FACTORS AFFECTING THE GROWTH OF SMALL AND MICRO ENTERPRISES DAIRY FARMERS’ IN KENYA: CASE OF GATUNDU SOUTH FARMER’S DAIRY CO-OPERATIVE SOCIETY LTD

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ABSTRACT

The study set out to explain factors affecting the growth of small and micro enterprises dairy farmers in Kenya. The study therefore studied how entrepreneurial skills, access to financial services, social network and access to markets affect the growth of the SMEs. The study adopted a descriptive survey design targeting 455 SMEs in Gatundu South. The study however through stratified sampling used 47 of these firms which is 10% of the target population and a similar sample size of respondents in top level, middle level and low level management working in these firms. The study collected both primary data and secondary data. Primary data was collected using questionnaires while secondary data was collected from companies’ annual reports, manuals and newsletters. A pilot study was carried out to ensure validity of the research instrument. Self-administered questionnaire were used in this study to collect quantitative data. The data was then analyzed using descriptive statistics. The study also used regression method to test the nature of influence of independent variables on a dependent variable. The study findings were presented using tables whose interpretations were given in prose. This generated quantitative reports through tabulations, percentages, and measure of central tendency. The findings of the study show that access to markets affected the growth of small and micro dairy farmers while access to finance affected highly the operations of the enterprises. There exists informal social networking among the small and micro farmers which affects the price and incomes hence the growth of the small and micro dairy farmers. The study suggests that the small and micro dairy farmers should harness their competitive edge by improving their farming methods through modern farming methods. The study also implies the need for small and micro entrepreneurs in the dairy farming to upgrade their marketing strategies in order to increase their sales, profits for them to grow. The study recommends that the government should intervene to avail funds to the dairy sector; training through workshops should also be done to enhance entrepreneurship. Also Dairy SMEs should establish links with larger firms, research institutions and government to reduce transaction costs that will enhance efficiency and effectiveness.

Key Words: growth, dairy, entrepreneur, skills, networking, markets

INTRODUCTION

Worldwide SMEs have been recognized as engines of growth and development (Ba-el felsenstein, 1996). Many countries have put considerable efforts to support them so as to create and tap their employment opportunities, income and productive capacity. According to economic survey of 2012, the SME sector in Kenya contributes 80% of the total employment and 20% of GDP (KNBS, 2012). In order to integrate the SME sector into the National economic grid the sessional paper no 2 of 2005 expanded the definition of SME to include all the enterprises both farm and non- farm, employing less than 50 persons. Dairy is one of the most vibrant activities today in livestock sub-sector in Kenya. It is one of the farm enterprises. It is one of the largest sectors in sub Sahara Africa. In Kenya today, the industry is also a major employer, employing about 841,000 people at farm level and providing further employment opportunities in the formal
and informal milk value chains (Staal, Nin Pratt and Jabbar 2008a). Additionally, it is estimated that the dairy processing (formal) and the informal sectors both sustain about 40,000 jobs (FAO 2011). Dairy entrepreneurs who produce 3.8b litres of milk annually earn them some shs160b thus are contributing some 6.8% of country’s GDP. Access to information is recognized as one of the key critical factors bearing on the growth and development of the SME enterprises. Access to information help the entrepreneur to make sound decisions and affects other factors such as access to finance acquisition of skills and expertise, management, access to markets for raw materials and finished goods as well as knowledge of policy and regulations, quality standards and even personal management and human resources management.

The dairy industry was introduced by the colonialist around 1900 and over a long time was done on large scale. After independence; there was a rapid transfer of dairy cattle from the settler farms to the smallholders resulting in a decline in the cattle population on large-scale farms to 250 thousand head by 1965. To encourage dairy production by smallholders, the government effected a number of changes in the provision of livestock production and marketing services, resulting in highly subsidized spacing Kenya cooperative creameries (KCC) was a major industry player until 1992 when the industry was deregulated ((Staal, Nin Pratt and Jabbarr, 2008). Even the industry regulator, the Kenya dairy board, had worked to promote and protect this arrangement. Though the transformation to smallholders spread the income to larger segment of the population, it brought forth other challenges. For instance, it became difficult to control the quality and productivity declined as most producers rely on rain. After liberalization, KCC experienced problems and collapsed with billions of farmer’s money (USAID, 2008). This lend to farmers losing confidence in the industry. Many abandoned dairy while others sunk to abject poverty and could not ever afford basis in life. Another resultant challenge of the liberalization was the reduced role of the government the area of service provision. Though the private sector had come up to fill the gap, the transition is not complete. Some producers cannot get their milk to the market and some consumers cannot get the product when and where they want them. The post liberalization period has seen an influx of private sector investments a substantial number which have failed. Reasons for this failure are cited as lack of conducive environment, limited access to business development services and other support services.

According to the National Livestock Policy (NLP, 2008), dairy is one of the agricultural sub-sectors experiencing high growth, estimated at 3 to 4 % annually (NLP, 2008). Dairy contribution to national GDP is estimated at 3.8%, which part of the 10 to 12% from livestock and 40% from agriculture. Milk based enterprises are attractive in Kenya, supporting with over 1.8 million smallholder households engaged in dairy production. The industry is dominated by smallholders at the production level who according to a survey conducted by the Smallholder Dairy Project (SDP) contribute 70% of gross marketed production from farms. These farmers have an average of 3 to 5 acres of land and they own an average of 2 to 5 heads of cattle yielding about 5 kg of milk per cow per day. The industry is generally characterized by low milk sales
and low input uses, which varies depending on traditions and level of market orientation (FAO, 2011).

**PROBLEM STATEMENT**

Previously, policies on SMEs have not recognized farm based activities as part of SME sector and more so with respect to small scale agriculture. This downplays the role of these sub sector in promoting economic growth and development, especially in the rural areas. It is now recognized that most of economic activities are carried out on the farm (Sessional paper no 2, 2005). In Kenya dairy production faces a number of challenges that have tended to discourage growth of the sector. These include small-size of most dairy enterprises that limits farmers’ capacity to take advantage of economies of scale. There is a general shortage of well-trained staff across the entire value chain. As a result there is inadequate access to extension, breeding/AI services, and veterinary services among others. Additionally, inadequate access to breeding services is aggravated by poor infrastructure leading to non-use of better breeding technologies and hence widespread use of bulls with unknown breeding value (FAO, 2011).

According to Daily nation newspaper (3rd December, 2008) Kenya Livestock Breeders Organization on its part said that most dairy farmers were making losses due to high cost of production. According to Daily nation newspaper (7th January, 2013) dairy farmers have cried foul over the increase in the price of milk by processors saying they have not benefited from the move. According to, Feed the Future (July 19, 2012) smallholder farmers often face serious financial constraints to scaling up production. In Kenya, land ownership is poorly documented, so farmers can't use their land as collateral to secure loans. Banks are reluctant to lend money to rural farmers and small business owners who have limited assets and virtually no financial history. This lack of access to commercial finance prevents many farmers and entrepreneurs from growing their businesses in dairy farming.

According to Ministry of Livestock Development (MoLD, 2008), the liberalization of the dairy sector has had an advance effect in the dairy sector as a result of reduced government role in the sector. Despite these advance effect, some areas of Kenya have continued to record phenomenon growth in dairy enterprise. This study therefore aims at explaining the factors influencing this growth and has focused on Gatundu south district of Kiambu County.

**GENERAL OBJECTIVE**

The general objective of the study was to explain the factors affecting the growth of SMEs dairy farmers in Kenya.
SPECIFIC OBJECTIVES

1. To determine whether entrepreneurial skills influences the growth of SMEs dairy farmers.
2. To establish whether access to financial services influences the growth of SME dairy farmers.
3. To assess whether social network influence the growth of SME dairy farmers.
4. To evaluate how the access to markets affects the growth of dairy SMEs

LITERATURE REVIEW

The research looked at the aspects that contribute to growth of SMEs. The literature review was obtained from the secondary data. This was from journals, published books, articles and seminar papers

Economic Theory of Entrepreneurship

Mark Casson’s economic theory holds that entrepreneurship is as a result of conducive economic conditions which include tax policy, industrial policy, easy availability of products, easy access to finance on favorable terms, access to information about market conditions, availability of technology and infrastructure (Marshall1, 936). According to Kirzener (1973), entrepreneurship and economic growth will take place in situation where particular economic conditions are most favorable. Entrepreneurship is therefore viewed as the fourth factor of production alongside land, labor, and capital. Economic incentives include taxation policy, industrial policy, sources of finance and raw material, infrastructure availability, investment and marketing opportunities are viewed as the main motivators for entrepreneurial activities. Further, Entrepreneurship and economic growth take place when the economic conditions are favorable. Mainstream economists view the supply of entrepreneurship as highly elastic.

Attachment theory

According to attachment theory, Attachment is an emotional bond to another person. Psychologist John Bowlby was the first attachment theorist, describing attachment as a "lasting psychological connectedness between human beings" (Bowlby, 1969, p. 194). Bowlby believed that the earliest bonds formed by children with their caregivers have a tremendous impact that continues throughout life. According to Bowlby, attachment also serves to keep the infant close to the mother, thus improving the child's chances of survival. The central theme of attachment theory is that mothers who are available and responsive to their infant's needs establish a sense of security in their children. The infant knows that the caregiver is dependable, which creates a secure base for the child to then explore the world. In her 1970's research, psychologist Mary Ainsworth expanded greatly upon Bowlby's original work. Her groundbreaking "Strange Situation" study revealed the profound effects of attachment on behavior. In the study, researchers observed children between the ages of 12 and 18 months as they responded to a
situation in which they were briefly left alone and then reunited with their mothers (Ainsworth, 1978). Based upon the responses the researchers observed, Ainsworth described three major styles of attachment: secure attachment, ambivalent-insecure attachment and avoidant-insecure attachment. Later, researchers Main and Solomon (1986) added a fourth attachment style called disorganized-insecure attachment based upon their own research. A number of studies since that time have supported Ainsworth's attachment styles and have indicated that attachment styles also have an impact on behaviors later in life. Therefore small businesses need to link up with other larger organization to benefit from better technology and supply chains for the supply of materials.

The idea of social networks and the notions of sociometry and sociograms appeared over 50 years ago. Barnes (1954) is credited with coining the notion of social networks, an outflow of his study of a Norwegian island parish in the early 1950s. Network analysis (social network theory) is the study of how the social structure of relationships around a person, group, or organization affects beliefs or behaviors. Causal pressures are inherent in social structure. Network analysis focuses on the relationships between people, instead of on characteristics of people. These relationships may comprise the feelings people have for each other, the exchange of information, or more tangible exchanges such as goods and money. By mapping these relationships, network analysis helps to uncover the emergent and informal communication patterns present in an organization, which may then be compared to the formal communication structures. Recently there is a growing interest into why communication networks emerge and the effects of communication networks (Monge & Contractor, 2003).

Resource based View

According to resource-based theory, the intellectual capital (IC) is a main source to improve enterprise growth. However, most past researchers focused on the impact of individual intellectual capital on performance while neglecting the effects of specific elements of intellectual capital. The currently dominant view of business strategy – resource-based theory or resource-based view (RBV) of firms is based on the concept of economic rent and the view of the company as a collection of capabilities. This view of strategy has a coherence and integrative role that places it well ahead of other mechanisms of strategic decision making.

According to RBT, sustainable competitive advantage results from resources that are inimitable, not substitutable, tacit in nature, and synergistic (Barney, 1991). Therefore, managers need to be able to identify the key resources and drivers of performance and value in their organizations.

Schumpeter Theory

Schumpeter, as cited by Swedberg (2000), pointed out economic behavior is somewhat automatic in nature and more likely to be standardized, while entrepreneurship consists of doing new things in a new manner, innovation being an essential value. As economics focused on the
external influences over organizations, he believed that change could occur from the inside, and then go through a form of business cycle to really generate economic change. He set up a new production function where the entrepreneur is seen as making new combinations of already existing materials and forces, in terms of innovation; such as the introduction of a new product, introduction of a new method of production, opening of a new market, conquest of a new source of production input, and a new organization of an industry (Casson, 2002). For Schumpeter, the entrepreneur is motivated by the desire for power and independence, the will to succeed, and the satisfaction of getting things done (Swedberg, 2000). He conceptualized ‘creative destruction’ as a process of transformation that accompanies innovation where there is an incessant destruction of old ways of doing things substituted by creative new ways, which lead to constant innovation.

**EMPIRICAL REVIEW**

**Entrepreneurship skills**

Most of the existing definitions of entrepreneurship often related to the functional role of entrepreneurs (Spinnelli, 1999) and include coordination, innovation, uncertainty bearing, capital supply, decision making, ownership and resource allocation (Presby et al., 2010). Indeed, three of the most frequently mentioned functional roles of entrepreneurs are associated with major schools of thought on entrepreneurship and includes; risk seeking, willing to take the risk associated with uncertainty; innovativeness accelerating the generation, dissemination and application of innovative ideas and opportunity seeking therefore entrepreneur is involved seizing new profit opportunities. Entrepreneurship is increasingly recognized as an important driver of economic growth, productivity, innovation and employment, and it is widely accepted as a key aspect of economic dynamism.

**Access to financial services**

Brusco and Righi (1989) in their study on local government, industrial policy in Italy confirmed common production challenges faced by SMEs like inadequate inputs and lack of production technology for better agro- production. Production challenges were attributed to limited access to finance for SMEs, despite the existence of various financial institutions. This was primarily due to stringent conditions set by the financial institutions. The Kenya Industrial Estates requires that the SMEs should be in a registered association or group, to be able to access loans. However, most of the SMEs do not qualify to access the loans as they do not belong to any of the producer associations (Kirimi, 1988).

**Social networking**

The users of social media have the ability of sharing their views and encounters. This assists in creativity, open communication and sharing of knowledge among users. Facebook, Skype and discussion forums are examples of social media tools (Tapscott and Williams, 2008). Social networking allows businesses to gain access to resources that might otherwise not be available to
them. It can also aid the development of a firm’s worthiness, increase the customer and supplier contacts, bring to light where resources and funding are available, promote innovation and help in the cultivation of strategic partnerships (Zontanos and Anderson, 2004). Business owners rarely possess all the skills and knowledge needed to expand their enterprise, and finding people with the necessary skills, and getting them to contribute, is a vital aspect of their networking (Simon, 2012). The sky is the limit with social media. Owing to of the flexibility of social networking tools, businesses can realize different benefits. These according to Simon (2012) are greater access to different audiences, improved customer service, improved products and services and adoption of favorable pricing practices.

Access to markets

Business access refer to services related to the selection, pricing, sale and distribution of products, advertising or promotional activities, and acquiring access to raw materials, inputs, and equipment. Acquiring access or developing distribution access to foreign markets and/or suppliers (exporting or importing) is considered a marketing activity which invariably has the effect of increasing the customer base income and hence sales turnover (Chuta and McPherson, 1994). The integration of SMEs into business chain is one dimension of the kind of the partnerships that can lead to the transfer of know-how, skills and expertise, and contribute to an expanded clientele thus increased sales turnover (Riley and Steel 2002). Business access plays a pivotal role in overcoming the cost of information-seeking activities (van Tulder, 1995). For instance, as argued in Gumede (2000), intermediaries play a significant role in facilitating the exports of small enterprises. Other aspects related to this such as networks, access to customers, finance and others play an equally important role in ameliorating the export volumes of small enterprises

RESEARCH METHODOLOGY

Research Design

A research design is a plan and structure of investigating in order to obtain answers to research questions (Kothari, 2009). In order to examine the effect of entrepreneurship, social network, market access and financial access on the growth of dairy SMEs, descriptive research design was used.

Target population

The target population for this study was SMEs within Gatundu South. A list 455 enterprises sourced from the Kiambu county council (KCC, 2013).
Sampling frame and technique

The sampling frame comprise of the dairy farmers as contained in the active membership list of Gatundu south dairy cooperative society. The reasons for sampling in this study included lower costs, greater speed of data collection and availability of population elements. These members are further clustered in into eight collection routes. These collection routes have members ranging from 40 to 70. The study targeted SMEs dairy farmers in Gatundu south district. Since it was not possible to reach all the farmers in Gatundu south District, a representative sample of farmers was used for the study. This sample was obtained from those who supply milk to Gatundu south dairy farmers’ cooperative society. The study used random sampling to select the route from where the sample was taken. Mugenda and Mugenda (2003) say that for descriptive studies, 10% of the population is an adequate sample. A simple random sampling was used to select a collection route from which SMEs farmers for the study were randomly selected. The random sampling selected a representative route with 47 members. This satisfies the law of statistical regularity, which states that if a sample is chosen at random, on average it will have the same characteristics and composition as the population (Kothari, 2009). This ensured that each object had an equal chance of selection and thus avoid biased selection.

Data collection procedure

A structured questionnaire was administered to 47 Managers in top, middle and low level of the SMEs management. The questionnaire comprised of both closed questions to enhance uniformity and open-ended questions to ensure maximum data was collected. The questionnaires were administered on a “drop and pick-later” basis. The research assistant went through the questionnaire with the respondent and left it with them to fill. The respondent then later submitted the completed questionnaire to the assistant at an agreed time.

Data analysis

The data was analyzed using Statistical Package for Social Sciences (SPSS) for the Windows platform version 17.0, where measures of central tendency and correlation analysis were undertaken to establish the degree of relationship between the variables. Qualitative Data Analysis (QDA), using Quick Impressionist Summary, was undertaken for the nonnumeric information gathered. This according to Kombo and Tromp (2006) involves summarizing the key findings then explaining and interpreting the findings. The qualitative data was analyzed manually following a thematic procedure also followed by a quick impressionist summary in order to obtain trends and preliminary indication of the nature of findings.

Regression analysis was also conducted to establish the form of relationship between dependent variable and the independent variables. The regression equation used was:

\[ Y = a + B_1 X_1 + B_2 X_2 + B_3 X_3 + B_4 X_4 + \ldots + B_n X_n + c \]
Where: \( Y = \text{Dependent Variable (Growth of SMEs: sales profits and number of employees)} \)

\[ X_1 = \text{Entrepreneurial skills} \]
\[ X_2 = \text{access to financial services} \]
\[ X_3 = \text{access to markets} \]
\[ X_4 = \text{social network influence} \]
\[ a = \text{the constant} \]
\[ \epsilon = \text{error term} \]

**RESULTS AND FINDINGS**

**Entrepreneurship Skills**

The respondents were required by the study to indicate how above aspects of entrepreneurship influences growth in dairy industry. Those that the study established to influence growth to a large extent were skills to provide attractive range of products as shown by a mean score of 4.21, Planning skills as shown by a mean score of 3.97, skills to focus on quality and design of the product as shown by a mean score of 3.89 and risk-taking propensity as shown by a mean score of 3.58. The study findings confirm Kirzner (2009) findings that entrepreneurship involves noticing new business ideas that nobody has noticed before. Entrepreneurs take advantage of latent new business opportunities; they create new entrepreneurial opportunities that other entrepreneurs can act upon. Therefore, Entrepreneurship create good business environment that make more entrepreneurship happens.

**Access to Finance**

The study aimed at establishing whether the entrepreneur face difficulty in accessing finance. The result found that 70% of the respondents had experienced financial difficulties in course of their farming activities ‘YES’, only 30% of the respondents said they do not experience difficulties ‘NO’. The sources of finance were from family members, friends, credit from suppliers, own savings, social groups and merry go round and from banks. This study clearly brought out the challenges faced by small and micro dairy farmers in accessing bank facilities such as loans short repayment period of up to one year for agriculture loans, high interest rates on loans by lenders and lack of collateral to secure bank loans. All the respondents are registered members of the Sacco. The study also established that entrepreneurs utilized the loans on various ways such as to buy animal feeds, veterinary services, to buy milking machines and other equipments and use the loan money to expand their farming enterprises. This implies that with limited sources of finance and access to credit, a little room is left for farming enterprise expansion. This conforms to K’Aol (2008) who established that businesses had expanded and their house hold income increased significantly as a result of having taken micro finance loans.
Although all the respondents were members of the Sacco, the Sacco has not been able to secure or raise funds for on lending to its members at better terms and without stringent conditions. Karimi (1988) emphasizes that a business association is funded by its members sometimes to raise loan funds for them since commercial banks are reluctant to offer collateral free loans. The study therefore concludes that access to finance will enhance the growth of dairy small and micro farmers.

**Social Networking**

**Reasons for using social media**

The researcher aimed at knowing the reason respondents used social media tools, having given them a list of choices to select from. According to findings the key uses of social media tools were: 42% to sell their products, 31% to access new markets and 27% to collect data on customers. It is clear from the table that social media tools play different roles to different SMEs and that the tools could be incorporated into different operational roles in the businesses. This implies that networking and sharing of dairy information among the dairy farmers enables the information exchange among the farmers which leads to farmers doing activities differently which lead to growth and improve of their dairy farming. This converges with study done by Zontanos and Anderson (2004) on social networking when they posited that social networking allows businesses to gain access to resources that might otherwise not be available to them. It can also aid the development of a firm’s worthiness, increase the customer and supplier contacts, and bring to light where resources and funding are available, promote innovation and help in the cultivation of strategic partnerships.

**Market Access**

The study sought to find how market access influences the growth of Dairy SMEs. The study found that the respondent agree that partnership with large corporations leads to growth of SMEs as shown by a mean of 4.57, they also agree that business access helps in reducing information as shown y a mean of 3.56 and finally they agree that access costs developing distribution access to foreign markets and/or suppliers increases the customer base income and hence sales turnover, this is as shown by a mean score of 4.38. Chuta and McPherson (1994) affirms our study findings when he assert that acquiring access or developing distribution access to foreign markets and/or suppliers (exporting or importing) is a marketing activity which invariably has the effect of increasing the customer base income and hence sales turnover The integration of SMEs into business chain is one dimension of the kind of the partnerships that can lead to the transfer of know-how, skills and expertise, and contribute to an expanded clientele thus increased sales turnover (Riley and Steel, 2002).
Regression Analysis

Table 1: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted Square</th>
<th>R</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.893</td>
<td>0.7974</td>
<td>0.744</td>
<td>0.4645</td>
<td></td>
</tr>
</tbody>
</table>

Source: Survey Data (2014)

The four independent variables that were studied, explain only 79.7% of the growth of SMEs in the dairy business in Gatundu South as represented by the R². This therefore means that other factors not studied in this research contribute 20.1% of the growth of dairy SMEs in Gatundu South. Therefore, further research should be conducted to investigate the other factors (20.1%) that affect growth of SMEs in dairy businesses in Gatundu South.

Correlation Analysis between Dependent Variables and Growth of SMEs

The study sought to find out the relationship between entrepreneurship, financial access, social network and market access and the growth of SMEs. The results of the correlation analysis indicated that there is a strong correlation between entrepreneurial skills and the sales per month, \( (r = .726, \ p = .004) \) two tailed and hence entrepreneurial skills had a significant strong and positive relationship with the sales per month. Also financial access had a strong correlation with sales per month at \( r = .627, \ p = .002 \), two tailed and thus, financial availability was found to increase sales per month. However, on correlating market access and social network, both were found to have weak correlations of \( r = .391, \ p = .000 \) – two tailed and \( r = .356, \ p = .011 \) – two tailed respectively. Hence both variables indicated that they did not significantly affect the sales per month of the SMEs.

Entrepreneur skills was correlated with increase in profits, which resulted in \( r = .624, \ p = .011 \) two tailed. As such, an entrepreneur skill has a significant positive relationship with increase in profits. Similarly, financial access was correlated with increase in profits \( (r = .534, \ p = .003) \) two tailed and there was also found to exist a significant positive relationship. On the other hand, when market access of products was correlated with increase in profits \( (r = .378, \ p = .001) \) two tailed, a weak relationship was noted. From Table 4.4 it is clear that the dependent variables have a weak relationship with the number of employees in SMEs. For instance, entrepreneur skills and the number of employees resulted in \( r = .372, \ p = .003 \) two tailed, financial access and number of employees attained \( r = .354, \ p = .000 \) two tailed, and increase in market access achieved a weak correlation of \( r = .372, \ p = .001 \) two tailed.

\[
Y = 0.525 + 0.7264X1 + 0.627X2 + 0.391X3 + 0.356X4
\]
Where Y was the dependent variable (Growth of SMEs dairy farmers in Gatundu South District in terms of average sales per month), X1 is the entrepreneurship skill, X2 is the access to financial services independent variable, X3 is market access while X4 social networking which are the independent variables.

From the regression equation established, taking all the factors (entrepreneurship skill, access to financial services, social networking and access to markets) constant at zero, the Growth of sales of SMEs dairy farmers in Gatundu South District would be 0.525. Further, if all the other variables are kept constant, a unit increase in entrepreneurship skill will lead to a 0.726 Growth of SMEs dairy farmers. A unit increase in access to financial services will lead to a Growth of 0.627 in sales of SMEs dairy farmers in Gatundu South District, a unit increase in social networking will lead to a 0.356 success in strategy implementation, while a unit increase in market access will lead to a 0.391 Growth of in sales of SMEs dairy farmers. These results imply that entrepreneurship skills contribute more to the Growth of SMEs dairy farmers in Gatundu South District followed by access to financial services, market access while social network contributes the least to Growth of SMEs dairy farmers.

Summary of the Findings

The study found out that entrepreneurship, financial access, market access and social network in that order of reducing importance, influenced growth of dairy SMEs in Gatundu South. The study identified that creativity and product development in entrepreneurial skills influenced growth of enterprise to a great extent. The study established that entrepreneurs have difficulties in accessing finance. They however, get the finance from several sources like banks, friends and personal savings. The study also indicated that social networks helps the entrepreneurs get information on new process and available market. The study established that market access in terms enables the enterprise increase their sales volumes through exportation, it also enables organization to access right inputs, favorable prices and also establish distribution chains. From the regression analysis the following regression equation was formulated; Y = 0.525 + 0.7264X1 + 0.627X2 + 0.391X3 + 0.356X4. The regression analysis has shown that entrepreneurship contributes most to SMEs growth in sales, followed by finance access, market access and social network.

CONCLUSIONS

On entrepreneurship training, the study concludes that the skills, knowledge gained from the entrepreneurship training lead to the growth of dairy farming. On access to finance, the study concludes that for the small and micro dairy farmers rely a lot in access to financial services, especially to boost the operations in the farms for buying feeds, milking machines and to expand in other areas. The study concludes that social networking, sharing of dairy information among the dairy farmers, being a member of the Sacco enables the information exchange among the farmers which leads to farmers doing activities differently. On access to markets, the study
deduces that access to markets through opening new markets for milk and milk products, enhancing the existing markets to increase markets share, assuring farmers of markets to their milk and milk products will highly contribute and encourage dairy farmers to concentrate and do dairy farming in big way.

RECOMMENDATIONS

From the findings and discussion of the study, entrepreneurship training for skill such as record keeping, costing, marketing and sales to dairy farmers has enhanced the dairy farming. The study recommends that more training for technical areas is important to enhance dairy farming. The study also recommends that for dairy farmers to realize improved growth provision and access to finance from financial services providers should be encouraged to ensure that SMEs dairy farmers are confident to approach financial institutions for facilities. The dairy farmers should have a lot of information on the terms and conditions of financial services providers. The study further recommends that for small and micro dairy farmers should do more networking among their peers even out of the district to catch up with what is happening within the network of dairy industry. When small and micro dairy farmers are informed on the market trend they will use the information to improve their dairy farming. The study finally recommends that dairy farmers in small and micro dairy farming and stakeholders in the dairy industry should be more vibrant in establishing linkages and access to markets in the dairy value chain to encourage and promote the growth of their farming enterprises.

REFERENCES


