterprises have increasingly been filling crucial institutional gaps, particularly for commercial crops (Wilkinson & Rocha, 2009).

According to Kenya economic report (KIPPRA, 2014) the key underlying factor for declining productivity in the agricultural sector are adverse conditions arising from climate variability and extremes, low adoption of technology such as superior varieties and irrigation technology, unfavourable terms of trade, information asymmetry, and rising costs of agricultural inputs. In order to address the challenges the report suggests increased investment particularly in infrastructure and technology, especially agro-technology in areas such as irrigation, breeding, soil nutrition and management, and post-harvest management. In addition, efforts should be directed towards encouraging peri-urban agriculture, strengthening supply chain linkages among various actors. According to Bunyasi et al (2014) there are challenges that face SMEs in their process of growth. He observes that generally SMEs face unique challenges, which affect their growth and profitability and hence, diminish their ability to contribute effectively to sustainable development. Despite the big role SMEs play in the economy past statistics indicate that three out of five businesses fail within the first few months of operation (Bunyasi et al, 2014). Causes to the failure include limited market access, limited access to information, finances, technology, unfavorable policy, and regulatory environment among others (GOK, 2004)

Statement of the problem:

Agri-business has become a crucial tool for poverty reduction in many parts of the world. There is a new generation of entrepreneurs emerging who view agribusiness ownership as a viable career option and setting up new companies. The growth of the supermarket sector in developing countries has been induced by many of the same trends influencing the evolution of the agro industrial sector, including changing demand patterns, liberalization of domestic and international

food markets and Foreign Direct Investigate (Reardon, 2007). In turn, the transformation of the food retail sector is serving to 'amplify' these trends and induce changes in the structure and organization of agro-industrial enterprises and their downstream relations in supply chains. Thus, as supermarket procurement systems develop and evolve (Reardon et al., 2007), there is demand for larger supply volumes and competitive advantages from the acquisition of enhanced skills in food safety and quality standards and supply chain management that tend to favour larger enterprises. Trans-Nzoia is the food basket of Kenya and therefore commercialization of agriculture will be critical for the improvement and advancement of production, processing and other value additions that will create income for its residents. Being the food basket in the country the county can leverage on this opportunity and engage in the promotion of agribusiness enterprises. Many agribusinesses are however struggling due to various factors that range from lack of access to finances to lack of market for their products. The purpose of this research therefore is to analyse the factors influencing the performance of agribusiness enterprises in Trans-Nzoia County.

The General Objective:

The general objective of this study was to analyse factors influencing the performance of agribusiness enterprises in Trans-Nzoia County.

Specific Objectives:

- i. To examine the effect of access to entrepreneurial finance on the performance of agribusiness enterprises in Trans-Nzoia County.
- ii. To find out the effect of technological innovation on the performance of agribusiness enterprises in Trans-Nzoia County
- iii. To establish the effects of Entrepreneurial skills on the performance of agribusiness enterprises in Trans-Nzoia County.
- iv. To examine the effect Entrepreneurial marketing on the performance of agribusiness enterprises in Trans-Nzoia County.

Research Questions:

- I. What is the effect of access to entrepreneurial finance on the performance of agribusiness enterprises in Trans-Nzoia County?
- II. What is the effect of technological innovation on the performance of agribusiness enterprises in Trans-Nzoia County?
- III. How does Entrepreneurial skill affect performance of agribusiness enterprises in Trans-Nzoia County?
- IV. How does Entrepreneurial marketing affect performance of agribusiness enterprises in Trans-Nzoia County?

Hypotheses:

- i. H₀: Access to entrepreneurial finance does not have significant effect on performance of agribusiness enterprises in Trans-nzoia County
- ii. H₀: Technological innovation does not have significant effect on the performance of Agribusiness in trans-nzoia County
- iii. H₀: Entrepreneurs skill does not have any significant effect on the performance of agribusiness enterprises in Trans-Nzoia County
- iv. H₀: Entrepreneurial marketing does not have significant effect on the performance of Agribusiness enterprises in trans-nzoia County.

Justification of the Study:

Trans-Nzoia is the food basket of Kenya and therefore commercialization of agriculture will be critical for the improvement and advancement of production processing and other value additions that will create income for its residents. The county government could use the findings to refocus its policies towards coming up with measures which would improve performance of the agriculture and agro processing sectors by the fact that agriculture is one of the

devolved functions. Researchers will also be able to identify gaps in the study for further research. The findings would also contribute to the body of knowledge. Agriculture and agribusiness together are projected to be a US\$ 1 trillion industry in Sub-Saharan Africa (SSA) by 2030 (compared to US\$ 313 billion in 2010), and they should be at the top of the agenda for economic transformation and development. Agribusiness can play a critical role in jump-starting economic transformation through the development of agro-based industries that bring much-needed jobs and incomes (World Bank, 2013).

Scope of the study:

The county covers an area of 2,496 Km². The county has five constituencies namely Endebess, Cherangany, Saboti, Kwanza and Kiminini and 25 Wards (CIDP 2013-2017). The County is divided into three major agro-ecological zones which include: the Upper Highland Zones, Upper Midland Zones and the Lower Highland Zones. The County has a highland equatorial type of climate. The rainfall is well distributed throughout the year. The annual rainfall ranges between 900 mm and 1400 mm

2. LITERATURE REVIEW

Introduction:

Theoretical Framework:

Resource Based View Theory:

The resource-based view of the firm holds that firm performance is better explained by differences in firm resources than in industry structure (Wernerfelt, 1984). Resources can be tangible or intangible in nature. Tangible resources include capital, access to capital and location (among others). Intangible resources consist of knowledge, skills and reputation, among others. Few studies have considered SMEs from a resource-based view (Lerner & Almor, 2002), yet SMEs are likely those which must rely heavily on the resource of owner skills. This is particularly true with female small business owners, as those businesses tend to be in the service or retail sector, and 85% of those have no employees other than the owner (Adler, 1999).

The resource-based view (RBV) of the firm has become one of the most widely used theoretical frameworks in the management literature. The foci of RBV are competitive advantages generated by the firm, from its unique set of resources (Peteraf, 1993). Barney (1991) identified four key attributes that a resource must have, in order to yield a sustainable competitive advantage. A resource must be: valuable, rare, imperfectly mobile, and non-substitutable. This definition is used by most RBV authors to describe and operationalize constructs of competitive advantage. The key to competitive advantage is for firms to be able to sustain the advantages gained from superior resources. Sustained competitive advantage comes from a firm's resources and capabilities that include management skills, organizational processes and skills, information and knowledge (Barney, 1991). For small business owners, entrepreneurial orientation and social capital are management skills, and therefore are resources which lead to competitive advantages.

While access to tangible resources may differ by gender (Brush et al., 2002; Domeisen, 2003; Inman, 2000; Marlow & Patton, 2005), the ability to exploit intangible resources may be a means to equalize the chances for success for women owned businesses.

The enterprise growth theory based on the lifecycle theory:

In the "Enterprise Life Cycle", the enterprise was assimilated to the life body, and the life cycle theory thought that as the life body would go through the life course from born, growth to death, the enterprise would also experience the process from generation, growth, aging and death. As the flexibility of enterprise gradually decreases and the controllability of enterprise gradually increases and decreases, the enterprise growth can be divided into the growth stage, the regeneration and mature stage, and the aging stage. The growth stage includes gestation stage, infant stage and step-learning stage. The regeneration and mature stage includes youth stage and prime stage. The increase of quantity is embodied in the extension of enterprise scale such as the increases of sales volume, market share, production value, profit and employee. And the growth of quality is embodied in the enhancement of enterprise quality, which includes the technological innovation ability from immature to mature production technology, the optimal efficiency of investment and output, the

Organizational innovation and reform (Huiyuan Mao, 2009).

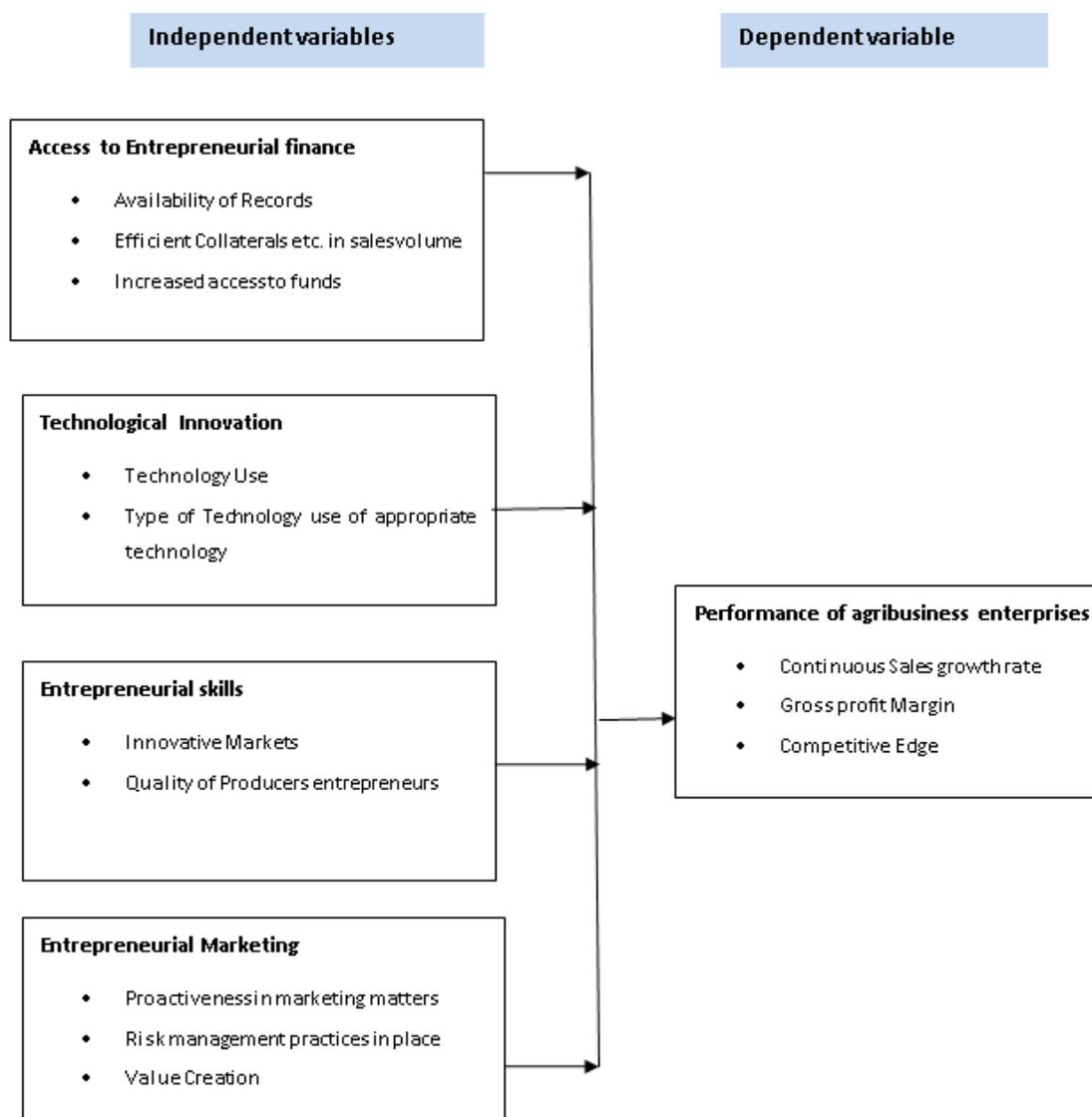
Joseph Schumpeter's Innovation Theory:

Joseph Schumpeter's innovation theory of entrepreneurship (1949) holds an entrepreneur as one having three major characteristics: innovation, foresight, and creativity. Entrepreneurship takes place when the entrepreneur Produces a new product, introduces a new way to make a product, discovers a new market for a product, finds a new source of raw material, and finds new ways of making things or organization. Schumpeter's innovation theory however ignores the entrepreneur's risk taking ability and organizational skills, and place undue importance on innovation. This theory applies to large-scale businesses, but economic conditions force small entrepreneurs to imitate rather than innovate. Other economists have added a dimension to imitating and adapting to innovation. This entails successful imitation by adapting a product to a niche in a better way than the original product innovators (Nayab, 2011).

The Conceptual Framework:

According to Sawega (2014), a conceptual framework is a diagrammatical representation of hypothesized relationship between independent and dependent variables of the study. The research was to examine the factors that influence the performance of agribusiness enterprises. These factors include; access to Entrepreneurial finance, Technological innovation, Entrepreneurial skills and Entrepreneurial Marketing.

Conceptual framework:



Accessibility to Entrepreneurial Finances:

Karanja (2013) in his research titled; factors influencing the growth of agribusiness enterprises in Kenya observe that the availability of adequate financial resources is pertinent towards the growth of agribusiness. However, the availability of this investment would not positively influence the growth of agribusiness. Tambunan (2009) and Singh & Belwal (2008) established that agribusiness entrepreneurs have problems in starting businesses due to the lack of governmental support and that the businesses are sometimes very small scale and in many cases not registered with the government which may happen due to complex registration procedures. According to Karanja (2013), focusing on rabbit farming, the financial resources required are actually available with most of the financial resources generated from self-savings, while other financing come from microfinance institutions and savings and credit cooperative societies. He however observes that in order to enhance the growth of agribusiness, more funds should be availed from government agencies to the farmers.

Karanja (2013) further adds that there should be entrepreneurship empowerment to encourage the agribusiness ventures to be made as partnerships or limited companies and farmers encouraged to join farmers' savings and credit cooperative societies. These he observes would provide better financial disbursement and better farming management to unlock its huge potential. Access to finance is a key driver in the creation, survival and growth of innovative new ventures. According to European Central Bank (2012), Lack of finance typically prevents new ventures from investing in innovative projects, improving their productivity, financing their growth, covering working capital requirement and meeting market demand.

Technological Innovation:

Technology is the major contributor to meeting future needs with respect to producing not only crops which are better adapted to a wider range of climatic and soil conditions (drought, salinity, acidity, extreme temperatures), but also crops that have traits for higher and better quality output (FAO, 2000). Modern biotechnology is not limited to the much publicized and often controversial activity of producing genetically modified organisms by genetic engineering, but encompasses activities such as tissue culture, marker-assisted and the more general areas of genomics, proteomics and metabolomics. However, the commercialization, promotion and diffusion of genetic modification will be tempered by concerns about the longer-term impacts and possible risks with respect to human health or for the environment and natural resources. As indicated earlier the degree of caution any society will have about these developments depends on the societal preferences about their perceived risk and benefits (Thomson, 2002). In developing countries many agricultural raw materials and fresh products are bought in nearby local markets and consumed at home without major processing as is the case of most fruits, vegetables, nuts and legumes and tubers. Major staple foods that provide the bulk of calories in traditional diets of these countries are harvested, dried and stored, and undergo only cleaning and milling operations before consumption. Tuber and root staples, most notably potatoes and sweet potatoes, store well for extended periods and are peeled and cooked at home. Some components of crops are selectively fractionated and separated by industrial processing, becoming major ingredients of processed foods or high-value additives and flavourings. However, in industrialized societies and large urban centres in developing countries, most foods that reach the table have undergone some form of preservation to extend their shelf life and/or transformation to improve convenience and taste. The bulk of the processed foods industry involves fabricating foods by mixing, transformation and structuring technologies. Most foods experience some form of storage and packaging before distribution, which in advanced societies and large urban centres may be quite sophisticated (Timmer, 2014).

In today's global economy, the ability to leverage information is critical to achieving competitiveness. The adoption of information and communication technologies is occurring at an incredible pace and will provide the core of potential for new entrepreneurs. For example, cell phones are now ubiquitous throughout Kenya. The adoption of information and communication technologies is occurring at an incredible pace and will provide the core of potential for new entrepreneurs. For example, cell phones are now ubiquitous throughout Kenya. For the first time, the ability to connect directly to the markets allows the entrepreneur to achieve what had previously taken several intermediaries to deliver. At a very low cost an entrepreneur can set up a presentable web site that can influence buyers from around the globe. Of course, the entrepreneur has to be able to consistently deliver the quantity and quality of goods agreed upon in any contractual arrangement, but the fact is that there is now more direct contact between buyer and seller than ever before. (Morris, Schindehutte, & LaForge, 2002). There are a range of technologies for the conversion of food waste to usable fuel or energy. The technologies differ in their stages of development, current commercial applicability, scale of operation,

type of waste that can be processed and the form of energy produced. Although further developments are required, wider uptake in the food and drink industry would assist in reducing waste, increasing energy efficiency and contributing to future environmental and economic sustainability. (Spielman, D. Ekboir, & K. Davis, 2009).

Entrepreneurial Skills:

Entrepreneurship is a process of bringing together creative and innovative ideas, combining them with management and organization skills in order to combine people, money and resources to meet an identified need and thereby create wealth (Agomuo, 2002).

Technical skills that support agriculture and agribusiness are a precursor to success in the sector. Lack of modern skills has left many still using the traditional methods, which are only appropriate for subsistence production. There are various platforms that have been introduced to deal with this problem but are yet to be rolled out in a large scale to integrate the small and medium farmers and producers. According to Makau (2010), entrepreneurs are the kind of individuals who are motivated and talented in a special way such that they are able to see potentially profitable opportunities and go ahead to exploit them. Agricultural transformation occurs when available knowledge is accessed, applied, and aligned with action on the ground (Timmer, 2014). The transformation of the agricultural sector requires innovation on the part of agricultural producers, agribusiness managers, agribusiness institutions, and the policy process or system as a whole (Strengthening Capacity for Agribusiness Development and Management in Sub-Saharan Africa, Vol 2 (1),2016).

Entrepreneurial Marketing:

The commonly used definition of Entrepreneurial Marketing is "proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation." (Schindehutte et al., 2002, p. 5). The direct access to markets through information and communication technologies is probably the most important new development in recent history (Dennis et al 2009). The development of various platforms that have been introduced for use in looking for new markets in the agricultural products is an important step in the right direction. According to Spencer and Cranfield (2009), there is a need for access to sizeable markets that may well exceed domestic demand, especially in a developing country context where per capita incomes are low and demand for more highly processed food products is only just emerging. He argues that agro-industries in developing countries are increasingly facing fierce competition from global enterprises rather than their regional counterparts. To counter this trend the establishment of sizeable markets for higher-value agro-industrial products domestically and/or regionally, coupled with improvements in basic infrastructure, will provide opportunities for agro industrial enterprises in developing countries to compete.

It is surprising that the best practices of successful entrepreneurs often ignore traditional marketing concepts. Entrepreneurs declare that they do not use marketing, as they associate marketing with advertising, because they cannot afford high costs of communication. Moreover, entrepreneurs seem to be concerned about current, operational issues and seem to ignore long-term ones. In addition, their approach does not follow the textbook discipline. However, these appearances are deceptive: entrepreneurs practice a different marketing; they are flexible in terms of tactics but are always concerned about how to provide long-term customer value. (Hultman et al., 2008).

Critique of the Existing Literature Relevant to the Study:

According to Karanja (2014), citing the statistics provided by FAO 1997 and ADP 2010 the statistics seem to look only at the positive elements in the sector, and side-lining the challenges which are in fact real, and a major obstacle to the growth of agribusiness. The dynamic nature of the agribusiness sector provides huge future business challenges and opportunities.

The study also agrees with Mwanja, (2011) Mugo ,(2012) and (Kinyua),2014 cited in Kamunge, (2014) that finance affects performance of SMEs. Finance aspect is key in any business and most of the reviewed studies do talk about it. However, it is notable that finance alone cannot make entrepreneurs successful. It must be in uniformity with the person's will to succeed in business and the training in the field in which the enterprise is set. The above study ignores the aspect of government as a regulator of the business environment and the fact that enterprises do not gain their full potential when they do not comply with set laws and regulations.

Research Gaps:

A lot of research has been carried out locally and internationally reviewing small and micro enterprises. Most of these research concentrate on businesses in the cities and urban centres. They also concentrate on their study areas based on their own objectives. There is scarcity of literature touching on the rural traders. (Kamunge, 2014)

A clear picture of the factors that influence the performance of agribusiness enterprises in Trans-Nzoia have not emerged very well from previous studies. . Limited findings have resulted from previous studies but most of them focus on urban areas and as such the existing body of knowledge is not sufficient enough to explain the factors that influence the performance of agribusiness enterprises in Trans-Nzoia County. Therefore, this is calls for subsequent studies touching on the said.

Summary:

The reviewed literature examined the agribusiness theories that support the conceptualized variables. The review identified access to entrepreneurial finance, Technological Innovation, Entrepreneurial Skills and Entrepreneurial Marketing and how they influence the performance of agribusiness.

3. RESEARCH METHODOLOGY**Research design:**

Research design constitutes the blue print for collection, measurement and analysis of data (Kothari, 2008). According to Cooper and Schindler (2003), research design describes both the structure of the research problem and the plan of investigation used to obtain empirical evidence of the problem. This research intends to use survey research. Survey research design is appropriate when the target population is large (Kothari, 2004) like in this case where the target population is all the agribusiness enterprises in Trans Nzoia. The reason for this being to save on cost and increase accuracy since the researcher will have a better control of data collection errors (Mugenda and Mugenda 2003). Survey research uses questionnaires or interviews to collect data from a sample that has been selected to represent a population to which findings can be generalized (Kothari, 2004).

Target Population:

According to Kenya Institute of Management (2009), target population defines all the subjects in the research study. For the purpose of this research, the target population was 711 agribusinesses from Endebess, Cherangany, Saboti, Kwanza and Kiminini Sub Counties. This data was obtained from the records of the ministry of industrialization and enterprise development in Trans-Nzoia County.

Table 3.1 showing target population

Area of study	Agribusiness target Population (N)
Endebess	102
Cherangany	240
Saboti	125
Kwanza	109
Kiminini	135
Total	711

Sample size

The sample size was determined using the Yamane (1967:886) formula for population sample as shown below

$$n = \frac{N}{1+N(e^2)}$$

Where: N = Population (711)

n = sample size

e=Tolerance at desired level of confidence, (0.05)

From the above formula the value of n is obtained as **n= 255.98**

Sampling and Sampling Techniques:

Sampling design describes a case where a representative sample is drawn from the entire population where the elements can be generalized. Random sampling to pick respondents will be employed. Random sampling ensures that each member of the population has the same chance of being included in the sample KIM (2009).

Data Collection Instruments & Procedures:

Interviews were conducted through questionnaires given to various respondents. The questionnaire documents were structured to facilitate easy and short answering of questions by the respondents and respondents were given enough time to give their feedback. The questionnaire comprised of open and closed ended questions.

Data collection Procedures:

The primary data was collected by use of semi-structured questionnaires that was administered to selected respondents. The respondents were expected to possess the requisite knowledge of the subject matter. The secondary data was obtained from up to date information from journals, research proposal reports, publications, conference papers and presentations as well as updated information from relevant websites especially from the County Government of Trans Nzoia.

Pilot Testing:

This refers to mini versions of a full-scale study as well as the specific pre-testing of a particular research instrument such as a questionnaire or interview schedule. Prior to using the questionnaire therefore, a pilot testing was done to refine it to ensure that respondents do not have problems answering and that there were no problems recording the data. According to Borg and Gall (2003), piloting of research instruments is important for validity and reliability tests of the instruments. For pilot purposes, the questionnaire was administered to 10 respondents.

Validity:

Validity refers to the extent to which questions in an instrument accurately measure the variables therein (Hair, Ringle, & Sarstedt, 2011). Tsai & Shen (2009) noted that a pilot test is conducted to detect weaknesses in design and instrumentation and to provide proxy data for selection of a probability sample. A research instrument is said to be valid if it measures what it is supposed to measure (Borg and Gall, 2003). The draft questionnaires were given to an expert in research to ascertain the items suitability in obtaining information according to research objectives of the study. Pilot test is an activity that assists the research in determining if there are flaws, limitations, or other weaknesses within the interview design and allows him or her to make necessary revisions prior to the implementation of the study (Kvale, 2008).

Reliability of the Research Instruments:

Reliability refers to the degree to which a set of variables are consistent with what they are intended to measure (Amin, 2007). Reliability of instruments concerns the degree to which a particular instrument gives similar results over a number of repeated trials (Mugenda & Mugenda, 2003). Pilot test was done to check the questionnaire structure and the sequence, meaning and ambiguity of questions. This was supplemented by Cronbach Alpha 0.7 which have proved to give a more reliable score Nunnaly (1978).

Data Processing and analysis:

This is a process of putting meaning to collected data. A combination of both qualitative and quantitative techniques was used for data analysis. Data was coded and analysed using SPSS, Epi Info and Microsoft Excel. Descriptive statistics including percentages, frequency distribution tables and pie/charts were employed.

Multiple regression analysis was used to determine whether the independent variables notably, X_1 = access to entrepreneurial finance, X_2 = Technological innovation, X_3 = Entrepreneurial skills and X_4 = Entrepreneurial marketing influence the performance of agribusiness enterprises. As a result, this subsection examined whether the multiple regression equation could be used to explain the nature. Multiple regression model presented below was used to test on the relationship between the variables of the study:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e$$

Where:

Y	-	Performance of Agribusiness Enterprises
β_0	-	The constant
X ₁	-	Access to Entrepreneurial finance
X ₂	-	Technological Innovation
X ₃	-	Entrepreneurial Skills
X ₄	-	Entrepreneurial Marketing
$\beta_1, \beta_2, \beta_3$ & β_4	-	Coefficients
e	-	Error term

To test for normality, the Chi square inferential statistical method was used to show the association between variables at 95% level of confidence. The chi-square statistic is a nonparametric statistical technique used to determine if a distribution of observed frequencies differs from the theoretical expected frequencies.

4. RESEARCH FINDINGS AND DISCUSSIONS

Introduction:

This chapter presents the results of 246 Agribusiness entrepreneurs sampled from Endebess, Cherangany, Saboti, Kwanza, and Kiminini Sub Counties on the factors that influence the performance of agri-businesses in Trans-Nzoia County. The analysis of demographic characteristics and responses to research hypothesis will feature in this chapter and it will be followed by a detailed discussion justifying the results.

Response rate:

Out of the 256 MSEs sampled, 246 of the MSEs responded by completing the questionnaires thereby giving a response rate of 96% Confidence Interval.

Demographic and Background Characteristics of the Respondents:

This section gives a summary of the distribution of respondents in the following demographic and background characteristics: gender, age, occupation, level of education, and type of business in Trans-Nzoia County.

According to the data collected from 246 respondents who took part in the study, it was established as shown in table 4.1 that 128 and 118 respondents were male and female respectively. Out of this group, 112, 2, 12 and 117 attained academic levels of college, O-level, undergraduate degree and post-graduate degree and respectively. Information about age bracket of respondents, like the former, is represented in table 4.1 below; respondents aged 30 and below did not participate much in the study as opposed to respondents aged 31 years and above. Notably, only four respondents aged 21-30years to part in the study as opposed to 139 respondents aged between 31-40 years who also took part in the same study. As respondents aged, they reduced their participation in entrepreneurial activities; relatively, in the research results, it was clear that 73 respondents aged between 41-50years took part to the study as compared to their immediate junior cohort who was 139 in number. Respondents aged between 50years and above reduced to 30 from 73. From the collected and analyzed data, it was clear that the only three types of businesses respondents engaged in as part of their entrepreneurship activities included agrochemical, farm use machinery and food processing enterprises who were represented by a frequency of 220, 13 and 13 respectively.

Table 4.1 Distribution of respondents by gender, level of education, age and type of business

Gender:

Characteristics	Frequency	Percentage
Male	128	52.00
Female	118	48.00
TOTAL	246	100.0
Level of Education		
Characteristics	Frequency	Percentage
College	112	45.5

O-level	2	0.8
Post Graduate degree	12	4.9
Undergraduate Degree	117	47.6
Other	3	1.2
TOTAL	246	100.0
Age Bracket		
Characteristics	Frequency	Percentage
21-30 years	4	1.6
31-40 years	139	56.50
41- 50 years	73	29.70
Over 50 years	30	12.2
TOTAL	246	100
Type of Business		
Characteristics	Frequency	Percentage
Agri-Chemical Enterprise	220	89.4
Farm use machinery enterprise	13	5.3
Food Processing Enterprise	13	5.3
TOTAL	246	100

Access to finance:

From table 4.2 below, it is clearly shown that 123 respondents agreed that lack of past records that potential lenders can analyse the state of their business has an effect of discouraging financial institutions from lending credit to entrepreneurial activities. Respondents who disagreed (74) and those who strongly disagreed (7) are those who might have past records that can be used to access finances or are not affected by past records when securing credit from banks. Failure to have past records denies entrepreneurs a chance to secure finances that they could use to enhance their operations.

Table 4.2 showing lack of past records as a variable affecting access to entrepreneurial finance

Lack of past records				
		Frequency	Percent	
	Strongly Agree	42	17.1	%
	Agree	123	50.0	%
	Disagree	74	30.1	%
	Strongly disagree	7	2.8	%
	Total	246	100.0	

From table 4.3 below, 118 respondents agree that they suffer from difficulties of accessing entrepreneurial finances, which they can use to boost, grow and expand their businesses because of their failure to avail the needed documents before getting finances. Out of 246, 86 and 28 respondents disagreed and strongly disagreed that the need to avail necessary documents contributes to the challenge they suffer of not accessing finances from financial institutions. Averagely, half of the respondent suffers from the challenge of availing necessary documents, while the remaining half does not; this means that, the effect such a variable has giving a chance to those with documents to access finances and denying those who fail to avail them.

Table 4.3: A table showing the need of respondents to avail documents before getting finances

		Frequency	Percent
Valid	Strongly agree	9	3.7
	Agree	118	48.0
	Neutral	5	2.0
	Disagree	86	35.0
	strongly disagree	28	11.4
	Total	246	100.0

Table 4.4: A table showing response of respondents with regard to interest rate and how it contributes to the difficulty in accessing finances

		Frequency	Percent
Valid	strongly agree	142	57.7
	Agree	69	28.0
	neither agree or disagree	3	1.2
	Disagree	23	9.3
	strongly disagree	9	3.7
	Total	246	100.0

Table 4.4 above is clear in its presentation of results; 142 of the respondents who took part in the study strongly agreed that high interest rates from bank contribute to the challenge of accessing entrepreneurial finances. From a realistic point of view, whenever interest rates are high, the cost of capital is high and therefore, entrepreneurs are discouraged to enhance their operations hence the situation influences agribusiness performance negatively.

Table 4.5: A table describing where respondents got their finance to start business

		Frequency	Percent
Valid	personal saving	169	68.7
	family	46	18.7
	friends	5	2.0
	Bank loan	8	3.3
	others	18	7.3
	Total	246	100.0

From the table above, it is indicated that 169 respondents acquired their finances from personal saving, while 46 respondents opted for family sources. Further, 5, 8 and 18 respondents reported that their sources of finance were friends, bank loan and other sources

In the table below, it is indicated that 98 respondents considered restocking as a way through which availability of finance has improved the performance of their business. 40 and 26 respondents who stated that appropriate storage and business expansion respectively were ways availability of finance improved the performance of their businesses followed this. It should be noted that not all respondents gave their responses stating the availability of finance and how it improved their enterprise performance, only 164 responded.

Table 4.6: A table showing ways through which availability of finance has improved performance

Ways availability of finance has improved performance	Frequency	Percent	CF
Restocking	98		
Business expansion	26		
Appropriate storage	40		
Total	164		

Multivariate Regression Analysis:

The results generated after conducting regression analysis between the dependent and the independent variable is shown in the table below. Categorically, the p value significant or the significant statistic measures the probability at which independent variables correlate with the dependent variable. The p value significant is (0.000), which is less than the level of significance 0.05 indicating that the regression model above is significant and can be used as a predictor to determine the factors influencing the performance of Agribusiness enterprise in Trans-nzoia. It is also clear that, having a significant statistic of 0.000 mean that there is no chance that the correlation between the dependent and independent variable are because of sampling errors. This also mean that the regression model used above, (in chapter 3) is significant and can be used to predict the performance of agribusiness enterprises.

Table 4.7 Multivariate Regression Analysis

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.243	4	.061	.423	.000 ^a
	Residual	34.586	242	.144		
	Total	34.829	246			
a. Predictors: (Constant), Access to finance, Innovation, Entrepreneurship skills and Entrepreneurship marketing						
b. Dependent Variable: Agri-business performance						

Cronbach's Reliability test:**Table 4.8: Cronbach's Alpha Analysis**

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items ^a	N of Items
.70	.695	5

This test seeks to test the internal consistency of data sets and any rating above 0.7 means that the data set is reliable to be used in generalizing. From table 4.8 above, it is clear that Cronbach's alpha is 0.7 and that the data set used in this study is reliable and can be used to make conclusion about the research topic; notably, Access to finance, Innovation, Entrepreneurship skills and Entrepreneurship marketing are some of the factors influencing the performance of agribusiness enterprises in Trans-Nzoia.

Discussion:

From the above results presented with respect to the effects of financial accessibility on performance of agribusiness enterprises, it is clear that indeed, accessibility to financial loans influence performance of agribusiness enterprises because most of the respondents tend to shy away from accessing such financial assistance because of high cost of acquiring the capital. More than three quarters of the respondents confirmed that they got their financial sources from personal saving because of the high cost associated with securing credit from financial institutions. According to the It is also clear that high interest rates have an impact on the performance of agribusiness in trans-nzoia County because many entrepreneurs fear incurring high costs of loan repayment. This assertion confirms the alternative hypothesis that states that access to entrepreneurial finance has a significant effect on performance of agribusiness enterprises in Trans-nzoia County.

5. SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS**Introductions:**

This chapter presents a summary of the main findings and conclusions based on the research that was conducted. The purpose of these conclusions is to address the research objective. From the presented findings, the following conclusions and recommendations are made. Furthermore, suggestion for further research will feature in this section.

Summary:

From the responses given by the respondents, the researcher came up with findings, which were used to make conclusions and give recommendations. In general, this study found that the considered factors that include access to finances, technological innovation, entrepreneurship marketing and marketing skills influence the performance of Agribusiness enterprises in Trans-Nzoia County. From a specific point of view, the study established that more men as opposed to women are engaged in entrepreneurship activities and that majority has college diplomas or university first degree. Furthermore, it is clear that the majority are aged 31-50 years and engage in specifically agri-business enterprises. With regard to accessibility of finances, a significant agrees that high interest rates influence greatly their inability to access capital.

Recommendation based on the Study:

Drawing from the findings, this section presents some of the key policy recommendations that, when implemented, would enhance the performance Agribusiness enterprises not only in Trans-Nzoia County, but also in other areas. The study recommends that small Agri-businesses should embrace the use of technology as a strategy for improving their performance. The rationale behind it is that using modern technology helps in enhancing efficiency hence lowering the cost of production thereby increasing profitability. According to the findings of the study, it is also advised that, entrepreneurs should consider seeking for financial institutions that offer loans at a lower cost because most of them cited high interest rates as the impediment to their ability to expand their entrepreneurial activities.

Suggestion for Further Research:

The study was a limited to four factors that influence the performance of Agri-business enterprises in trans-nzoia. Further research is recommended to determine the effect of other factors not considered in this study that influence the performance of the Agri-business in the county. The County government of Trans-Nzoia County should collaborate with other development partners in strategizing on how to invest more in technology among Small Agri-businesses across the entire region of Trans-Nzoia County.

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