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Abstract

Researchers remain uncertain regarding the overall contribution of marketing conditions on the growth and performance to propel the smallholder's agripreneurs from poverty despite their potential. It is for this reason that this study sought to examine the influence of market conditions on the performance of micro and small agribusiness of the coffee smallholders' entrepreneurs in Kenya. In its development plans, Kenya has sought to create and develop agribusiness, because of the vast context of agribusiness and its potential to develop enterprises. The purpose of the study was to determine the influence of market conditions on performance of micro and small agribusinesses of coffee smallholders in Murang'a County. The target population of this study was 146,105 comprising of the coffee smallholders within eight sub counties of Murang'a County. Sampling with probability proportionate to size was used to get a sample size of 384 respondents drawn from the eight Sub Counties of the County. The study adopted a descriptive survey design that used quantitative research approaches. For analysis, a regression model was generated to establish the relationship between market conditions and performance of micro and small agribusinesses. The regression analysis showed that market conditions had a positive and significant effect on performance of agribusiness owned by coffee smallholder agribusinesses in Kenya. The study concluded that market conditions played a huge role in contributing to expansion of the agribusiness sector in Kenya. The study recommends that county government

should also encourage coffee smallholder agribusinesses in their county to form agricultural co-operatives or join existing co-operatives which will ensure that products from micro and small agribusiness reach markets that fetches good prices to increase the earnings and eliminate exploitative middlemen who benefits at the expenses of small farmers.

Keywords: *Smallholder Agribusinesses, Market Conditions*

1.0. Introduction

Approximately 1.5 billion people are engaged in smallholder agriculture across the world. They include 75% of the world's poorest people whose food, income, and livelihood prospects depend on agriculture. They mainly live in rural communities. According to Christiaensen, Demery and Kuhl (2011), a 1% increase in agricultural per capita GDP reduced the poverty gap five times more than a 1% increase in GDP per capita in other sectors, mainly among the poorest people. It is a pro-poor, income-generating and employment-creating sector for most SSA economies. *Africa Agriculture Status Report, 2015* attest that sustainable agribusinesses must be promoted, as they pave the way for economic growth, structural transformation, environmental protection, and improved technical skills, which in turn catalyse economic activities and connect major economic sectors, thereby resulting in inclusive growth and driving sustainability on the continent.

Kenya is the largest economy in East Africa and is a hub for trade and entrepreneurship in the region. It has experienced constant GDP growth rates between 6% and 7% throughout the past five years (DGGF, 2015). Further, Kenya's place in the World Bank's Ease of Doing Business ranking is 136 out of 189. Kenya ranks 143 on starting a business, with new businesses taking an average of ten procedures and 30 days to start. *Dutch Good Growth Fund (2015)* observes that Kenya's MSE landscape is diverse, and there are different types of enterprises across the country, with entrepreneurs that are driven by different motivations and responding in different ways to the business conditions around them. Micro Small Enterprises are an integral part of the Kenyan economy

The agribusiness sector in Kenya is dualist in nature, with a small proportion of large scale firms and a large proportion of micro, small and medium sized farms. Agribusiness already generates 60 Percent of Kenya's export earnings through horticulture, industrial crops, and livestock and fishery products (GOK, 2012). Despite this, FAO (2010) puts forth that Kenya has been slow in developing and implementing policies and despite some progress in the last evaluation of business climates performed by the World Bank , it still ranks 72nd worldwide, in that respect. Kenya Agricultural Sector Development Strategy 2010-2020 affirms that Kenya has attempted to improve the enabling environment for agribusiness by expanding and upgrading the infrastructural facilities.

In Kenya, coffee was the leading foreign exchange earner in the first three decades after independence. Today, there are around 700,000 coffee smallholder agribusinesses in Kenya who farm about 75% of the coffee area (ICC, 2015). The late 1970s was the most lucrative period in the coffee sub-sector. For many producers, coffee was their only livelihood source and they benefited from the high price it commanded in the market. Producers, particularly smallholders, adhered to a strict set of regulations (imposed and monitored by the government) for coffee growing and repeatedly produced premium quality coffee, thereby earning a unique reputation for Arabica coffee of Kenyan origin.

However, Bichanga and Kariuki (2013) noted that following liberalization, many of the producers found themselves abandoned in a system that they didn't understand. The removal of state involvement from agricultural cooperatives as a prerequisite to liberalization has been suspected as a key culprit. Liberalization has caused some problems in the sector, birthing the propagation of tribalism, nepotism, and corruption - identified as key nuisances in the coffee sub-sector's quest for success. Poverty levels rose in major coffee producing counties as a result of declining farm incomes. Many of the farmers subsequently uprooted their coffee trees, (80 percent of the land being devoted to coffee), to grow other crops. Some started intercropping other crops with coffee, which affected overall quality (FAO, 2011)

Murang'a County has had its share of challenges. From its hey days as the cash cow of Kenya due to its lucrative tea and coffee industry, the county has dimmed over the years as the prices of these products suffered due to neglect and international competitions. The county features as the 7th county nationally with the least number of people of living below the poverty line. The poor are not able to access the basic necessities of life such as food, shelter and education. The food poor constitute 36.3 per cent of the population with the vulnerable groups that is hardest hit by poverty being women, the unemployed youth, widows and orphans, neglected retired old people, the street children and those living in the marginal areas of the county(KNBS & SID, 2013; MCIDP, 2013).

Gitu and Filson (2013) uphold that, it's the undergrowth of the leading coffee and tea crops at Murang'a County that saw the emergence of other crops and value chains in a desperate measure by farmers to make ends meet. For instance, Bichanga and Kariuki (2013) attests that Benson Kimani, is one of the farmers who decided to try out new crops while still holding on to the traditional coffee. His farm in Kagumo village in Kandara Sub County has now become a training ground where farmers flock to learn a thing or two about agriculture.

Within three decades, coffee production and exports in Kenya has declined substantially especially in the smallholder co-operative sub- sector, and which accounts for over 60% of Kenya's total coffee production, although there have been increases in specific years (Ng'ethe, 2015 & KNBS, 2013). The lowered earnings have seen about 70% of smallholder coffee entrepreneurs in Murang'a County, turn away from their agricultural mainstay into innovative agribusiness enterprises in desperate measures to earn income and uplift their living standard

(Kweheria, 2014; Kamau, 2015; Gebre & Mwaura, 2017). Rurigi (2007; Ithinji *et al.*; 2015), Food Agricultural Organisation (2011) and Karanja and Nyoro (2002) in Gitau (2012) posit that despite the coffee smallholders' engagement to other rural based agribusinesses they have not risen from realms of poverty.

1.2 Statement of the Problem

Agricultural production and market participation by smallholder farmers in Kenya continues to decline despite the market reforms undertaken in the last several decades (FAO, 2013; World Bank, 2013). Notably, the coffee industry that has been one of the key pillars of Kenya's economy coming third after tea and horticultural produce, within three decades, has declined substantially especially in the smallholder co-operative sub-sector, although there have been increases in specific years (KNBS; 2017). From 1987/1988 season to 2015, the production and exports plummeted from 128,700 tonnes to 39,800 tonnes and Sh9 billion to Sh 4 billion respectively (KNBS, 2016).

The collapse of this coffee economy, especially in Central Kenya led to the lowered earnings that have seen about 70% of smallholder coffee entrepreneurs, turn away from their agricultural mainstay into alternative micro and small agribusiness enterprises in desperate measures to earn income and uplift their living standard (Gebre & Mwaura, 2017). Karanja and Nyoro (2002) in Gitau (2012) posit that despite the coffee smallholders' engagement to other rural based agribusinesses they have not grown from realms of poverty.

In the context of agribusinesses, Shafeek (2009) opines that favourable market conditions of the agribusiness smallholders are a functional area that can uplift the well-being of the small entrepreneurs among the agribusiness smallholders. This is due to the fact that, it links the products or services of a business to its customers. Stokes and Wilson (2010) opines that to have a good chance of survival, a small or micro agribusiness firm needs to have the target market of the products. A common weakness in the (agribusiness) MSE owner/ managers lies in their failure to understand key marketing issues as stipulated by the existing marketing conditions.

Though several studies: (Osmani & Hossain, 2015; Naikuru *et al.*, 2016) have been carried out universally on diversification in agribusiness making it integral part of smallholder farms as a strategy to enhance farm incomes. Nevertheless, researchers remain uncertain regarding the overall contribution of marketing conditions on the growth and performance to propel the smallholder's agripreneurs from poverty despite their potential. This study then, sought to contribute to the knowledge gap by examining the influence of market conditions on the performance of micro and small agribusiness of the coffee smallholders' entrepreneurs in Kenya.

1.3 Objective of the Study

To evaluate the influence of market conditions on performance of micro and small agribusinesses of the coffee smallholders in Kenya

1.4 Research Hypotheses

H_{A2}: Market conditions positively determine performance of micro and small agribusinesses of the coffee smallholders in Kenya.

2.0 Literature Review

2.1 Theoretical Framework

2.1.1. Modern Marketing Theory

Perhaps the most fundamental philosophical assumption of modern marketing theory is the centrality of the marketing concept. The marketing concept indicates that in order to achieve sustained success, firms should identify and satisfy customer needs more effectively than their competitors. Firms that adopt and implement the marketing concept are said to be market oriented (Lamb, hair & McDaniel, 2005). It follows then that market oriented firms engage in activities related to the generation and dissemination of customer and competitor related market intelligence (Kirca, Jayachandran & Bearden, 2005).

Li and Calantone (2008) point out that those firms more adept at generating market knowledge will be able to achieve better performance because they will have better access to information about consumer preferences. Yet market oriented firms go beyond the mere collection of market related information. Firms with a market orientation also actively share this information across departments. The result is to create greater customer value and satisfaction, a prerequisite for success (Kerin, Hartley & Rudelius, 2011). The marketing strategy literature observes that implementing a market orientation provides a firm with the ability to sense market trends and to anticipate customer needs, both of which can lead to superior organizational performance (Kirca et al., 2005). Therefore, firms should ideally operate with a high level of market orientation. Also, research suggests that market orientation creates an aggressive and proactive disposition toward meeting customer needs (Kirca, Jayachandran & Bearden, 2005)

In addition, those firms exhibiting high levels of market-orientation are likely to identify, and seek to take advantage of, opportunities presented in their markets (Narver & Slater, 1990). In fact, much of the research investigating the market-orientation concept suggests that firms which have better market knowledge are often more creative and innovative overall, which should lead to better overall long-term performance (Im & Workman, 2004). As such, it is likely that high levels of market orientation may work best when other related marketing strategy decisions are more aggressive and in line with the advantages given by a high market orientation. The theory is relevant in this study since it calls for alignment between relatively high levels of market orientation with similar degrees of other related marketing strategy decisions (such as more initiative, or aggressive market and product strategies) a recommended fit (RFit).

2.2 Empirical Review

2.1.2. Market Conditions and Performance of Micro and Small Agribusiness Enterprises

Pandya (2012) noted that the role of marketing in explaining firm business performance has received significant attention throughout the history of the marketing discipline. He further demonstrate that business performance is fundamentally driven by the degree of competition in the marketplaces in which the firm chooses to operate, which in turn is a function of the structural characteristics of those marketplaces

Indarti and Langenberg (2010) affirms that access to market, new market opportunities (findings new products or services to offer existing customers and obtaining new customers), market stability (high proportion of regular customers) are, crucial for preserving high growth in the business. Webster (2012) supports the premise that marketing as a culture relates to the ability of an organization to assess market attractiveness (by analyzing customer needs and competitive offerings in the marketplace) and potential competitive effectiveness.

A number of scholars have related market conditions and the performance of micro and small agribusiness enterprises. Hossain and Osmani (2015) researched on market participation decision of Smallholder farmers and its determinants in Bangladesh. This study explored the market participation decision of smallholder farmers in Bangladesh and tried to sort out the most important factors that influence smallholder farmers' decision to participate in the output market to sell their produce in Bangladesh. The main findings of this study indicated that there was moderate level of market participation by the households who decide to participate in the market with 57% sales of their produced crops. It is found that farm size, household labour, income from livestock and farm income might be the main factors that affect the smallholder farmers' decision to participate in the output market.

These findings also suggest that the smallholder farmers would participate more and more in the output market, if farm size, household labour and farm income are increased in one hand and income from livestock is decreased on the other hand. Finally, development market infrastructure, provision of marketing incentives to smallholder farmers and development of an institutionalized marketing information service are recommended to enhance commercialization of agriculture in Bangladesh.

Comparably, Anim and Mukwevho (2014) studied the factors affecting small scale farmers in accessing markets: A Case Study of Cabbage Producers in the Vhembe District, Limpopo Province of South Africa. The results indicated that the independent variables that accounted for most of the differences were, transaction costs, agricultural extension education, level of education of farmers, distance of the farm to market, where farmers sell their produce, and value of equipment owned by farmers. It was recommended that for small scale cabbage farmers to access markets for their agricultural produce, measures to mitigate the identified constraints need to be in place.

Closely to this, Omiti, Otieno, Nyanamba and Mc Cullough (2011) investigated the factors influencing the intensity of market participation by smallholder farmers: A case study of rural and peri-urban areas of Kenya. Participation in commercial agriculture holds considerable potential for unlocking suitable opportunity sets necessary for providing better incomes and sustainable livelihoods for small-scale farmers. The results showed that farmers in peri-urban areas sold higher proportions of their output than those in rural areas. Distance from farm to point of sale is a major constraint to the intensity of market participation. Better output price and market information are key incentives for increased sales. These findings demonstrate the urgent need to strengthen market information delivery systems, upgrade roads in both rural and peri-urban areas, encourage market integration initiatives, and establish more retail outlets with improved market facilities in the remote rural villages in order to promote production and trade in high value commodities by rural farmers.

2.3 Conceptual Framework

The goal of a conceptual framework is to categorize and describe concepts relevant to the study and map relationships among them. The conceptual framework is based on the OECD/Eurostat model for entrepreneurship (2012) that classifies determinants of entrepreneurship in a country, framed across six domain areas namely entrepreneurial finance, market conditions, R& D and technology, entrepreneurial capabilities, entrepreneurial culture and regulatory framework (EU, 2012). In this study, the focus is on the relationship between market conditions and performance of Micro and Small Agribusinesses.

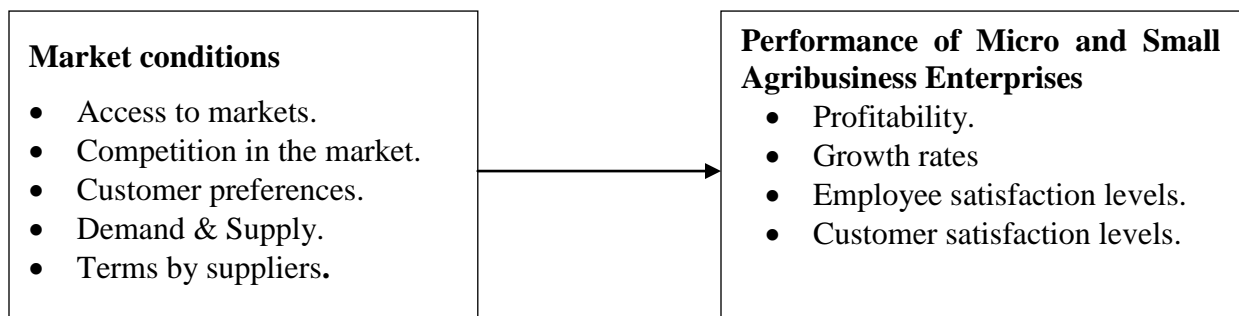


Figure 1: Conceptual Framework

3.0 Research Methodology

The study adopted an exploratory approach using a descriptive survey design that was used both qualitative and quantitative research approaches. The population of the study was the total number coffee smallholders in Kenya estimating to about 700,000 (FAO, 2011). The target population for this study was coffee smallholders farmers spread out within the eight sub counties of Murang'a County. The current data available from the department of cooperatives Murang'a County reveal that there are a total of 146,105 coffee smallholders.

Cluster sampling was used to sample the eight sub-counties in Murang’a County, namely Mathioya, Kangema, Kahuro, Kiharu, Maragwa, Kandara, Gatanga & Kigumo. Cluster design is applicable where the primary sampling units are based on geographical area sampling. A simple random sampling method was used to identify the respondents from each of the eight Sub Counties. To derive the sample size, Fisher’s formula was suitable for this study since the target population will be more than 10,000 which yielded a sample size of 384.

The study adopted two main methods of collecting data as primary and secondary data. A standardized questionnaire was the principal research instrument of data collection in which primary data was collected. The study adopted a regression analysis to further determine the strength of the relationship between the independent and dependent variables, as well as determine the combined determination of all the independent variables on the dependent variable (Cooper & Schindler, 2011). Regression Model Used was as follows;

$$Y = \alpha + \beta_1 X_1 + \epsilon_0 \dots \dots \dots (1)$$

Y= Performance of MSAEs

α =Constant

β_{ij} = regression coefficients

X_1 = Market Conditions

ϵ_0 =Error Term

4.0 Results and Discussion

4.1 Correlation Analysis

4.1.1. Bi-variate Linear Relationship between Study Variables

Before running regression analysis, researcher tested correlational matrix to establish whether association existed between market conditions and performance of agribusiness MSEs. To establish correlation, Pearson Product, Moment Correlational Coefficient (r) was used as shown in Table 1.

Table 1: Linear relationships of variables

		Market Conditions	Agribusiness performance
Market Conditions	Pearson Correlation	1	.274**
	Sig. (2-tailed)		.000
	N	364	363
Agribusiness performance	Pearson Correlation	.274**	1
	Sig. (2-tailed)	.000	
	N	364	364

** . Correlation is significant at the 0.01 level (2-tailed).

The correlation findings also shows that market conditions were positively correlated (r=0.274, p=0.000) with agribusiness performance of coffee smallholder agribusinesses in Murang’a

County. The findings implied that improving market conditions would results to increased market performance of coffee smallholder agribusinesses in Murang’a County. The finding agreed with Pandya (2012) who posited that superior business performance is therefore achieved by investing in markets low in competitive rivalry and through gaining positional advantages within these markets that can be sustained through the creation and exploitation of market imperfections that limit competition.

4.2 Diagnostic Tests

4.2.1. Multicollinearity

This study carried out a test for multicollinearity by computing the variance inflation factors (VIF) and its reciprocal, tolerance. Variance inflation factors value greater than 10 are a sign of multicollinearity or tolerance value less than 1 indicates presence of multicollinearity among the explanatory variable. The findings revealed that market conditions had a VIF of 1.169 as shown in Table 2. These results indicated that the VIF value of the variable was within the threshold of 10. This indicated that there was no significant threat of multicollinearity and therefore, the study could include the variable in linear regression analysis because the independent variable has no strong linear relationship with any other independent variable (s).

Table 2: Multicollinearity

	Collinearity Statistics	
	Tolerance	VIF
Market Conditions	0.856	1.169

a Dependent Variable: Agribusiness performance

4.3. Factor Analysis

Factor analysis was carried out before analysis of the results to describe variability among the observed and check for any correlated variables with the aim of reducing data that was found redundant.

4.3.1. Factor Analysis of Market Conditions

The results revealed that the extracted communalities values of this study were ranging from 0.587 to 0.743 which indicates satisfactory factorability for all items of the variables (see Table 4.9). The factor analysis found out that none of the variables used to measure market conditions was removed because all of them had a coefficient of greater than 0.4 exceeding the criterion of 0.4 (Rahim & Magner, 1995). The results are shown in Table 3.

Table 3: Factor analysis of market conditions

Factors of Access to Market Conditions	Factor Loadings
It's easy to access markets to sell my products	0.587
Competition in the market has reduced my sales	0.713
Customer preferences has increased my sales	0.636
Demand & Supply of commodities affect my sales	0.672
Terms applied by suppliers (e.g fertilizers, seeds, pesticides etc) on credit affect my sales	0.743

Extraction Method: Principal Component Analysis

4.3.2. Homoscedastic Test

The presence of heteroscedasticity was tested using Levene's test of homogeneity of variances. If the test is not significant (calculated probability value $\geq .05$), the two variances are not significantly different and thus approximately equal (Gastwirth, Gel & Miao, 2009). The null hypothesis was that the error term was homoscedastic and the alternative hypothesis was that the error term was heteroscedastic. If the null hypothesis was rejected then it implied that there was presence of heteroscedasticity. The study results revealed that the levene statistics of the variables was small with the p-values greater than 0.05, the null hypothesis that the error term was homoscedastic was not rejected which satisfies the assumption of regression analysis as presented in Table 4.

Table 4: Test of Homogeneity of Variances

Test of Homogeneity of Variances	Levene Statistic	Sig.
Market Conditions	1.466	0.223
Agribusiness performance	0.738	0.530

4.3.3. Normality Test

The study used Kolmogorov- Simonov normality test. In Kolmogorov- Simonov test, if the tests of normality will yield a figure of less than 0.05 it will mean that the data is not normally distributed. The results obtained established that Kolmogorov-Smirnov statistic for all the variables was less than critical value of 1.96 with a p-value of less than 0.05 which was the level of significance of 0.05. Thus, the study concluded that the data for the variables was normally distributed and therefore fit for linear regression analysis.

Table 5: Kolmogorov-Smirnov Test of Normality

		Market Conditions	Agribusiness performance
N		364	363
Normal Parameters ^{a,b}	Mean	3.6033	4.0176
	Std. Deviation	0.55585	0.45762
Most Extreme Differences	Absolute	0.171	0.232
	Positive	0.084	0.232
	Negative	-0.171	-0.182
Kolmogorov-Smirnov Z		1.257	0.413
Asymp. Sig. (2-tailed)		0.097	0.109

The results obtained indicate that Kolmogorov-Smirnov statistic for the variables was less than critical value of 1.96 with a p value of less than 0.05 which was the level of significance of 0.05, thus the study concluded that the data for the variables was normally distributed and therefore fit for linear regression analysis. These findings led to the conclusion that data was normally distributed hence adequate for further analysis to establish the effect of independent variables on dependent variable.

These findings are supported by Ghasemin and Zahediasi (2012), who argued that the variables are supposed to be roughly normally distributed especially if the results are to be generalized beyond the sample. The study further used normality plot to test the whether the performance of coffee smallholder agribusinesses followed a normal distribution. The finding presented showed that agribusinesses performance of coffee smallholder agribusinesses was normally distributed. Hence this data was adequate for further analysis and generalization of the results to the entire population.

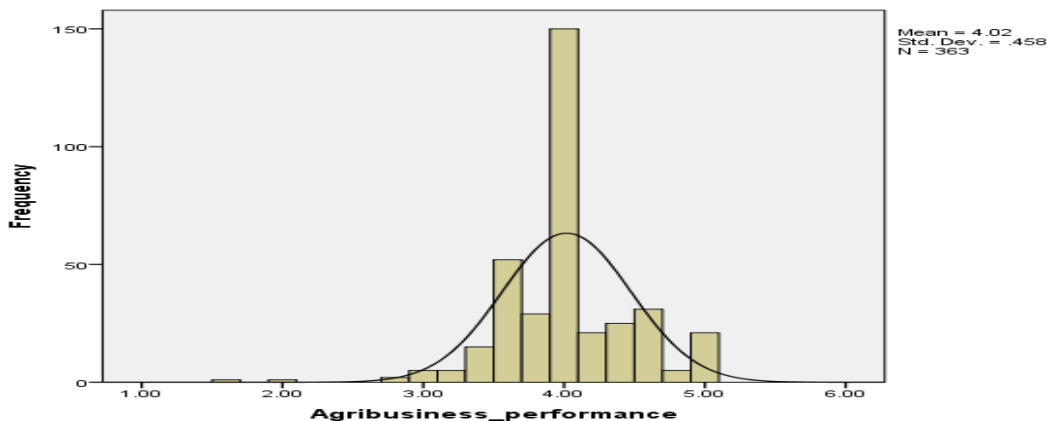


Figure 1: Normality Plot for Dependent Variable

4.2.4. Linearity Test

The scatter plot established an upward sloping relationship for both the relationship between market conditions and agribusiness performance of coffee smallholder agribusinesses in

Murang’a County. The results show the data adheres to the linearity assumption of regression modelling.

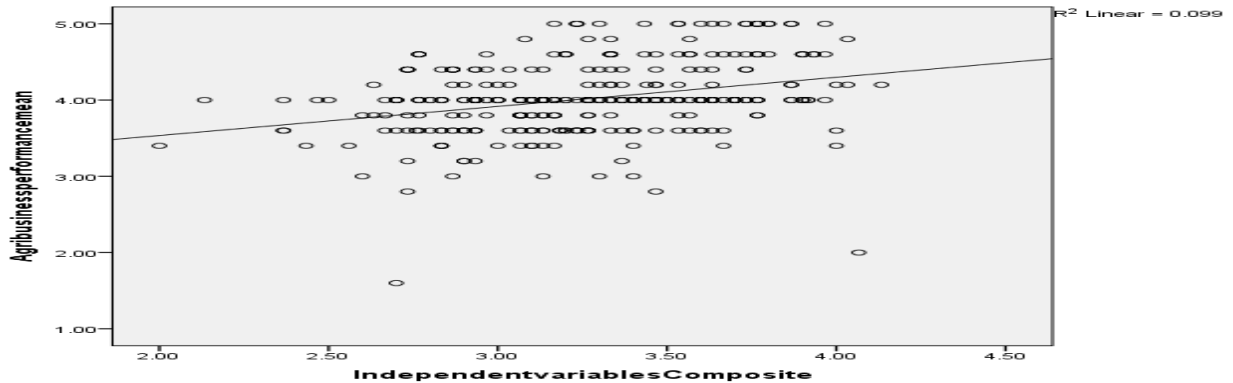


Figure 2: Scatter Plot

4.4. Influence of Market Conditions on Performance of Micro and Small Agribusiness Enterprises

In order to determine the relationships proposed in the research model, the study conducted univariate regression analysis to test the relationship between market conditions and micro and small agribusiness performance when other factors are held constant.

4.4.1. Hypothesis One: Market conditions positively determine performance of micro and small agribusinesses of the coffee smallholders in Kenya.

a) Market Conditions on Performance of Micro and Small Agribusiness Enterprises Model Summary

The findings of the model summary indicated that other factors held constant market conditions accounted for only 7.5% (R-squared=0.075) of the variation in performance of micro and small agribusinesses owned by coffee smallholders agribusinesses in Murang’a County (see Table 6).

Table 6: Model summary of market conditions and performance of micro and small agribusinesses

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.274 ^a	.075	.073	.44070

a. Predictors: (Constant), Market Conditions

b) Market Conditions and Performance of Micro and Small Agribusinesses ANOVA

Results of the Analysis of Variance (ANOVA) showed $F=29.328$, $p=0.000$ which indicated that the model used to link market conditions and performance of micro and small agribusinesses owned by coffee smallholders in Murang’a County had a goodness of fit. Therefore market

conditions significantly predicted performance of micro and small agribusinesses owned by coffee smallholders in Murang'a County. The results are shown in Table 7.

Table 7: ANOVA of market conditions and performance of agribusiness

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.696	1	5.696	29.328	.000 ^b
	Residual	70.111	361	.194		
	Total	75.807	362			

a. Dependent Variable: Agribusiness performance

b. Predictors: (Constant), Market Conditions

c) Market Conditions and Performance of Micro and Small Agribusinesses Regression Coefficients

The findings revealed regression coefficient of market conditions was $\beta=0.226$, $p=0.000$ which shows that market conditions had a positive and significant determination on performance of micro and small agribusinesses owned by coffee smallholders in Murang'a County (see Table 4.14). Other factors held constant, the study failed to reject the research hypothesis that market conditions determines performance of small and micro agribusiness owned by coffee smallholder farmers in Kenya. The study results agrees with *Global Competitiveness Report* (2016) that indicated that access to finance was the fourth most pressing concern for MSEs in advanced economies while it was the number one concern developing countries. These results are shown in Table 8.

Table 8: Regression coefficients of market conditions and performance of micro and small agribusinesses

	B	Std. Error	Beta	T	Sig.
(Constant)	3.201	0.153		20.992	0.000
Market Conditions	0.226	0.042	0.274	5.416	0.000

a Dependent Variable: Agribusiness performance

d) Discussions of Findings of the Relationship between Market Conditions and Performance of Micro and Small Agribusinesses

The findings of the study established that easy access to markets, customers' preferences, demand and supply factors were among the key market conditions that determined the performance of MSAEs owned by coffee smallholders in Murang'a County. The correlation analysis and regression analysis findings showed that market conditions positively and significantly determined with agribusinesses performance of coffee smallholder in Murang'a County.

The findings concur with Omiti, Otieno, Nyanamba and Mc Cullough (2011) who established that better market information is key incentive for increased sales. The authors further

demonstrated that strengthening market information delivery systems, upgrading roads in both rural and peri-urban areas, encouraging market integration initiatives, and establishing more retail outlets with improved market facilities promote production and trade in high value commodities by rural farmers.

4.5. Hypotheses Testing

H_{A2}: Market conditions positively determine performance of micro and small agribusinesses of the coffee smallholders in Kenya

From the results, regression analysis showed that market conditions had a beta coefficient of 0.164 with a corresponding p-value of 0.000 which was less than significance level of 0.05, meaning market conditions had a positive and significant determination on performance of micro and small agribusinesses of the coffee smallholders in Kenya. Based on these findings the study failed to reject H_{A2}: Market conditions positively determine performance of micro and small agribusinesses of the coffee smallholders in Kenya.

The study findings agree with those of Indarti and Langenberg (2010) who affirmed that access to market, new market opportunities (findings new products or services to offer existing customers and obtaining new customers), market stability (high proportion of regular customers) are, crucial for preserving high growth in the business. Similarly, Shafeek (2009) opined that marketing is the one and only functional area that links the products or services of a business to its customers. He adds on to say, it is vitally important to ensure that this function is properly performed.

5.0 Conclusions

Based on the findings, the study concluded that micro and small agribusiness owned by coffee smallholder entrepreneurs had readily available markets for their products. The study further concluded that agribusinesses that have access to better market conditions perform better in terms of high sales and revenue. The study also concluded that presence of middlemen and unscrupulous businessmen made market conditions unfavourable for these agribusinesses. Market conditions played a huge role in contributing to expansion of the agribusiness sector in Kenya.

6.0 Recommendations

The study recommended that micro and small agribusinesses owners together with their respective agricultural cooperatives should work together to eliminate middlemen from the markets with an aim to make the market conditions favourable. The study further recommends that both county and national governments through concerned ministry and agencies should work together to make market conditions favourable. This include building roads to ease access to markets, building markets, providing security and fighting corruption to make conditions favourable for small businesses.

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