

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Role of Project Distribution Channels on the Utilization of SHoMAP Markets by Horticulture Micro Enterprises; A Case Study of Imenti South Sub-County's Two SHoMAP Market Projects (Nkubu and Miruriri)

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Abstract:

Agriculture has underpinned the social economic development of Kenya. The rural economy of Kenya is propelled by Agricultural micro enterprises where the small holder farmer plays a central role. Horticulture has emerged as the most profitable of all the Agriculture sub sectors in Kenya currently. The Government collaborates with development partners to develop this sub sector by designing and implementing various initiatives. Small Holder Market Access Program (SHoMAP) is such a collaboration between the Government of Kenya and International Fund for Agricultural Development (IFAD). This study investigated the influence of the project distribution channel on the utilization of SHoMAP markets by horticulture micro enterprises. The research studied the cases of SHoMAP market projects in Imenti South Sub County. Analysis of the findings showed that the project distribution channel influences the utilization of SHoMAP markets by horticultural micro enterprises. It was thus recommended that these effects be addressed exhaustively so that the SHoMAP markets can be utilized significantly. Further studies were recommended on the effects of devolution in delivering agriculture projects and the role main roads play in the establishment of successful markets.

Keywords: *Project distribution channels, utilization, SHoMAP Markets*

1. Introduction

It has been demonstrated worldwide by IFAD (2011) that market oriented agriculture has the capacity to generate incomes and support sustainable economic growth especially through the partnership of governments, private sector, civil society, NGOs, small holder farmers and their associations. The support enables small holders to invest in emerging high value horticultural crops hence increased productivity, improved incomes and better lives especially for children (IFAD, 2011). In Kenya, agriculture was devolved to the rural economy in the counties and it is an anchor sector of the social pillar in Kenya's long-term development blue-print, Vision 2030 (Kenya Vision 2030, 2017). Horticulture is the emergent sub-sector in agriculture. The Ministry of Agriculture [MOA] (2015) showed that in Kenya and especially Imenti South Sub County within Meru County, a favorable tropical and temperate climate supports growth of a wide range of horticultural crops. Horticultural Crops Development Authority [HCDA, 2013] identified the main market for Kenyan fresh horticultural produce as Europe, Saudi Arabia and South Africa. Data from the MOA (2015) indicated Kenya's horticulture production in the year 2014 was 200,000 tonnes and was worth over 80 Billion Kenya Shillings. Locally, a significant portion of horticultural produce output by small holders is traded in the local markets which are the open-air markets and the SHoMAP markets. Most of the open-air markets are not physically constructed. According to the MOA (2015) SHoMAP markets were initiatives implemented by the government of Kenya in collaboration with IFAD to facilitate horticulture trading activities. Despite their importance, Chan, Scott, and Chan (2004) identified a number of variables influencing the success of such project utilization as human-related factors, project-related factors, project procedures, project management actions, and the external environment. The HCDA (2013) further identified the following factors; poor and inadequate infrastructure in the rural areas with high productivity, limited post-harvest capacity, inaccessible agriculture finance models, and poor market linkages. The five-year Meru County Integrated Development Plan [CIDP] (2013-2017) identified major development challenges affecting various agricultural sub sectors as follows; Poor infrastructure development which hinders access to markets by traders and farmers. Poor state of feeder roads that serve the agricultural areas especially during the rainy seasons. Poor infrastructure increases the cost of transporting produce. Inaccessibility to markets for perishable products like horticulture and milk contributes to heavy losses for the farmers. Poor marketing systems where most agricultural commodities are sold in raw form lacking value addition and contributing to low market prices. Poor market organization which leads to very low prices. And also, exploitation by middlemen which reduces investment in agriculture sub sectors, hence the inception of SHoMAP.

1.1. Small Holder Market Access Program (SHoMAP)

This intervention was implemented in Kenya to address market utilization by small holders. Implementation partners were International Fund for Agricultural Development [IFAD] and the Government of Kenya [GoK] as showed by the (MOA, 2015). IFAD (2014) stated the aims of SHoMAP were to improve farm productivity, incomes, health, supply of inputs, functioning of marketing chains and welfare of rural Kenyans; to invest in value chains and market infrastructure; and to build the capacity of private-sector service providers, Government institutions and farmers' organizations. The project was designed to meet requirements of small holder horticulture farmers. These according to MOA (2015) were to increase domestic horticulture productivity, improve the farm input and farm output marketing system. The targeted number of farmers expected to benefit from the program were estimated to be over 60,000 in 12,000 smallholders' farm families to be reached through groups and individuals, as informed by (IFAD, 2014). The project period was 2007 – 2014 with a scope of 7 counties at a cost of 2.3 billion Ksh (MOA, 2015). Besides SHoMAP, other initiatives aimed at resolving market utilization challenges by horticulture small holder farmers in Kenya were described by MOA (2015) as follows: Smallholder Horticulture Empowerment and Promotion Unit Project (SHEP-UP) from 2010 to 2015 by Government of Kenya and JICA; Smallholder Horticulture Empowerment Promotion Project for Local and Up scaling (SHEPPLUS) from 2015 to 2020 by Government of Kenya and JICA; Small-scale Horticulture Development Project (SHDP) from 2008 to 2015 by Government of Kenya and Africa Development Bank. However, the success rate of their utilization has been wanting. It is against this background that this study sought to find out the role project distribution channels plays in influencing the utilization of SHoMAP markets by horticulture micro enterprises.

1.2. Statement of the Problem

The problem being investigated in this study was the non-utilization of SHoMAP markets. This reality was informed by information from the SHoMAP Supervision Report by Republic of Kenya (2014) which showed that it was classified by International Fund for Agricultural Development “as a problem program” and that only four (4) markets out of twenty nine (29) markets were in use while others were not such as Nkubu and Miruriri SHoMAP markets. The distribution of micro traders along the project channel as a factor influencing this problem of non-utilization of SHoMAP markets in Imenti South Sub County was investigated.

1.3. Objectives of the Study

- i. To assess the role of project distribution channels on the utilization of SHoMAP markets by horticulture micro enterprises in Imenti South Sub County.

1.4. Research Questions

- i. How the project distribution channel influences the utilization of SHoMAP markets by horticulture micro enterprises in Imenti South Sub County?

1.5. Significance of the Study

This study was to benefit the following. The Government of Kenya and its donor partners in decision making and policy formulation on the utilization of markets for small holders in the horticulture subsector. It was to benefit value chain players in agriculture with information on factors that influence utilization of market facilities. It would be useful to schools, students and organizations interested in understanding the factors influencing utilization of markets by small holder micro enterprises. It would benefit scholars and research institutions investigating emerging issues in the agriculture sector with information on the utilization of horticulture market projects. It would be useful to scholars interested in furthering research on utilization of small holder horticulture markets. It would equip small holder communities with information enabling resolution of issues influencing their utilization of markets.

1.6. Conceptual Framework

The study was guided by the following conceptual framework;

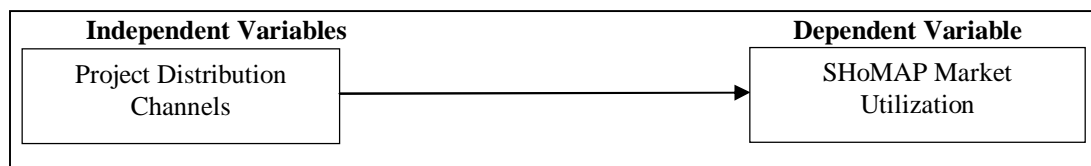


Figure 1: Conceptual Framework

2. Literature Review

Literature was reviewed on the theories that informed the conceptualization of this study. These were the theory of change and the stakeholder theory.

2.1. Empirical Review

Trading activities are enabled by fair trading for both the demand and supply side. When farmers produce, they need traders to close a good deal and turn their produce into value. Inadequate number of traders and an underdeveloped market system encourages the thriving of brokers or middlemen along the project value chain. This is supported by Bindu, Chigusiwa, Muchabaiwa, and Mudavanhu

(2013) who found that middlemen thrive along the value chain because they have the whole day to market the produce, have better storage facilities, are very mobile, have greater market access, and have a lower probability of making losses than small holder farmers. Middlemen are aware of the market reality facing farmers. They take advantage of this reality to broker deals with small holders by offering to inherit their market risk. Colihan, Ann, Chorney, and Robert (2004) argued that farmer markets need to form partnerships between farmers' markets and groups such as municipalities, service clubs, chambers of commerce, community organizations, local agriculture groups, business improvement associations, government planning departments, economic development agencies, consumer groups, and non-profit organizations, because these can provide significant advantages to a market in the form of funding, expertise, public support, and market space. When a network of competing interest groups is won over through consultations and negotiations, the possibility of developing a successful farmer market exists.

3. Research Design and Methodology

This study used the case study research design. It was preferred because much research has not been done about the SHoMAP markets and thus not much is known about them. It was also preferred because the uniqueness of projects under the SHoMAP initiative required investigation in their particular natural context. The case study research design would inform the study on why the market projects under SHoMAP are un-utilized because success or failure of government programs and projects has direct and indirect consequences on livelihoods in society.

3.1. Target Population

The target population in this study included various participants in the small holder horticulture sub-sector of agriculture in Imenti South Sub County. The target population of 5,981 was a mixture of all the intended beneficiaries of the SHoMAP markets constructed in Nkubu and Miruriri as shown in Table 1 below.

Categories	Population (frequency)	Percentage (in %)
Micro traders	220	3.67
Small holder horticulture farmers	5,700	95.30
SHoMAP Market committees	30	0.50
Agriculture professionals	31	0.52
Total	5,981	100

Table 1: Target Population

Source: Republic of Kenya, Department of Agriculture, Livestock and Fisheries, Directorate of Agriculture, Imenti South Sub County Agriculture Office (2017)

3.2. Sample Size

This was determined using Slovin's formula as follows; $n = N / (1 + N e^2)$. Where at 90% confidence level; the error tolerance is 0.10; and N is 5,981. On substituting the figures in the formula; $n = 5981 / (1 + 5981 (0.10)^2)$; $= 5981 / 60.81$; $= 98.35553$. Hence, Sample size, n was 98. This is demonstrated in Table 2 below.

Categories	Population (frequency)	Sample
Micro traders	220	3
Small holder horticulture farmers	5,700	93
SHoMAP Market committees	30	1
Agriculture professionals	31	1
Total	5,981	98

Table 2: Sampling Frame

3.3. Data Collection Procedures

Interview questions for Focus Group Discussion sessions were prepared. Questionnaires for the traders, and market committee were prepared as follows. One (1) questionnaire for the SHoMAP market committees chair in Meru County; 93 questionnaires to collect data from individual small holder farmers; Three (3) questionnaires to collect data from traders; 1 key informant interview to collect data from the Sub County Agriculture Officer; 9 Focus Group Discussion Interviews to collect in-depth data from the small holder farmers; and the observation schedule where the researcher's natural eyes were used to observe the two 2 markets for trading activity.

3.4. Data Analysis and Presentation

Descriptive statistics utilized the statistical package for social sciences version 22. Data was displayed using prose, bar charts, pie charts, and graphs. It was presented using percentages, frequencies, means and standard deviations.

4. Data Analysis and Presentation of Findings

The objective of the study was to find out how the distribution of micro traders along the project channel influenced utilization of the SHoMAP markets by small holder farmers. The farmers were requested to indicate their agreement with the statement 'the market is not used because middlemen are buying horticulture produce at alternative locations such as the farm gate' by indicating whether they 'totally agree', 'agree', 'disagree', 'totally disagree' or 'not sure'. Their responses are summarized in Figure 2 as follows.

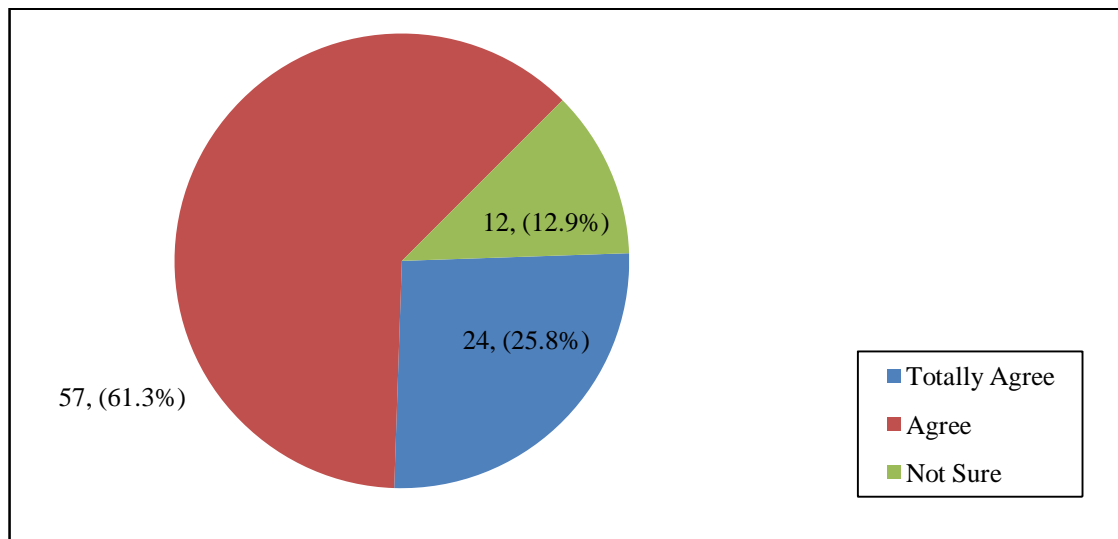


Figure 2: Farmers' Agreement with the Statement that the Market is not Utilized because Middlemen are buying Horticulture Produce at Alternative Locations
Source: Researcher (2017)

Concerning the issue of whether farmers are not using the SHoMAP markets because middlemen are buying produce from alternative locations, Figure 2 above shows that only 12 farmers were unsure (12.9%) and the rest either totally agreed (25.8%) or agreed (61.8%). The chairman of the SHoMAP market committees in Meru County also 'agreed' with the statement but the sub-county agriculture officer disagreed. The three traders totally agreed with the statement. Therefore, as far as this study's participants were concerned, the agriculture officer was the only respondent who did not view the fact that middlemen avoided the markets by purchasing produce at alternative places as a hindrance to utilization of the markets. It is worth noting that the three traders in the study did not trade in either market even though they all had access to the markets. This fact adds credibility to farmers' contention that the markets are underutilized because middlemen are buying produce elsewhere. This study found that as traders buy produce from other places, farmers are discouraged from utilizing the SHoMAP markets. The traders, as Bindu et al. (2013) note, are able to exploit farmers' lack of access to markets by purchasing produce from the farm gates. As middlemen buy from the farm gates and other places, farmers have less incentive to utilize the markets.

5. Summary of Findings, Discussion, Conclusions and Recommendations

The objective of the study was to find out how the distribution of micro traders along the project channel influenced utilization of the SHoMAP markets. About 88% of the farmers either agreed or strongly agreed that distribution of micro traders along the project channel influenced utilization of the markets. The traders and the chairman of the SHoMAP market committees in Meru County also agreed but the sub-county agriculture officer was of the contrary view. Thus, all respondents except the sub-county agriculture officer held the view that when traders are able to buy farm produce from sites other than the SHoMAP markets, there is little incentive for the farmers to use these markets. The size of these markets was also small and the resultant number of stalls is few. The market stalls are also not spacious. The study found that traders are able to purchase farm produce from alternative sites hence they do not have to use the SHoMAP markets. Consequently, farmers have less incentive to take their produce to these markets.

The county government should put in place measures that will encourage traders to utilize the SHoMAP markets. For instance, traders should be banned from purchasing produce in alternative sites other than the SHoMAP markets. To also ban trading of horticulture produce in the old municipal markets so that all micro enterprises in the horticulture value chain utilize the SHoMAP markets to trade.

6. References

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