

FACTORS AFFECTING PERFORMANCE OF COMMUNITY OWNED ENTERPRISES: A CASE OF MUTONGUNI ECOSYSTEM ENVIRONMENT CONSERVATION PROJECT IN KITUI COUNTY, KENYA

BY

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DECLARATION

This research project report is my original work and has not been presented for a degree in any other university.

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This research project report has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

This research project report is lovingly dedicated to my late sister Millicent Achieng Omayya, whose love for me knew no bounds. You were a constant source of inspiration; you gave me the drive and discipline to tackle any task with enthusiasm and determination. You so much believed in the richness of learning. Although you are gone, your memories will continue to regulate my life. This research project report is also dedicated to my Mum and Dad, Brother Martin and Sister Sarah; you have been a constant source of support, emotional, moral and financial. You have given me unequivocal and overwhelming support throughout. You are my joy and guiding light.

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ABSTRACT

It is widely recognized that Community Owned Enterprises (COEs) play an active role in developing countries as crucial engines for attaining national development goals such as economic growth, poverty alleviation, employment and wealth creation, all in an attempt to achieve a fairer distribution of income and increased productivity. In an effort to step up growth rates in low income countries, particularly in Africa, many development partners and donors have made the backing and development of COEs a major concern. Poor performance in most COEs raises concern among donors, government bodies and other stakeholders who continue to put a lot of resources and effort towards development of COEs (Kerlin 2006). Hence the study assessed the factors affecting performance of COEs, focusing on Mutonguni Ecosystem Environment Conservation Project (MEECP) in Kitui County, Kenya and more specifically its enterprise component, the Kitui County Multi-processor Company Limited (KCMCL). This project is financed by Community Development Trust Fund (CDTF). This study utilized a cross-sectional descriptive research design combining both quantitative and qualitative methods. The study population included direct beneficiaries of the MEECP and representatives from a few stakeholders including CDTF staff, partners of the project, consultants and associates from government departments. Stratified proportionate random sampling technique was used to select the sample. Purposive sampling was adopted to select seven key informants among the stakeholders, while 75 direct community beneficiaries were selected using simple random sampling resulting to a sample size of 82 respondents. Structured questionnaires were administered to the sample. Interviews were further conducted on the seven key informants. The study also utilized secondary data from authoritative printed materials such as journals, books and articles. The internet was explored for information concerning COEs locally and globally. The quantitative data was analysed using Statistical Package for Social Scientists (SPSS) and presented using tables to represent means, standard deviation and frequency distribution. Qualitative data was analysed using conceptual content analysis. In addition, the researcher conducted a Karl Pearson's Product moment correlation coefficient to ascertain whether a statistical significant relationship exists between the independent variables and the dependent variable. The independent variables in the study are: governance; value chain efficiency; market access and business skills; while the dependent variable is performance of COEs. The study found that there is a strong correlation between the independent variables and performance of KCMCL. Some of the key findings indicate that there are some elements of bad governance at KCMCL, value chain linkage is poor and has a negative effect on value chain efficiency. KCMCL faces market access challenges; they lack market information and have to contend with high transportation costs and they generally have poor business skills. All these affect their performance. The study recommends for governance issues to be addressed. The current structure of KCMCL should be changed it is not well represented and is affecting leadership and decision making process. KCMCL should establish a strong value chain linkage that will lead to value chain efficiency. There is need to hire competent marketing staff, and also do market research from time to time in order to understand customers and markets. Market research will also enable them get reliable market information. The study recommends that KCMCL should train its managers and leaders on business skills, and also consider hiring of competent qualified managers.

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ABBREVIATIONS AND ACRONYMS

| | | |
|--------|---|--|
| AAC | - | African Agricultural Capital |
| BEd | - | Business Education |
| BSI | - | British Standard Institution |
| BDS | - | Business Development Services |
| CDI | - | Community Development Initiatives |
| CDP 4 | - | Community Development Programme 4 |
| CDTF | - | Community Development Trust Fund |
| CEF | - | Community Environment Facility |
| CFA | - | Community Forest Association |
| COEs | - | Community Owned Enterprises |
| DAG | - | District Agricultural Engineer |
| DANIDA | - | Government of Denmark |
| DFO | - | District Forest Officer |
| DLPO | - | District Livestock Production Officer |
| DWO | - | District Water Officer |
| EU | - | European Union |
| FAO | - | Food and Agricultural Organization |
| GoK | - | Government of Kenya |
| KCMCL | - | Kitui County Multi-processor Company Limited |
| MEEMA | - | Mutonguni Ecosystem Environment Management Alliance |
| MEECP | - | Mutonguni Ecosystem Environment Conservation Project |
| NGOs | - | Non-Governmental Organisations |
| OHS | - | Occupation Health and Safety |
| OVCs | - | Orphans and Vulnerable Children |
| PIC | - | Project Implementation Committee |
| PS | - | Permanent Secretary |
| SAPs | - | Structural Adjustment Programs |
| SME | - | Small and Medium-sized Enterprises |
| SNV | - | Netherlands Development Organization |
| SPSS | - | Statistical Package for Social Scientists |
| USAID | - | United State Association for International Development |

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Community owned enterprises (COEs) are continually being utilized as vehicles contributing to social and economic survival and development, especially in marginalized areas. They are an increasingly important part of our national economy as they serve to enhance the quality of life and economic development of a particular region. COEs have the potential to grow in scale, which allows them to generate more jobs and return benefits to the community compared to private or public enterprises (Peredo 2001). In many parts of the world there is a role for community based social enterprises to help strengthen local economies, which in turn plays a role in reduction of poverty. Business growth is considered as one of the main ways of promoting economic development. COEs are distinctive in this aspect of poverty reduction in that they organize their business activities around providing economic benefits directly to the community (Ashley & Roe 2002). They can provide purposeful employment and cash income for marginalized people, add value to agricultural produce, stop the leaks of cash out of the community, supply products for local consumption, allocate surpluses to community projects or use surpluses to spin off more community enterprises among other benefits. COEs also allow people to develop as economic decision makers and actively engaged citizens.

The intent of this study was to look at the factors affecting performance of COEs. The concept of COEs is not new and stems from what is broadly known as social enterprise, except that COEs embrace more engagement of the community. Community enterprise is a significant sub-sector within the wider social enterprise sector and to many outside the sector, social enterprise may be an unknown concept (Peredo 2001). It is therefore crucial for the researcher to start by clarifying the meaning of the term, social enterprise. A social enterprise is, first and foremost, a business. That means it is engaged in some form of trading, but it trades primarily to support a social purpose. Like any business, it aims to generate surpluses, but it seeks to reinvest those surpluses principally in the business or in the community to enable it to deliver on its social objectives. It is, therefore, not simply a business driven by the need to maximise profit to shareholders or owners but one that supports a social purpose as well.

The Department of Trade and Industry in the UK (2002), describes a social enterprise as a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, it continues to say that social enterprises tackle a wide range of social and environmental issues and operate in all parts of the economy. The Trade and Industry department in the UK believes that social enterprises have a distinct and valuable role to play in helping create a strong, sustainable and socially inclusive economy. Social enterprises are diverse and found worldwide. They include local community enterprises, social firms, mutual organisations such as co-operatives, and large-scale organisations operating nationally or internationally. Numerous examples of social enterprises or COEs exist such as the social co-operatives in Italy, community economic development initiatives in the United States, solidarity based economy initiatives in France, the social economy in Quebec and the numerous micro-credit organizations that have emerged throughout the world to name a few (Borzaga and Defourny 2001).

A COE is owned and managed by members of that community. It is an organization run by a community as well as for a community. COEs have key characteristics which include among others: they are community owned, meaning assets belong to the community and cannot be sold off for private financial gain. They are community led, meaning, people who are local stakeholders in the area of benefit play a leading role in the enterprise. They are community controlled, that is, the local community is represented on the Board of Directors and makes sure that the enterprise is accountable to the community. They are able to generate profits or a surplus that can be re-invested or distributed for community benefit. Last but not least they are socially and environmentally responsible, they tackle social and environmental problems in their area.

The development of COE in Kenya is associated with and has evolved from the conservation agenda. As a result there are few, if any, non-conservation based COE (Manyara et al 2006). The development of COEs in Kenya is rooted in the 1970s when developments in Kenya's wildlife policy took place. While appreciating that the global inter-connectedness of all societies is vital, it is equally important to understand the imperative of acting at the local level. Value creation and innovation through local business development are essential means for the alleviation of poverty and preservation of the natural environment.

Community-based solutions have been emerging for environmental conservation and income generation among poor populations in Latin America (Peredo, 2001). Through community based solutions, poverty can be significantly reduced. However, the solutions need to be broad-based, locally focused and interdisciplinary. COEs are therefore the result of a process in which the community acts entrepreneurially, to create and operate a new enterprise embedded in its existing social structure. They are managed and governed to pursue the economic and social goals of a community in a manner that is meant to yield sustainable individual and group benefits over the short and long term. COEs represent a promising strategy for fostering sustainable local development. Though COEs are established to address a specific local or community need, this does not mean that they are incapable of reaching out and successfully delivering their products to a wider market. They provide inclusive economic activity and are often responsible for promoting creative and entrepreneurial behaviour in communities where this is most needed.

Mutonguni Ecosystem Environment Conservation Project

This research study focused on Mutonguni Ecosystem Environment Conservation Project (MEECP) in Kitui County, Kenya, funded under Community Development Trust Fund (CDTF). CDTF was established in 1996 through a Financing Agreement between the Government of Kenya (GoK) and the European Union (EU). Over the years, CDTF has been allowed to be multi-donor funded and since then, the Government of Denmark (DANIDA) also funds CDTF. Since 1996, CDTF as part of the Ministry of State for Planning, National Development and Vision 2030, currently at the time of writing known as Ministry of Devolution and Planning, has over the years implemented some 800 community-based socio-economic and environmental projects in rural and peri-urban areas in Kenya. Funding of CDTF and of the projects has been provided by the EU and DANIDA.

Overall the community-based socio-economic and environment projects contribute to the Government of Kenya's decentralized agenda, especially improved access to social and economic infrastructure. CDTF's overarching goal is to reduce poverty in Kenya through empowering communities to initiate and implement community-based socio-economic infrastructure and environmental projects subsequently leading to better governance at the local, district, county and national levels.

The current CDTF programme, at the time of writing this research paper, is referred to as Community Development Programme – Phase 4 (CDP-4). It has two components, namely: the Community Development Initiatives (CDI); and the Community Environment Facility II (CEF II). CDI mainly deals with social and economic infrastructure and has projects under the health sector, education, water and sanitation, economic infrastructure and agriculture and livestock. CEF II includes Natural Resource Management Programme. The aim of CEF II is to support community projects aimed at poverty reduction through improved livelihood systems and the conservation of community natural resources and initiatives for enhanced environmental management and governance. MEECP falls under the CEF II component. It was started in 2007 by a women’s group called The Mutonguni Ecosystem Environment Management Alliance (MEEMA) Self Help Group. The Alliance brought together various players with common interest with the purpose of improving management of Mutonguni Hills ecosystems for sustainable livelihoods.

The Project Implementation Committee (PIC) breaks down the estimated population in this area who benefit either directly or indirectly from the project into the following: Women – 6,500; Men – 4,400; Youth – 8,000; Elderly and Disabled – 500; Orphans and Vulnerable Children (OVCs) – 600. According to the PIC, a total of approximately 20,000 benefit either directly or indirectly from the project. The Project was started in order to address the main problems affecting the Mutonguni ecosystem namely water scarcity, high rate of deforestation, soil erosion, charcoal burning, low incomes levels, over utilization of natural resource, poor farming technologies, high population and settlement and overgrazing. One of the specific objectives that the project aimed to achieve was to improve livelihoods by promoting farm and nature based enterprises, which will provide the local community with alternative but sustainable livelihood activities.

So far this project is said to have accomplished the following objectives: it provides adequate sources and supply of water for domestic and productive uses, the project has helped to restore the health of Mutonguni Hills ecosystem through rehabilitation, it helps to enhance the local incomes through additional or alternative sources of income and also strengthens the capacity of community for project management and ecosystem restoration.

Background of Kitui County Multi-processor Company Limited

The MEECP started a community owned enterprise trading under the name of Kitui County Multi-processor Company Limited (KCMCL). It is a company owned by the community and registered under the registrar of companies as a limited company. The flagship brands of the line are Kitui Fortified ready to drink natural fruit juices in two blends i.e. Mango and Fruit Cocktail and Kitui Purified Water. These products are marketed under the brand name 'Kevis'. The company start-up costs that included the construction and the equipping of the facility and the seed capital for raw materials was financed through the CDTF grant. A multi-purpose agro-processing facility complete with a water filtration unit and capable of processing 6.3 million litres of pulp per annum was put up, by CDTF in phase one of the project. The multi-purpose agro-processing unit is served by a three phase power supply and is connected to a reliable water supply from a dam also constructed by CDTF under phase one of the project.

KCMCL has a major stakeholder by the name of Kitui County Fruit Processors Co-operative Society Limited. KCMCL is headed by a Board of Directors who are drawn from MEEMA, KCMCL and Kitui County Fruit Processors Co-operative Society Limited. The Board of Directors oversee the production process. A Food Technology Specialist manages the day to day operations at the facility guided by the board. Currently the Project Implementation Committee (PIC) manages the PIC funds that have been allocated to agro- processing funds. KCMCL does not have the mandate to manage the agro-processing funds from CDTF, but they manage the monies realized from the sales proceeds made by KCMCL. The company has a business plan which will be strategic in helping the company seek further funding from its bankers in lieu of future expansion. In the long term the enterprise plans to expand its production by acquiring more adjacent land and higher capacity machinery and start to sell outside the region.

The business also plans to expand to more products such as the honey from Mwingi. The drive is to improve nutrition for malnutrition especially for infants, young children, pregnant and lactating mothers, those living with HIV/AIDS and the elderly. This facility is directly aligned to the needs of the Kitui community and its environs – and subsequently for the whole of Africa. It can be a great success and a great opportunity for Kenya to show a project that is designed to assist the local community on a large scale level.

1.2 Statement of the Problem

Enterprise development is a crucial element in the process of economic development. COEs combine social and economic development and they foster the economic, social, ecological and cultural well-being of communities and regions. They have emerged as an alternative to conventional approaches to economic development. COEs are founded on the belief that problems facing communities like unemployment, poverty, environmental degradation and loss of community control need to be addressed in a holistic and participatory way.

Numerous projects have been executed among poor populations aimed at promoting community enterprise development as a means to improve their overall prosperity, and improve the living standards of communities all in an effort towards poverty alleviation. Maria-Constanza Torri (2008) notes that there is general lack of success in projects trying to promote community enterprise development. Thus the researcher would like to know the factors affecting performance of COEs that results to their lack of success.

One of the important roles of COEs includes poverty alleviation through job creation, improved living standards, conservation of the environment, social cohesion and others. Despite these important roles, poor performance has been reported in most COEs especially in the developing countries. Poor performance in most COEs raises concerns for donors, government bodies and other stakeholders who put a lot of money and effort towards development of these enterprises (Kerlin 2006). In ensuring the economic growth of a region, more attention should be paid to COEs development which will in turn lead to economic growth of a country. It is against this background, that the study aims to identify the factors affecting performance of COEs.

The intention of this study was to analyze factors that affect performance of COEs, hence help to reduce the risk of failure and increase chances of COEs to succeed and meet their objectives and goals. The study of the factors affecting performance of COEs is critical in understanding the continuity and growth of COEs in order to help in supporting economics development within a country. This study assessed the factors affecting performance of COEs, with a focus of MEECP in Kitui County, Kenya funded under CDTF.

1.3 Purpose of the Study

The purpose of the study was to analyze the factors affecting performance of COEs with a specific reference to Kitui County Multi-processor Company Limited agro-processing facility, which is a component of Mutonguni Ecosystem Environment Conservation Project in Kitui County, Kenya, funded under Community Development Trust Fund, and suggesting ways of tackling the challenges as a means of improving the overall prosperity of COEs.

1.4 Objectives of the Study

The study was guided by the following objectives:

- 1) To examine the influence of governance on performance of Kitui County Multi-processor Company Limited.
- 2) To establish how value chain efficiency affects performance of Kitui County Multi-processor Company Limited.
- 3) To assess the extent to which market access affects performance of Kitui County Multi-processor Company Limited.
- 4) To determine the level of business skills of the community members and its influence on performance of Kitui County Multi-processor Company Limited.

1.5 Research Questions

The following research questions guided the study.

- 1) How does governance affect performance of Kitui County Multi-processor Company Limited?
- 2) What is the extent of value chain efficiency in regard to performance of Kitui County Multi-processor Company Limited?
- 3) How does market access affect performance of Kitui County Multi-processor Company Limited?
- 4) How does business skills affect performance of Kitui County Multi-processor Company Limited?

1.6 Significance of the Study

Different donors especially Non-Governmental Organisations (NGOs) have been pumping a lot of money in COEs and yet most of these enterprises perform poorly (Kerlin 2006). Thus the researcher wishes to analyze the factors affecting performance of COEs which is a step in the right direction of reducing poverty through enterprise development. Poverty eradication is high on the list of Millennium Development Goals. The results of the study may help different donors, NGOs as well as governmental institutions, identify the factors that contribute to the poor performance of COEs.

The results of the study may also add to the body of knowledge in especially the area of COEs. Community enterprises have a distinct and valuable role to play in helping create a strong, sustainable and socially inclusive economy. They generally help in alleviation of poverty and increase the living standards of communities which in turn translate to economic development of a country. The study might assist CDTF in its overarching goal of reducing poverty in Kenya, by shedding more light on factors affecting performance of COEs and how to tackle the challenges, so that the community enterprises grow and are even replicated in other parts of the country. The study might also be of importance to MEECP, in the long term plans of its enterprise component under the name of KCMCL, of expanding to more products, acquiring higher capacity machinery and trading internationally. The findings of the study may give people involved in community enterprises a better understanding of COEs and hence be able to address the factors which significantly affect the performance of COEs. The results of the study may also be used as a reference for communities who are interested to start their own community businesses; it may provide insights into issues of governance, value chain efficiency, market access and business skills which affect sustainability and growth of COEs. The study will assist the researcher in fulfilment of the requirements for the award of a Master of Arts Degree in Project Planning and Management of the University of Nairobi.

1.7 Basic Assumptions of the Study

The researcher assumes that by focusing on the case of KCMCL which is an enterprise component of MEECP in Kitui County Kenya, the findings there in can be generalized to represent other community owned enterprises in Kitui County in Kenya. Majority of the population in Kitui County come from the same ethnic group of the Kamba Community, and hence they have a lot in common in terms of their cultural, social and economic background.

1.8 Limitations of the Study

Limitations of the study included financial and time constraints. Financial constraints especially in resources required to collect the data, the researcher had to engage the services of two research assistants to help in collection of data. The researcher works in Nairobi and is a student at the same time. The project is located outside Nairobi and hence the researcher had to take time off to travel to the project area. The researcher overcame these constraints by sourcing for cheaper but competent research assistants in order to cut down on costs and also the researcher had to plan well such that the researcher visits the project over the weekends instead of weekdays when the researcher is supposed to be working.

1.9 Delimitations of the Study

The study concentrated on KCMCL, which is an enterprise component of MEECP in Kitui County, Kenya, funded under CDTF. This is an agro processing enterprise which is owned by the community and run under MEECP.

1.10 Definition of Significant Terms used in the Study

Community: The term community is used in this research to refer to an aggregation of people that is not defined initially by the sharing of goals or the productive activities of the enterprise, but rather by shared geographical location generally accompanied by collective culture and/or ethnicity and potentially by other shared relational characteristic(s).

Community Owned Enterprise: A Community Owned Enterprise in this research study refers to a specialized form of Community Based Organization that has both commercial and social aims and objectives. This is an enterprise owned and managed by members of a particular community. It is an organization run by a community as well as for the community. Community owned enterprise and community based enterprise will be used interchangeably in this research paper.

- Conservation:** Conservation is used in this study to mean acts or practices that are done to protect our environment, especially the dying need to save our forest trees. The practice of protecting the environment is done on an individual, organizational or governmental level for the benefit of the natural environment.
- Ecosystem:** Ecosystem in this study is used to refer to a biological community of plants, animals and other smaller organisms that are living. There are many types of ecosystems. The ecosystem referred to in this study is a forest ecosystem - the Mutonguni Hills Forest Ecosystem.
- Enterprise:** Enterprise in this research paper refers to a venture, project, activity or endeavour that aims at profit making.
- Entrepreneurship:** Entrepreneurship in this paper refers to the practice of starting a new business. It is often a difficult undertaking and its activities are substantially different depending on the type of the organization that is being started and it generally involves creating many job opportunities.
- Environment:** Environment is used in this study to mean the natural environment encompassing all living and non-living things occurring naturally on earth or some region. It refers to the sum total of all surroundings of a living organism including natural forces and other living things which provide conditions for development and growth as well as danger and damage.
- Governance:** Governance in this research paper is used to refer to issues of accountability and transparency, equity and fairness, effective participation, ownership, recognition of stakeholder / shareholder rights, efficiency and responsibility, leadership and decision making process. It involves the manner or method of controlling or directing the affairs of an entity

Market access: For the purposes of this study market access is used to mean having the opportunity, capacity and ability to engage well with sellers and buyers.

Performance: In this study performance refers to a firm's success in the market. It relates to the achievement of goals and objectives of an enterprise. It is the extent to which the enterprise is successful in achieving its planned targets.

Value chain: A value chain is a chain of the full range of activities that a firm operating in a specific industry performs in order to bring a product from its conception to its end use. In this research paper a value chain identifies the set of actors and activities that bring a basic agricultural product from production in the field to final consumption where at each stage value is added to the product. It refers to all the activities of the community enterprise for example from the time the farmer acquires the mango seedlings, plants the mango seedlings to the time the final product reaches the consumer.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature pertaining to the study guided by the objectives of the study in order to have an overall understanding of factors affecting COEs. Important issues and practical problems are brought out and critically examined so as to determine the current facts. This section is vital as it determines the information that link the current study with past studies and what future studies will still need to explore so as to improve knowledge. The conceptual framework is analyzed in relation to past studies done in the area and critical issues concerning the study are also discussed.

2.2 Governance and Performance of Community Owned Enterprises

Governance in COEs can be very challenging, but is very important for the continuity of the enterprise (Cornforth 2004). Cornforth examined the conflicting roles of board members in COEs by using various theories like agency theory, stewardship theory, resource dependency theory and managerial hegemony theory. He argues that the governance of COEs is a complex, innately difficult and problematic activity. The boards of COEs face conflicting roles in trying to control and provide direction in the running of their enterprises. Cornforth (2004) continues to say that considering the complexity of governance, one would question the ability of lay board members to successfully supervise managers, ensure integrity and guard the interests of members and other stakeholders. The decision makers in COEs need to be aware of these problems. According to Osterberg & Nilsson (2009), the nature of COEs requires a democratic process of governance. This requires the active participation of the members in important decision making processes. The more members participate in decision making and other activities of their enterprise, the more they will be committed to the enterprise. Governance can positively or negatively affect the success of COEs.

Governance rules establish responsibilities, disclosure and transparency as one of the main principles, Monks and Minow (2004). Monks and Minow put emphasize on timely and accurate disclosure about financial situation, performance, ownership and governance of the company.

They continue to say that governance of companies reflects interests of shareholders. In addition, governance principles support the role of stakeholders too. To meet disclosure and transparency principles means to develop performance measurement and management. Financial information should be audited and prepared according to accounting principles, but beside financial performance there is much more need for non-financial information disclosure as well. The researcher agrees with this point. One of the key areas in good governance is transparency and accountability. The profits and assets of COEs are collectively owned by the various stakeholders in a particular community hence the need to disclose all financial and non-financial information.

Many Small and Medium Enterprise (SME) owners across the world consider business management and governance systems or corporate governance as an issue relevant only to large companies. Ndagu and Obuobi (2010), observe that in many African countries, the concept of corporate governance is still new and unfamiliar even to some big companies. African Agricultural Capital (AAC) and Netherlands Development Organisation (SNV), see governance as important to the development of SMEs in the East African region. The researcher agrees with this point, though Ndagu and Obuobi (2010), are referring to small and medium enterprises, the point is still relevant to COEs since most COEs fall under SMEs category. The need for good governance is no longer the preserve of listed companies because proper management and governance are very important components of success for all businesses. COEs need to embrace best business practices, in order for real transformation to be realised in our economies.

There is limited material or resources available on corporate governance for COEs or SMEs, most of the material available are appropriate for larger corporations or developed world contexts, which do not meet the unique needs and challenges of COEs or SMEs in the African context. The basis of sound management and governance systems are accountability, proper decision-making process, fairness and equity, and transparency. Ndagu and Obuobi (2010), say there is a strong link between these four elements and business performance. Nadler (2005), indicates that every organization, large and small, private or public has contractual and non-contractual relationships with individuals and entities. These might include the community in which the company operates its customers, employees, shareholders and suppliers.

These individuals and entities are the stakeholders, and in order for an inclusive approach to be implemented these stakeholder groups need to be defined and recognized by the company, and then the values by which the company will carry out its daily transactions with these stakeholders must be identified and communicated. This is not a one-way street, by contrast, the only way the company can achieve its goals is to ensure that it has mutually beneficial relationships with its stakeholders. Communication on performance, targets and commitments is the key to building trust and good governance.

Although there is growing literature linking governance and enterprises performance, there is also a diversity of results which could be explained by differences in research imminent to some crucial factors, that is, nature of enterprise, performance measurement development, methodology, structure of boards and others (Harvey and Reed, 2007). They continue to say that there are some commonly accepted key principles or elements of good governance that are applicable to both the public and private sectors. The three most common ones are: accountability, both internal and external; transparency or openness; and recognition of stakeholders or shareholders rights. Often to these are added: efficiency, integrity, stewardship, leadership, an emphasis on performance as well as compliance, and stakeholder participation or inclusiveness. Here, Harvey and Reed refer only to public and private sector, the researcher would like to make reference, that the same would also apply to COEs.

In his study on governance and financial performance of selected commercial banks in Uganda, Rogers (2006), explored the relationship between the core principles of governance and financial performance in commercial banks of Uganda. The Findings indicated that issues of governance predicted 34.5 % of the variance in the general financial performance of Commercial banks in Uganda. However the significant contributors on financial performance included openness and reliability. In his study Rogers, concentrated on commercial banks, the researcher would like to look at issues of trust, openness and reliability and how these affect performance of COEs. Mawunganidze (2002), makes an allusion that many of the success factors in any project, flow from good leadership and management. Well managed community owned enterprises will have good monitoring data and gather feedback from the community; they will put in place good governance principles and structures to enable smooth succession and will have links with other stakeholders.

A strong management board will provide support and offer expertise, networks and good representation. It is common practice for village community owned enterprises to be managed by a village committee of some sort; the creation of which is intended to enable communities to have a major role in the project, to have a sense of ownership over the scheme and to ensure its on-going operation and maintenance. In this research study, Mutonguni Ecosystem Environment Conservation Project has what is called Project Implementation Committee (PIC) which the researcher would like to mention that is an equivalent of the village committee being referred to here. Issues of governance are very crucial and PIC members should be fully aware of what constitutes good governance which in turn will enhance performance of COEs.

Although good leadership is critical in enhancing performance of COEs, the breadth and depth of capacity and experience within the COEs committees is also vital, Kleemeier (2000). Many of the projects involve a balance between community management, financial expertise and technical knowledge. Kleemeier, continues to say that a number of COEs have relatively high powered boards with Councillors and senior private sector representatives alongside community members. This can be very helpful both in offering technical knowledge and experience, but also in securing other support which enhances good governance.

Having a clear vision, realistic objectives and identified actions is another factor that is important in enhancing ownership and good governance, this is according to Deverill et al (2002). This makes it easier to manage community expectations and reduces the possibility of friction in projects. The researcher would like to add that projects without a clear vision, mission and objectives or goals which should be collectively formed by its members, can cause confusion and lead to divisions within communities. COEs lacking a clear vision, mission and objectives is likely to suffer from bad governance.

Good governance at the community level during a project life cycle is positively correlated with a more sustained COE. Where projects use existing community management structures the sustainability of the COE is better than where a new committee is set up, suggests Batchelor et al., (2000). They continue to say that community participation in maintenance of the COEs is not critical to proper function but strong leadership is important.

In a study of water projects in Mbeere district conducted by Kinuthia, Warui and Karanja (2009) findings indicate that some of the group-owned water projects lack effective committees and this challenges good governance. Even though Kinuthia, Warui and Karanja, concentrated only on water projects, the issue of effective committees also applies on COEs. The researcher would like to mention that without an effective committee in place issues of governance like transparency, accountability, good leadership, and so on would be ignored and this would have a negative effect on performance of COEs.

While there is no set criteria by which to judge the success of COEs in Kenya, the main reasons for the failure of COEs are easily identifiable, these include lack of local community support due to inadequate sensitisation during the initial start-up process, lack of basic skills and knowledge, poor management, unfavourable partnership, poor leadership, lack of reinvestment intervention and lack of transparency (Geoffrey Manyara and Eleri Jones, 2009). The researcher notes that most of the above cited reasons for the failure of COEs mentioned by Manyara and Jones are actually concerned with governance issues. The main indicators of likely success in COEs relate to the leadership and the capacity of the management team (Kumar 2002). In almost every case it is the combination of the personal qualities of the project leader, backed by a strong range of more and wider skills and experience in the board, that make for a strong COE. A strong management committee will provide support and offer expertise, networks and good representation, which will ensure good governance of COEs.

2.3 Value Chain Efficiency and Performance of Community Owned Enterprises

The value chain concept has been defined by Porter (1998) as the sequential set of primary and support activities that an enterprise performs to turn inputs into value added outputs for its external customers. Porter continues to explain that a value chain is the full range of activities which are required to bring a product or service from conception, through the different phases of production involving a combination of physical transformation and the input of various producer services, delivery to final customers and final disposal after use. The chain actors who actually transact a particular product as it moves through the value chain include input e.g. seed suppliers, farmers, traders, processors, transporters, wholesalers, retailers and final consumers. The researcher would like to add that a value chain in a product starts from its conception to its end use and even final disposal.

The value chain concept is conceptualized by Kula et al (2006), as an aggregation of value systems. Value systems integrate supply chain activities from determination of customer needs through product or service development, production or operations and distribution, including first, second and third tier suppliers. Kula et al explains that a value chain management provides competitive advantage over competitors because of its power to ensure value. The secret of value chain management lies in separation, harnessing and optimization of the primary and support services. The primary activities include inbound logistics, operations, outbound logistics, marketing and sales. Inbound logistics refers to goods being obtained from the organization's suppliers ready to be used for producing the end product. Operations represents securing the raw materials and goods and converting them into final products. Value is added to the product at this stage as it moves through the production line. Outbound logistics refers to the mobility of products from source distributed to distribution centres, wholesalers, retailers or customers. Marketing and sales provides a means that the product is delivered to correct customer group. The support activities include administrative infrastructure management, human resource management, research and development, and procurement. The costs and value drivers are identified for each value activity. Each primary support activity has, therefore, the opportunity to contribute to the performance of the business unit by enabling it to produce in the market and deliver products or services which meet or surpass the value expectations of buyers in comparison with those resulting from other value chains.

To diagnose a firm's competitive advantage, it is necessary to isolate activities with discrete technologies and economics, this is according to Drucker (2001). Drucker elaborates that broad functions, such as marketing, must be subdivided into activities. Everything a firm does must be captured either in primary or support activity, a process which often requires some degree of judgment. Comparing the value chains of competitors then highlights differences, which form the basis of performance. However, Duliba and Kauffman (2001) allude that, while discrete value activities are the building blocks of competitive advantage, they are not independent. They are related by linkages within the chain, which reflect relationships between the way one value activity is performed and the cost or performance of another. Drucker (2001) adds that linkages within the value chain are crucial for competitive advantage and performance, but are often subtle and go unrecognized.

A value chain in agriculture identifies the set of actors and activities that bring a basic agricultural product from production in the field to final consumption where at each stage value is added to the product. A value chain can be a vertical linking or a network between various independent business organizations and can involve processing, packaging, storage, transport and distribution, (FAO, 2005). The terms value chain and supply chain are often used interchangeably. FAO, affirms that modern value chains are characterised by vertical co-ordination, consolidation of the supply base, agro industrial processing and use of standards throughout the chain.

Every firm has a collection of activities that are performed to design, produce, market, deliver and support its product, all these activities can be represented using a value chain model (Porter 1998). Competitive advantage is created and sustained when a firm performs the most critical functions either more cheaply or better than its competitor(s). Value chain can be used to examine the various activities of a firm and how they interact in order to provide a source of competitive advantage by, performing these activities better or at a lower cost than the competitors. In competitive terms, value is the amount buyers are willing to pay for what a firm provides them. Creating value for buyers that exceeds the cost of doing so is the goal of any generic strategy. Value instead of cost, is used in analyzing competitive position. Sustaining competitive advantage depends on understanding not only a firm's value chain but how the firm fits in the overall value system.

Collaboration between government agencies, non-governmental agencies, and private agribusinesses offers the greatest potential for applying the value chain concept, with the aim of increasing income and employment through improved farming, observes Heiko Bammann (2007). He continues to say that the approach can be applied to a wide range of situations and for different beneficiary groups, including youth and women's groups. The researcher would like to mention that this approach can also be applied to COEs. The value chain is seen as a systematic approach to examining the development of competitive advantage and hence increases performance. As firms are faced with slower growth and stronger competition, competitive advantage becomes crucial to the maintenance of superior performance. Competitive advantage grows fundamentally out of the value a firm is able to create for its buyers. In competitive terms, value is the amount buyers are willing to pay for what a firm provides them.

Porter (1998) uses the concept of a value chain to disaggregate buyers, suppliers and a firm into the discrete but interrelated activities from which value stems. Such a process is necessary in order to understand the behaviour of costs and the sources of differentiation.

The value-chain concept has been extended beyond individual organizations. It can apply to whole supply chain and distribution networks. When the system is managed carefully, the linkages can be a vital source of competitive advantage this is according to Pathania-Jain (2001). Lynch (2003) says the value chain analysis essentially entails the linkage of two areas. Firstly, the value chain links the value of the organizations' activities with its main functional parts. Then the assessment of the contribution of each part in the overall added value of the business is made. The delivery of a mix of products and services to the end customer will mobilize different economic factors, each managing its own value chain. The industry wide synchronized interactions of those local value chains create an extended value chain, sometimes global in extent.

Simchi-Levi (2000) argues that all firms, whether industrial or services have a value chain. Each part requires a strategy to ensure that it drives value creation for the whole firm. For a piece of the value chain to have a strategy means that the individual manager is clear about what capabilities the firm requires to deliver effective market impact. According to Hines (1993), the goal of Porter's competitive advantage is to create a bridge between strategy and its actual implementation. Competitive strategy concept details issues of an industry, its competitors and then develops an overall strategy.

COEs, share among others contractual relations across the value chain of interest which is with suppliers and buyers, for example through contract farming agreements, outsourcing contracts and so on. According to a report from USAID (2012), issues along the supply chain plague most agribusiness entrepreneurs in East Africa. Fundamental issues that many producers in modernized countries take for granted, like access to financing, packaging, quality inputs, and others continue to repress the full potential of agribusiness entrepreneurs and limit their marketability and international competitiveness. The report continues to say that most agribusiness entrepreneurs in East Africa have not established powerful supply chain linkages that are able to reduce their costs while ensuring quality inputs and maximum outputs to ensure a sustainable flow of goods to their eager customers.

2.4 Market Access and Performance of Community Owned Enterprises

Limited access to markets remains a severe constraint to enterprise growth and competitiveness in Kenya owing to a shrinking domestic market due to globalization. (GoK 2005, KIPPRA 2006). Limited access to market information makes COEs less aware of opportunities in the market. High transaction costs are due to market inefficiencies and information asymmetry. Small enterprises in Kenya face difficulties accessing markets due to limited market information, poor marketing capacity and poor market research leading to a discrepancy between supply and demand. Other constraints to market access in Kenya for small enterprises include poor quality products, lack of knowledge to explore niche markets and limited resources to promote their products (KIPPRA 2006).

In Kenya marketing of agricultural produce and products is critical to increasing agricultural productivity and commercialization of enterprises in order to promote farm and nature based enterprises which will provide communities with sustainable livelihood activities (Government of Kenya 2010). Marketing of agricultural produce and products in Kenya is carried out by the private sector either as formal marketing companies or as brokers. National and regional markets have great potential to expand with better marketing infrastructure and quality assurance. The export markets mainly deal with raw commodities and have become stringent on issues of traceability, safety, sanitary and phytosanitary standards and maximum residue limits (Government of Kenya 2010). Most of the small enterprises in Kenya including COEs are ill-prepared to compete in globalised liberalized markets, while few are capable of venturing into the export markets to tap into new markets. This confines majority of small enterprises to narrow local markets characterized by intense competition. Small capital base and limited technology also confine small enterprises to poor quality products that cannot compete effectively in a globalised competitive market environment (KIPPRA 2006).

Government of Kenya (2010) observes that while Kenya's agricultural market is better developed than that of most countries in sub-Saharan Africa, the domestic market is too poorly organized to take advantage of the regional market. The local marketing information system has recently been established but has not been well utilized. Community enterprises in rural areas in many parts of the world often indicate that one reason they cannot improve their living standards is that they face serious difficulties in accessing markets. Low population densities in rural areas, remote location and high transport costs present real physical difficulties in accessing markets (DFID 2003).

The DFID report continues to say that rural community enterprises are also often constrained by their lack of understanding of the markets, how it works and why prices fluctuate, they have little or no information on market conditions, prices and the quality of goods, they have limited business and negotiating skills and they lack the collective organization that can give them the power they require to interact on equal terms with other generally larger and stronger market intermediaries. Furthermore, rural community enterprises from developing countries face significant impediments in accessing rich countries' markets.

Access to market information, whether directly or through formal or informal institutional arrangements, is critical for market participation this is according to Jagwe, Machethe and Ouma (2010) in their study on transaction costs and small holder farmer participation in banana markets in the Great Lakes Region of Central Africa. They continue to say that the size of the household and ownership of means of transport are critical in determining the intensity of market participation. The geographical location of the household also affects market participation, since some locations have better infrastructure and hence are more commercialized. Policies aimed at encouraging market information access, investments in rural infrastructure and collective action by farmers may help to lower transaction costs and thus enhance market participation. The researcher agrees with these writers' observations and would like to mention that most COEs just like the farmers mentioned above face the same challenges that hinder market access for their produce or products. Markets and improved market access for COEs are therefore a prerequisite for enhancing performance of COEs and hence increasing community incomes and eventual national economic growth.

FAO (2011), suggests that an essential element for any enterprise to be able to participate in markets is information, and not only information on what prices are prevailing, but also information on trade contacts and technical matters. Information asymmetry was indicated as one of the factors that hinder access to markets by rural COEs in Malawi (Nakhumwa 2009). Most rural COEs in Malawi do not have relevant information to guide their production and marketing decisions. Nakhumwa (2009) suggests that there should be facilitation of linkages between sellers, buyers, exporters and importers of commodities in order to improve market access. Communities should be empowered with relevant and timely marketing information and intelligence that enhances their bargaining power and competitiveness in the market place.

Birne, (2009), observed that timely access to market information via communication networks helps farmers and traders as a whole to make well informed decisions about what crops to plant and where to sell their produce or products and buy inputs. Most COEs do not get relevant and timely marketing information and intelligence that aids in decision making. It is noted that most COEs in Sub-Saharan Africa lack information that informs them for example of demanded agricultural commodities by volume, and where demanded, prices being offered and even quality and standards required. This type of information is not usually available to COEs for use and to guide their production and marketing decisions (World Bank 2010).

IFAD (2003) looks at the issue of market access in three dimensions: physical access to markets, structure of the markets and producers' lack of skills, information and organization. Physical access to markets looks at the distance to markets, lack of roads to get to them or roads that are impassable at certain times of the year. This is a central concern for rural community enterprises throughout the developing world. The researcher would like to add that the above dimensions undermine the ability of COEs to buy their inputs and sell their products, it results in high transportation costs and high transaction costs both to buyers and sellers. Difficult market access restricts opportunities for income generation and affects performance of COEs. By contrast improved infrastructure leads to increased market integration and better or improved performance of COEs.

The ability to tap into new markets requires expertise, knowledge and contacts. COEs management often lack access to training and experience on how to participate in the market place and are therefore unable to market goods and services strategically. Thus, COEs are often unable to take on both the production and marketing of their goods. In addition, they have often not been exposed to the international market, and therefore lack knowledge about what is internationally acceptable (UNECE, 2004).

The challenges for the COEs, especially in sub-Saharan Africa, are multifaceted (World Bank 2010). The World Bank report continues to explain that tackling these challenges requires interventions such as institutional reforms that facilitate efficient rural service delivery, development of markets, creation of physical infrastructure, and government policies that are supportive while ensuring a stable and conducive political environment. COEs require systems that are responsive to their needs: access to markets, market information, market intelligence and effective enterprise organization.

Better access to markets by small producers to domestic and international markets means that they can reliably sell more produce at higher prices. This in turn encourages small enterprises to invest in their own businesses and increase the quantity, quality and diversity of the goods they produce. However, Heinemann (2012) notes that there are many pieces to the puzzle. Safe storage facilities, all-weather roads and affordable transportation are basic needs for access to markets. Matanda (2008) suggests that enterprises should be assisted to penetrate export markets through training programmes designed to improve product design, packaging, skills on production management, technology and material procurement among others.

Marketing is an important success function for all enterprises that is facilitated by market access. Kiveu and Ofafa (2013) affirm that information plays a key role in market access and is the main core of any marketing system. Market access in developing countries is a major challenge to especially small enterprises due to market imperfections that can be attributed to lack of market information, lack of linkages between the actors in the supply chain, distortions or absence of input and output markets, high transaction cost and high presence of trade intermediaries (Shepherd 2007). According to Kiveu and Ofafa (2013), different strategies exist for improving market access of which the use of ICT is one. Shepherd (2007) also adds that strategies that enhance market access greatly impacts on the performance of small enterprises. The researcher recommends that validation of these determinants among COEs is necessary. Conducting studies on access to new markets by COEs might also identify other factors that are not mentioned above.

2.5 Business Skills and Performance of Community Owned Enterprises

The level of business skills in Africa is generally low and Kenya is no exception USAID (2012). The USAID paper says access to information and training on a variety of business and industry specific topics is hard to come by especially for speciality food producers. The researcher would like to mention that KCMCL is in this category. There are many Business Development Service (BDS) providers in Kenya, but many lack the industry specific skills necessary for speciality food manufacturers to develop. The USAID paper says particularly with regard to export development, manufacturers often have no business skills in terms of direction when trying to identify market opportunities, standards, logistics and financial management.

The contribution of skills to business performance is a subject that has long interested researchers, organisations and those developing and actioning government labour market policy. As sustainability becomes more integrated within the business strategies and operations of global companies, the specific skill sets these companies require to support innovation, product development and other attributes of value creation become increasingly important. Marketplace dynamics and economic trends, government policies, technological change and the expectations of current and future employees and customers all create a highly dynamic business environment (Ghemawat, 2001).

The absence or low levels of key business skills like management skills, ability to gather resources, financial management, human resource management, marketing and technical skills, may lead to zero performance, while weakness in a particular element would decrease effectiveness in the overall performance of the venture, alludes Botha (2006). The researcher would like to note that the absence of most of the above skills mentioned by Botha, would reduce performance of COEs and can eventually destroy the business. The researcher would also like to connect these skills with COEs and say that an increase in the capacity of the said skills would enhance the performance of COEs. It is important to have all the core skills required in businesses in order to boost the business performance of COEs.

Entrepreneurial and most of the business skills can be acquired through learning on the job or training. According to Antonites (2003), the transfer of skills can effectively take place by means of participation of skilled individuals or employees in the learning of unskilled individuals. The researcher agrees with Antonites but alludes that COEs need both entrepreneurial as well as business skills to secure competitive enterprises. It is important to develop entrepreneurial skills in order to lead a competitive entrepreneurial business. All business and entrepreneurial skills are vital to the sustainability of any business and indeed to the better performance of CoEs. In his study on entrepreneurial training Solomon (2004), discovered the need for entrepreneurial skills and business skills for the upkeep of the business. He argues that the entrepreneur's initiative and skill are significant determinants of success. He continues to argue that training for small business is primarily internally focused and imparts generic management skills such as marketing, finance, record-keeping, human relations, as well as industrial relations.

Smith and Perks (2006), maintain that entrepreneurial training improves SME performance over time, showing that the business and the entrepreneurial skills are really of importance in the business world, especially for entrepreneurs. The researcher agrees with the above writers and continues to maintain that business and entrepreneurial skills are important for the sustainability and profitability of businesses, which enhances performance of enterprises.

Community entrepreneurship appears to be much more complex than main stream entrepreneurship requiring a huge diversity of skills and high levels of commitment from organizational members, suggests Tracey (2005). The researcher would like to add that COEs are unique and complex since members usually come together to start a COE on the basis that they are members of a certain community and they have probably identified an opportunity, which they would like to address, and not necessarily because they have the required business skills. Haskel and Hawkes (2003), found that higher skill or qualification levels support innovation and more sophisticated production processes and were associated with the production of higher quality products. Green *et al.* (2003) has also found a strong relationship between different levels of UK workforce skills and the sophistication of products.

Technical skills are important to any business enterprise however improved management and business skills generally are key in order to explain and garner support for sustainability initiatives throughout one's company and externally, intimates Muua (2009). Muua, continues to say that the role of human capital has been central to our understanding of what makes an entrepreneur, and whether or not people who do choose an entrepreneurial career path are successful. Researchers have separated out human capital into two broad categories, formal human capital which includes educational qualifications and experience, and informal human capital which is basically human capital developed through work experiences and familial experience, and questioned whether one or the other types of human capital is more helpful in pursuing an entrepreneurial career. According to Larson and Clute (2009), the quality of the decision making activity in business and the enterprise's success is considerably influenced by the fact of who makes the decisions, what business skills and capabilities they have, what their managerial style is, and also what techniques and methods they use in the course of decision making. Good management is therefore necessary to enable group or enterprise goals to be accomplished through the functions of planning, staffing, directing, controlling activities and coordination.

The researcher would like to add that, lack of experience and business skills among small enterprise managers leads to poor performance of enterprises and consequently to business failure. In his role of education in business performance Nzioka (1995), notes that one of the things that hold back the development of small business is the need for better management. Good management means need for proper planning, control, organizing skills and proper staffing with qualified and competent employees. The researcher agrees with Nzioka, he is mentioning planning, controlling, organizing and staffing which is what constitutes the functions of management. In order to be able to perform the above functions efficiently COEs need to have proper business skills which will enhance their performance.

Many enterprises of all sizes, small and big do not perform well due to scarcity of competent managers with business skills, and this is a serious constraint on economic development, suggests Harper (2004). As enterprises become larger, there is more need for managers to do planning, coordinate and control the activities of the enterprise. He argues that the owner who is likely to be the manager of the small enterprise may not have the training, skills and experience to steer the operations of the business successfully hence affecting business performance. He or she may operate in a very rigid environment sometimes not dictated by sound business and management decision but by social and cultural norms. The researcher would like to add that most community members are also likely to be managers of COEs and may not have the required business skills to run the community enterprise and this affects performance of COEs.

According to Lichtenstein & Brush (2001), one way of reinforcing the need to develop management skills is to look at studies identifying reasons why small firms succeed or fail. There is evidence that management skills are critical factors in both the failure and success of businesses. Lichtenstein and Brush, illustrate that accounting, cash flow, and marketing need management skills and lack of them is a major cause of failure. Weaknesses in these areas are found to impact on all other areas of the business. Kotler (1999) says that, marketing management, which forms part of core business skills required in enterprise growth, is a philosophy that leads to the process by which organisations, groups and individuals obtain what they need and want by identifying value, providing it, communicating it and delivering it to others.

Muua (2009), states that those who run businesses in the Juakali or informal sector lack adequate business skills. This is mainly attributed to low levels of education. It is not sufficient to know how to produce a high quality product. The producer must be a skilled business person, well equipped to handle all aspects of the business including selling, marketing, and wielding financial controls. The researcher agrees with this assertion and relates this to COEs, since COEs are not different from the informal sector businesses. COEs are run by community members and some of them have low levels of education, hence you will find that they lack the business skills which are key to their performance.

In his study Sebele (2005), points out that lack of certain skills needed in business hampers the progress of enterprises and therefore, the community needs to acquire managerial, entrepreneurial, financial and marketing skills to ensure that they break through into the market industry. Sebele continues to say that community-based ventures cannot succeed if locals do not acquire business skills as they are essential for the running of any successful business or enterprise.

2.6 Theoretical Review of COEs

This study is underpinned on the COE model. A number of authors including Ashley & Roe (2002) have mentioned the importance of community-based initiatives in improving the poor's access to assets which improve their livelihoods and develop their communities. Issues of community entrepreneurship and development are central to our understanding of enterprising communities, peoples and places, (Saunders and Dalziel, 2010). Indeed, entrepreneurship is an essential element in both regional and community development (Hindle, 2010), but our appreciation of exactly what actions and activities constitute entrepreneurship per se is blurring as entrepreneurship theory matures and perhaps re-fragments.

One definition of COE that perhaps stands out is given by Peredo and Chrisman (2004). They define a COE as 'a community acting corporately as both entrepreneur and enterprise in pursuit of a common good'. They say the community may also be the employee. All three being complimentary can be present at one time.

Levitte (2004), says there are individual, social and environmental pressures faced by communities and development officers, which collectively hinder community agencies from being entrepreneurial and initiating change. He argues that social enterprises are opportunities to overcome rural deprivation and poverty. In order to achieve this it is necessary for communities to work together with external change agents and government sponsors. Peredo and Chrisman (2004), suggest that it is essential to tackle issues of poverty and deprivation at a local level through local business development.

COEs have emerged as a specific form of social enterprises (Peredo and Chrisman 2004). COEs are similar to other social enterprises as, they utilize market and non-market strategies to improve socio-economic conditions and generate social value for their members (Antinori and Bray 2005). Membership of COEs is based upon mechanisms by which an individual is recognized as a member of a collective group. In many cases this means they have legally recognized membership in an indigenous community as specified by the community in which they are part of. More general characteristics of COEs are that they are often seen as a mechanism of autonomous grassroots development. Such enterprises often emerge out of a social mission in which cultural values are mixed with socio-economic objectives and where profits are the means to achieve social and cultural goals and not simply a return on investment (Anderson et al. 2006). The social missions and objectives of COEs address the social and financial needs of diverse groups within a society while embracing values integral to their cultural identity and recognizing their dependence upon specific resources necessary for their collective survival in a specific place.

According to Cornell and Kalt (2010), the organizational structures and institutions of COEs are directed to strengthening cultural practice and achieving socio-economic empowerment. They recognize the linkages between institutional, political and administrative empowerment, and trade and commerce. As such, implicit to the mission of the enterprise is the goal of legitimizing their appropriation of resources for both subsistence and trade. The success of COEs depend upon its ability to create and strengthen the institutional structures and trust needed to collectively organize for its internal operation and growth while maintaining the political and administrative control of the resources.

COEs can be seen as the means by which the society organizes its interactions with other actors while maintaining its collective identity and the resource base it needs for its survival through both direct consumption and trade. Long-term research on socio-economic development, carried out in Native American reservations in the USA, has provided insights into factors that are important for enterprises to be a successful mechanism for development rooted in collective action. As Cornell and Kalt (2010) have found, Native American enterprises have been successful when the following factors are present: they build upon collective institutions or governing bodies rooted in cultural values and individual actions based upon rules that serve common aims, the partial or total control over land and/or resources, create their own human capital and draw upon their own systems and strategies for economic success. Other external factors that can influence the success of an enterprise are: the political and legal jurisdiction over land and resources, assets for economic success such as linkages with existing or emerging markets, and access to other resources such as financial and in-kind capital.

Entrepreneurship and community can come into conflict when considering issues affecting community development and socio economic growth, this is according to Smith and Perks (2006), they debate that this is likely to happen particularly in rural areas affected by socio economic decline. For example, entrepreneurship by its very nature initiates change which can alter rural traditions and threaten the rural ideal. This can result in the closure of shops, business and services being removed but entrepreneurship alone cannot explain socio-economic growth. Smith continues to say that models of economic growth which once stimulated business generation and regeneration no longer do so, this highlights the importance of developing new models of social and COEs.

Theories of community-based entrepreneurship and social enterprise as explanatory variables are emerging. The new theoretical variations on the theme of entrepreneurship are being used to label and explain all sorts of individual and collective enterprising behaviour enacted within communities, this is according to Ollerenshaw and Creswell (2002). They continue to suggest that in some instances, the theoretical and rhetorical arguments underpinning these re-conceptualisations have to be stretched to permit restoring of social action. Often the resultant explanations are not entirely convincing to scholars or practitioners alike.

Korsching and Allen (2004) argue that local entrepreneurial initiatives have tremendous potential as economic development tools for rural communities with stagnating, or declining economies. Moreover, Lichtenstein et al. (2004) question the effectiveness of traditional developer-led models of community development and regeneration. They make a call for a systemic and transformational approach to enterprise development that can yield community-wide economic development.

The problem with community development is that it is not based upon well articulated models or theories and because of this community development remains more of a social movement than an applied but under researched behavioural science. These were the arguments of Blakely (1980). Local entrepreneurship includes the use of cooperatives as a development tool, community partnerships and collective enterprises. The concept of cooperatives and cooperation is important because it is closely related to the notion of collective enterprise. According to Cook and Plunkett (2006), community entrepreneurship is an integrative process and an approach suited to local economic development and it links with the literature on entrepreneurship and cooperatives.

Building a robust community is a social as well as an economic endeavour because such communities are vital contexts in which entrepreneurship and enterprise in its many varieties occur. Enterprise enacted in remote areas or environments stimulates cooperation between community groups as opposed to competition. Indeed, Johannisson (1990) stressed the importance of qualified community entrepreneurs who engage with the community in personal and innovative ways, there by building support within the community.

2.7 Conceptual Framework

A conceptual framework is an explanation of the relationships between the variables identified in the study as shown in figure 1:

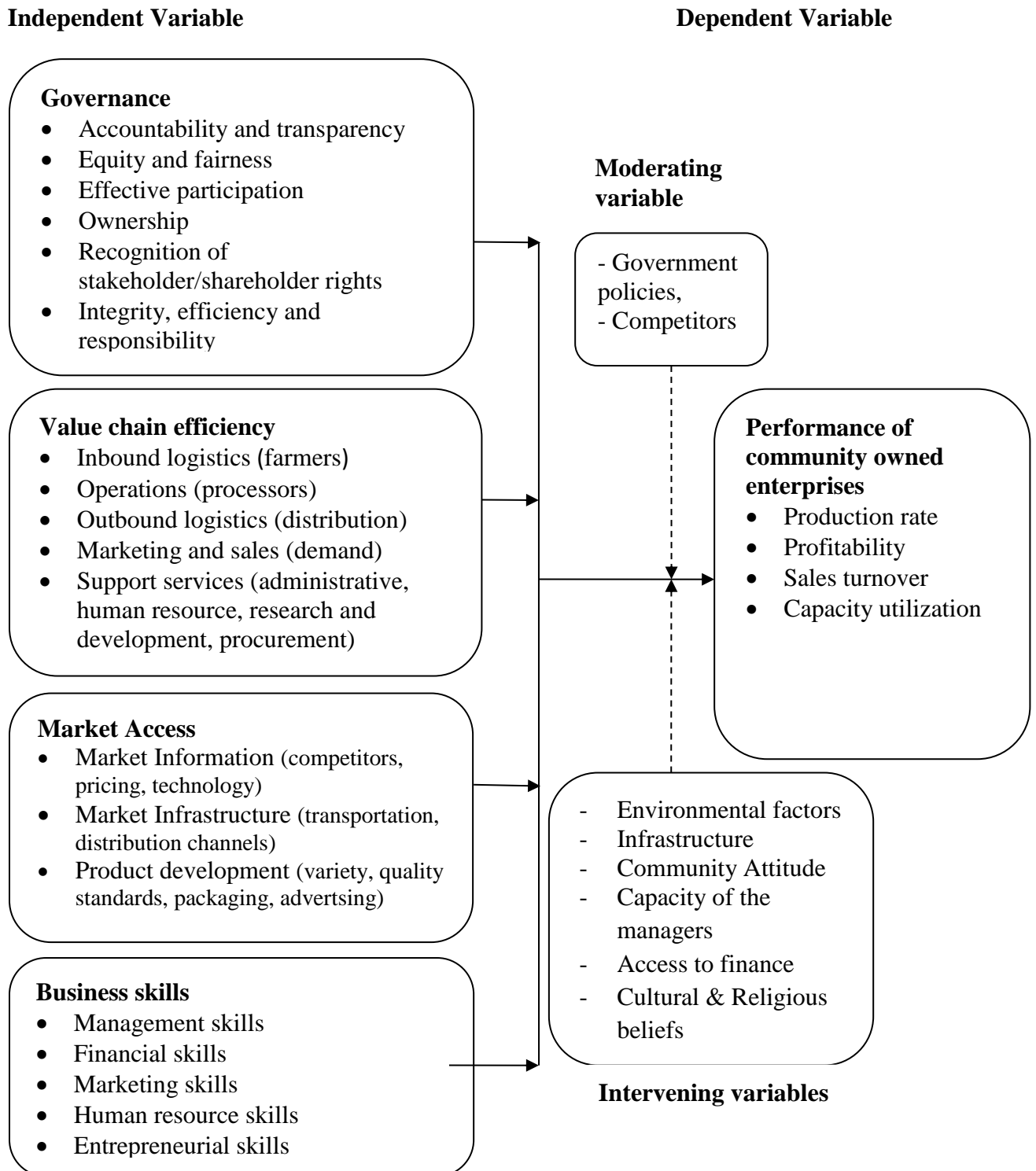


Figure 1: Conceptual Framework

2.8 Summary and Research Gap

This study was underpinned on the COE model. COEs have emerged as a specific form of social enterprises. Peredo and Chrisman (2004) define a COE as ‘a community acting corporately as both entrepreneur and enterprise in pursuit of a common good’. COEs are continually being utilized as vehicles contributing to social and economic survival and development especially in marginalized areas.

Governance rules establish responsibilities, disclosure and transparency as one of the main principles. One of the key areas in good governance is transparency and accountability. The profits and assets of COEs are collectively owned by the various stakeholders in a particular community hence the need to disclose all financial and non-financial information. Harvey and Reed, (2007) say that there are some commonly accepted key principles or elements of good governance that are applicable to both the public and private sectors. The three most common ones are: accountability, both internal and external; transparency or openness; and recognition of stakeholders or shareholders rights. Often to these are added: efficiency, integrity, stewardship, leadership, an emphasis on performance as well as compliance, and stakeholder participation or inclusiveness.

Every firm has a collection of activities that are performed to design, produce, market, deliver and support its products, all these activities can be represented using a value chain model. (Porter 1998). Everything a firm does must be captured either in primary or support activity, a process which often requires some degree of judgement. Value chain can be used to examine the various activities of a firm and how they interact in order to provide a source of competitive advantage (Drucker 2001). The value chain is a systematic approach to examining the development of competitive advantage and hence increases performance. As enterprises are faced with slower growth and stronger competition, competitive advantage becomes crucial to the maintenance of superior performance.

COEs in Kenya face difficulties accessing markets due to limited market information, poor marketing capacity and poor market research leading to a discrepancy between supply and demand. Other constraints to market access in Kenya for small enterprises include poor quality products, lack of knowledge to explore niche markets and limited resources to promote their products (KIPPRA 2006).

Markets and improved market access for COEs are a prerequisite for enhancing performance of COEs and hence increasing community incomes and eventual national economic growth.

The level of business skills in Africa is generally low and Kenya is no exception (USAID 2012). The absence or low levels of key business skills like motivation, ability to gather resources, financial management, human resource management, marketing and technical skills, may lead to zero performance, while weakness in a particular element would decrease effectiveness in the overall performance of an enterprise (Botha 2006). All business and entrepreneurial skills are vital to the sustainability of any business and indeed to the better performance of CoEs. One of the things that hold back the development of small business is the need for better management. Good management means need for proper planning, control, organizing skills and proper staffing with qualified and competent employees. The researcher would like to say that it is important to have good business skills in order for enterprises to perform well.

From the literature reviewed above, there is no specific data found on the overall factors affecting performance of COEs. Findings from studies done earlier and government reports on the state of affairs, especially of SMEs where most COEs fall reveals that the sector faces numerous problems and constrains that affect their performance. The researcher has associated findings from SMEs to COEs, since most COEs, despite their unique characteristics are categorised as SMEs. Factors affecting business enterprises and more so, SMEs has been a well researched area by scholars for many years, but there exists a clear gap in the literature which does not take into account the characteristics of COEs and factors affecting their performance. Further, most of the studies have been done in other countries whose strategic approach and financial footing is different from that of Kenya. While much research has been done on the small businesses, none has been done specifically on factors affecting the performance of COEs in Kenya. Conducting further studies on COEs specifically might identify other factors that influence performance of COEs that are not mentioned in this study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter gives the methodology which was used by the researcher to find answers to the research questions. The research methodology is presented in the following order: research design, target population, sample size and sampling procedure, research instruments, validity of research instruments, reliability of research instruments, data collection procedures, data analysis and procedures and ethical considerations.

3.2 Research Design

This study utilized a cross-sectional descriptive research design combining both quantitative and qualitative methods. The reason for using this design is that it enables one to describe the different factors affecting performance of COEs as they exist in their natural setting. According to Mugenda and Mugenda (2003) the purpose of descriptive research is to determine and report the way things are and it helps in establishing the current status of the population under study. Churchill and Brown (2004) also observe that descriptive research design is appropriate where the study seeks to describe the characteristics of certain groups, estimate the proportion of people who have certain characteristics and make predictions.

3.3 Target Population

According to Cant, Gerber-Nel, Nel and Kotze (2011), a target population is the total composition of elements from which the sample is drawn, it is the specific population about which information is desired. Burns and Burns (2008), further describe the population as all elements or subjects that meet the criteria for inclusion in a study. The study population included all direct beneficiaries of the community project who are 227. In addition other 7 key informants who are also stakeholders of the project were interviewed. They included: 3 CDTF staff, 2 partners of the project, 1 consultant and 1 government associate. This increased the number of the target population from 227 to 234 as shown on table 3.1.

Table 3.0.1: Target Population

| | Frequency | Percentage |
|---|------------------|-------------------|
| Members of MEEMA | 157 | 67.1 |
| Members of Kitui County Fruit Processors Co-operative Society Limited | 60 | 25.6 |
| KCMCL factory staff | 8 | 3.4 |
| Project Staff | 2 | 0.9 |
| Key informants (3 CDTF staff, 2 partners, 1 consultant and 1 government associate) | 7 | 3.0 |
| Total | 234 | 100 |

Data Source: MEEMA PIC 2012

3.4 Sample Size and Sampling Procedures

Cooper & Schindler (2003) define sampling as selecting a given number of subjects from a defined population as representative of that population. This defined population is referred to as a sampling frame. Churchill and Brown (2004) noted that the correct sample size in a study is dependent on factors such as the nature of the population to be studied, the purpose of the study, the number of variables in the study, the type of research design, the method of data analysis and the size of the accessible population. Generally, sample sizes larger than 30 and less than 500 are appropriate for most research. Mugenda and Mugenda (2003) suggest that for descriptive studies 10% of the accessible population is enough. From the target population, stratified proportionate random sampling technique was used to select the sample. According to Babbie (2010) stratified proportionate random sampling technique produce estimates of overall population parameters with greater precision and ensures a more representative sample is derived from a relatively homogeneous population.

The study grouped the direct beneficiaries of the project into four stratum as follows: members of MEEMA, members of Kitui County Fruit Processors Co-operative Society, KCMCL factory staff and the project staff. Another fifth stratum for key informants was added. These five stratum form a total of 234 people.

Saunders et al., (2007), just like Mugenda and Mugenda (2003), say that if well chosen, samples of about 10% of a population are enough. The researcher used a sample of 30% and randomly selected representation for the first two stratum, that is, members of MEEMA and members of the Kitui Co-operative. A census approach of 100% representation was used for the next two stratum, that is, KCMCL factory staff and project staff since they were few in number. At the time of writing the research, KCMCL staff were only 8 in number while the project staff were only 2 in number, hence selecting a sample size from these two stratum would be meaningless, and would not give very good results. A total of 75 respondents were selected from the four stratum. In addition purposive sampling was adopted to select 7 key informants drawn from the project's stakeholders. They include: 3 CDTF staff, 2 partners of the project, 1 person from the consultancy agency who has been providing consultancy services to the group since the project started and 1 government associate who works with the project. This added up to a total sample size of 82, as shown on table 3.2.

Table 3.2: Sample Population

| | Frequency | % of Sample Size | Sample Size |
|---|------------------|-------------------------|--------------------|
| Members of MEEMA | 157 | 30 | 47 |
| Members of Kitui County Fruit Processors Co-operative Society Limited | 60 | 30 | 18 |
| KCMCL factory staff | 8 | 100 | 8 |
| Project Staff | 2 | 100 | 2 |
| Key informants (3 CDTF staff, 2 partners, 1 consultant and 1 government associate) | 7 | 100 | 7 |
| Total | 234 | | 82 |

3.5 Research Instruments

Data collection was conducted in two phases, all complimenting each other to ensure high quality data collection. The first phase involved a survey to collect quantitative data. In this phase, structured questionnaires were administered to the 75 sampled community beneficiaries of the project. The second phase involved key informant interviews with the 7 sampled key stakeholders they included 3 CDTF Staff, 1 person each from the two partners who have been working with the project, 1 person from the consultancy firm agency who provide consultancy services to the project and 1 government associate who works with the project.

3.5.1 Survey Questionnaires

Survey questionnaires were filled by the sampled direct community beneficiaries and also the selected key informants. The questionnaires had both open and closed ended questions to allow for both quantification and qualification of the data collected as recommended by Ritchie and Spencer (1994). The survey questionnaires were important in yielding the demographic characteristics of the respondents, the questionnaires assisted the researcher in the following: examining the influence of governance on performance of KCMCL, establishing the effects of value chain efficiency on performance of KCMCL, finding out the extent to which market access affects performance of KCMCL and also to determine the level of business skills of Mutonguni community members and its effect on performance of KCMCL. A Likert scale was used in the questionnaire to measure attitudes presented by the respondents as recommended by Babbie (2011).

3.5.2 Key Informant Interviews

According to Nkwi et al. (2001), key informants are people believed to be knowledgeable on the topic under investigation. In-depth interview was carried out with key informants who are individuals with in depth information and knowledge on MEECP and indeed its enterprise component KCMCL. They included 3 people from CDTF, 1 person each from the two partners who work with the project that is SNV Netherlands Development Organization and ADB – MESPT, 1 person from Azuri Health Consultancy Agency who has been providing consultancy services to the group since the project started and 1 government associate who works with the project.

3.5.3 Secondary data sources

Secondary data from sources like, CDTF, MEECP and KCMCL files, pamphlets, circulars and policy papers were used to provide additional information where appropriate. Besides a variety of books, published and unpublished government of Kenya documents, journals, articles, websites, reports and newsletters were reviewed to explore information concerning COEs locally and globally in order to make the study fruitful.

3.6 Validity of the Research Instruments

According to Denscombe (2003), validity relates to the extent to which the research data and the methods for obtaining the data are accurate, honest and on target. Before using a research instrument it is important to ensure that it has some validity. According to Cooper and Schindler (2006), the researcher may choose to do it alone or may use a panel of experts to judge how well the instrument meets standards. To establish the validity of the research instrument the researcher sought the opinions of experts in the field of study especially the University of Nairobi lecturers in the department of Extra Mural Studies. This helped to improve the content validity of the data that was collected.

3.7 Reliability of the Research Instruments

Reliability refers to the consistency of inferences made over time, or consistency of the scores obtained. According to Cant et al (2011), reliability is the instrument which measures the repetition of the research findings; whereas the validity is the extent to which research findings accurately represent what is really happening in the situation. A pilot study was carried out to determine reliability of the questionnaires. 9 individuals from the target population were randomly selected for the pilot study to obtain data for testing reliability. According to Denscombe (2003), the pilot group should be at least 10% of the sample size.

This study used Cronbach's alpha to test the reliability of the questionnaires, it is a test used to survey internal consistency. It is also called scale reliability test. Cronbach's alpha is a statistic co-efficient value of between 0 and 1 that is used to rate the reliability of an instrument such as a questionnaire. In this test method data set is randomly split into 2 and a score for each participant calculated from each half of the scale.

If a scale is very reliable, respondents get same scores on either half of the scale, so that correlation of the 2 halves is very high. The advantage of using Cronbach's alpha is that data is split into every possible way and the correlation co-efficient for each split is computed. The average of these co-efficients is the value equivalent to this alpha (Cronbach, 1951). A co-efficient of 0.6 and above is a commonly accepted rule of thumb that indicates acceptable reliability, this is according to Churchill and Brown (2004), and this threshold of Alpha value 0.6 formed the study's benchmark.

Cronbach's Alpha was established for every objective which formed a scale in order to test the reliability of the questionnaires as shown on table 3.3.

Table 3.3: Reliability Analysis

| Scale | Cronbach's Alpha | Number of Items |
|------------------------|-------------------------|------------------------|
| Governance | 0.935 | 16 |
| Value chain efficiency | 0.742 | 10 |
| Market access | 0.813 | 4 |
| Business skills | 0.836 | 6 |

The table shows that governance items had the highest reliability ($\alpha= 0.935$), followed by business skills ($\alpha=0. 836$), market access ($\alpha=0. 813$) and value chain efficiency ($\alpha=0. 742$). This illustrates that the questionnaires were reliable, as the alpha value for each scale exceeds the prescribed threshold of 0.6.

3.8 Data Collection Procedure

The questionnaires were self-administered by use of two trained research assistants. Self-administered questionnaire enables one to clarify the questions or probe for more answers. This makes it clear and is likely to yield relevant responses. The interviews with the selected key informants were done face to face. To increase the response rate, a letter of introduction was attached to all the questionnaires to assure the respondents of their confidentiality.

3.9 Data Analysis and Presentation

Cooper and Schindler (2003), say data analysis consists of running various statistical procedures and tests on the data. It is the conversion of meaningless information into something which can easily be understood. The purpose of any research is not simply having data, but to deduce information from the data gathered. Before processing the responses, the completed research instruments were edited for completeness and consistency. Data collected was analyzed using both quantitative and qualitative methods. The quantitative data was coded to enable the responses to be grouped into various categories. Descriptive statistics such as means, standard deviation and frequency distribution were used to analyze the data. The Statistical Package for Social Sciences (SPSS V. 21.0) was used in the analysis. Frequency tables were used to present the data collected for ease of understanding and analysis. Qualitative data are based on meaning expressed through words. It involves the collection of non-standardized data that require classification and are analyzed through use of conceptualization. Conceptual content analysis involved development of data categories, allocating units of data and recognizing relationships within and between categories of data to produce well-grounded conclusions. The data was analysed in the most logical and meaningful way and relevant comments made appropriately. Karl Pearson's Product moment correlation was conducted to determine the relationship between governance issues, value chain efficiency, market access, business skills and the performance KCMCL.

3.10 Ethical Considerations

The researcher received the required approvals from the relevant bodies before going to the field. These bodies include: CDTF, MEECP and University of Nairobi, School of Continuing and Distance Education, Department of Extra-Mural Studies. Due to sensitivity of some information collected, the researcher holds a moral obligation to treat the information with utmost confidentiality. During fieldwork, the respondents, participants and informants were enlightened on the purpose, duration and potential use of the research results beyond academic purposes; and any other research related information as might be of interest to the respondents was duly clarified before any data was collected. The respondents were also informed that no piece of information gathered in the course of this study will be used to jeopardize their welfare. The study subjects were also assured of their anonymity during publication of the research findings.

3.11 Operationalization of Variables

The operationalization of variables is shown in Table 3.4

Table 3.4: Operationalization of variables

| Objective | Variable | Indicators | Measurement scale | Tools of analysis | Type of data analysis |
|--|-----------------------------------|---|----------------------|---|------------------------------------|
| To examine the influence of governance on performance of KCMCL. | Independent: Governance | <ul style="list-style-type: none"> - Accountability & transparency; - Equity & fairness; - Ownership; - Effective participation; - Recognition of stakeholder/shareholder rights; - Efficiency and responsibility; - Leadership & decision making. | Ordinal Ratio | Mean Percentage Correlation | Descriptive Inferential |
| To establish how value chain efficiency affects performance of KCMCL | Value chain efficiency | <ul style="list-style-type: none"> - Inbound logistics (farmers) - Operations (processing) - Outbound logistics (distribution) - Marketing and sales (demand) - Support services (administrative, human resource, research and development, procurement) | Ordinal Ratio | Mean Percentage Correlation | Descriptive Inferential |
| To assess the extent to which market access affects performance of | Market access | <ul style="list-style-type: none"> - Market Information (competitors, pricing, technology) - Market Infrastructure (transportation, distribution) | Ordinal Ratio | Mean Percentage | Descriptive |

| | | | | | |
|--|---|--|----------------------|------------------------|-------------|
| KCMCL | | - Product development (variety, quality standards, packaging, advertising) | | | |
| To determine the level of business skills of the community members and its influence on performance of KCMCL | Business skills | - Management skills; - Financial skills; - Marketing skills; - Human resource skills; - Entrepreneurial skills | Ordinal Ratio | Mean Percentage | Descriptive |
| | Dependent: Performance of community owned enterprises | - Production rate; - Profitability; - Sales turnover; - Capacity utilization; | Ratio Ordinal | Mean Percentage | Descriptive |

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.1 Introduction

This chapter analyses the data, presents the data and interprets the findings. It presents analysis of the data on the factors affecting performance of COEs a case of MEECP in Kitui County, Kenya. The chapter provides the major findings and results of the study as directed by the objectives of the study which are to examine the influence of governance on performance of KCMCL, to establish how value chain efficiency affects performance of KCMCL, to assess the extent to which market access affects performance of KCMCL and to determine the level of business skills of the community members and its influence on performance of KCMCL. The findings associated with the various issues affecting performance of KCMCL from questionnaires are presented first followed by issues arising from the key informant interviews.

4.1.1 Response Rate

Table 4.1 shows the response rate from the sample size.

Table 4. 1: Response Rate

| | Sample Size | Respondents | % of Respondents |
|---|-------------|-------------|------------------|
| Members of MEEMA | 47 | 38 | 80.9 |
| Members of Kitui County Fruit Processors Co-operative Society Limited | 18 | 12 | 66.7 |
| KCMCL factory staff | 8 | 8 | 100 |
| Project Staff | 2 | 2 | 100 |
| Key informants (3 CDTF staff, 2 partners, 1 consultant and 1 government associate) | 7 | 7 | 100 |
| Total | 82 | 67 | 81.7 |

The study targeted a sample size of 82 respondents out of which 67 filled in and returned the questionnaires making a total response rate of 81.7% as shown on table 4.1. The 7 key informants filled in the questionnaires and were also interviewed. They form part of the 67 respondents. There was 100% response rate for the last three stratum which took a census approach. The response rate was generally good and conforms to Mugenda and Mugenda (1999) stipulation, that a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and above is excellent. The response rate of the study was a good representative of the target population capable of producing useful results.

4.2 Demographic Characteristics

The study sought to establish the background information of the respondents including respondents' gender, age bracket, level of education, occupation or profession and their role in the project. Basically the demographic characteristic of the respondents has an effect on the overall performance of KCMCL.

4.2.1 Gender of the Respondents

The study sort to find out the gender of the respondents. The gender of the respondents was important in order to find out if all genders were well represented.

Table 4. 2: Gender of the respondents

| | Frequency | Per cent |
|--------------|------------------|-----------------|
| Male | 36 | 53.4 |
| Female | 31 | 46.6 |
| Total | 67 | 100 |

As shown on table 4.2 majority (53.4%) of the respondents were male while females contributed to 46.6% of the respondents. This is a very good representation of gender and shows that both genders are well represented at MEECP. At least 2/3 majority of either gender indicates that there is gender equity and that there is no discrimination in terms of gender.

4.2.2 Age Brackets of the respondents

The study also sought to establish the age bracket of the respondents. Age bracket was important in order to know which age bracket formed the majority of the direct beneficiaries of the project, is it the youth, working adults or senior citizens.

Table 4. 3: Age bracket of the respondents

| | Frequency | Per cent |
|----------------|------------------|-----------------|
| Below 20 years | 2 | 3.0 |
| 21-30 years | 17 | 25.4 |
| 31-40 years | 24 | 35.8 |
| 41-50 years | 12 | 17.9 |
| 51-60 years | 10 | 14.9 |
| Above 60 years | 2 | 3.0 |
| Total | 67 | 100 |

From the study findings, 35.8% of the respondents were aged between 31-40 years, 25.4% were aged between 21-30 years, 17.9% were aged between 41-50 years, 14.9% were aged between 51-60 years while those aged below 20 years and above 60 years were represented by a 3.0% each. The findings indicate that majority of the members of MEECP are between 31-40 years, followed by age bracket of 21 – 30 years. This indicates that majority of the members are in their prime working age considered to be energetic and full of new ideas. This should contribute to better performance of KCMCL.

4.2.3 Level of Education of the respondents

The study also sought to establish the respondents' highest level of education. The level of education was important in order to determine the capability of the respondents to acquire new knowledge and business skills that can enhance performance of COEs.

Table 4. 4: Respondents' highest level of education

| | Frequency | Per cent |
|------------------|------------------|-----------------|
| Primary School | 8 | 11.9 |
| Secondary School | 26 | 38.8 |
| College | 24 | 35.8 |
| Degree | 8 | 11.9 |
| PhD | 1 | 1.5 |
| Total | 67 | 100 |

The findings on table 4.4 show that the majority of the respondents (38.8%) had secondary school education, 35.8% had a gone up to college education, those who had reached primary level of education and those who had attained university degree were both at 11.9% while only 1.7% of the respondents had gone beyond university degree to attain a PhD. The findings indicate that only a small portion of the respondents had reached university level of education and above.

It can be inferred that MEECP is dominated by people with average levels of education, that is secondary and college levels of education. The majority group of secondary level of education could be a contributing factor to the poor business skills reported in the study. The high secondary and college level of education shows that the members in Mutonguni Project have capability of acquiring new knowledge and business skills, hence a lot of capacity building should be done to enhance their business skills.

4.2.4 Role of the respondents in the Project

The study also sought to establish the additional role of the respondents in the Project. This was important to know the overall constitution of members of KCMCL.

Table 4. 5: Role of the respondents in the Project

| | Frequency | Percent |
|---|------------------|----------------|
| Internal Staff (8 KCMCL staff and 2 project staff) | 10 | 14.9 |
| PIC Members | 7 | 10.4 |
| Associates | 1 | 1.5 |
| Partners | 1 | 1.5 |
| Members of MEECP | 30 | 44.8 |
| Members of Kitui County Fruit Processors Cooperative Society | 11 | 16.4 |
| CDTF | 3 | 4.5 |
| Others (2 BoD of KCMCL, 1 BoD of the Cooperative society and 1 consultant who works with the project) | 4 | 6.0 |
| Total | 67 | 100.0 |

On the role of the respondents in the project, the findings show that 44.8% of the respondents were members of MEECP, 16.4% were members of Kitui County Fruit Processors Cooperative Society, 14.9% were internal Staff, 10.4% were PIC Members, 6% constituted others, 4.5% of the respondents were CDTF staff, the associates and partners both constituted 1.5% each. Majority of the people are just members and do not have additional roles in the project. This means that the structure should be well organized in order to have a good representation so that everyone feels a sense of ownership and belonging, which is important in improving the performance of the enterprise.

4.3 Performance of COEs

The study sought to rate the performance of MEECP and also find out the general performance of KCMCL since it started.

4.3.1 Performance trend of MEECP

The study sort to find out the performance trend of MEECP, which started in the year 2007. The project has been in existence for the last 6 years, from year 2007 up to the year 2013 at the time of writing this report. It is important to find out how members rate the project in terms of improving the lives of the community members.

Table 4. 6: Rating of MEECP for the last 6 years in terms of improving the lives of the community members.

| | Frequency | Per cent |
|-----------------------|------------------|-----------------|
| No improvement at all | 3 | 4.5 |
| Slightly Improved | 10 | 14.9 |
| Average | 16 | 23.9 |
| Improved | 29 | 43.3 |
| Greatly Improved | 9 | 13.4 |
| Total | 67 | 100 |

From the findings, majority of the respondents (43.3%) indicated that MEECP had improved the lives of the community members, 23.9% said the lives of the community members had improved at an average level, 14.9% said there was a slight improvement in the lives of the community members, 13.4% felt that MEECP had greatly improved the lives of the community members in Mutonguni, while 4.5% of the respondents indicated that MEECP had not improved the lives of the community members at all.

The interviewees added that the project has done a lot in improving the lively hood of the community members. Mutonguni community members now have access to adequate clean water which they pay for at very minimal rates, they no longer waste time and energy walking long distances to look for clean water. The lives of the mango farmers have improved they now have ready market for their mangoes and there is no wastage since the mangoes are not going bad anymore. The project has and is continuing to restore the health of the Mutonguni Hills Ecosystem through rehabilitation. Mutonguni community members have been sensitized and are planting more trees both fruit trees and other trees. The project has created employment to some community members which has increased the local incomes of some community members. However, the interviewees expressed concern that a few community members still feel excluded from the Project and sharing of the available resources.

4.3.2 Performance KCMCL

The study also sought to find out the performance of the enterprise component of MEECP, which is KCMCL since it started in terms of production rate, profitability or revenue, sales turnover and capacity utilization.

Table 4. 7: Performance of KCMCL since it started

| | Mean | Std. Deviation |
|-------------------------|-------------|-----------------------|
| Production rate | 3.7310 | .88083 |
| Profitability / Revenue | 3.3241 | .93739 |
| Sales turnover | 3.3793 | .83409 |
| Capacity utilization | 3.8276 | .02247 |

The study sought to establish the trend of performance of KCMCL since it started. Majority of the respondents noted that there was an improvement in capacity utilization and production rate as shown by a mean score of 3.8276 and 3.7310 respectively while sales turnover and profitability / revenue remained constant as shown by a mean score of 3.3793 and 3.3241 respectively. From the findings it can be inferred that the overall performance trend of KCMCL since it started has been almost constant at a mean score of around 3 on a scale of 1 – 5 with 1 indicating that the performance has greatly decreased and 5 indicating the performance as greatly improved. This means that the rate of performance in terms of production rate, profitability, sales turnover and capacity utilization is neither decreasing nor is it improving, it has instead remained constant.

The study also sought to find out from the key informants what best practices they had observed at MEECP that would lead to sustainability and impact of KCMCL. The interviewees mentioned the following best practices at KCMCL: Business Plan, KCMCL has developed a business plan which is a road map showing them where they are, where they want to go and how to get there. The Business Plan will also help them to source for funding for future expansion of the enterprise or even look for new ventures that will help improve their livelihood. Another best practice mentioned was capacity building, however they said this was still minimal at KCMCL.

One best practice mentioned which the interviewees said continues to enhance sustainability of this project is rehabilitation of the Mutonguni ecosystem. On the same vein the interviewees mentioned that the structure of the company as an aspect of best practice is not well done. There is need to restructure the enterprise so as to have a good representation of the community members especially in decision making. Good representation enhances ownership which enables community members to feel like they own the enterprise, thus they will be willing to protect the enterprise which will in turn enhance performance as everyone will be working towards the same goals. Another best practice mentioned by the interviewees is certification. KCMCL products have the Kenya Bureau of Standards (KEBS) certification. This guarantees safety and quality of KCMCL products. Certification as a best practice enhances performance of COEs because with certification, their products are able to compete with other products in the market.

4.4 Governance

From the variable on governance, the study sought to examine the influence of governance on performance of KCMCL.

4.4.1 Rating of governance issues at MEECP

In examining the influence of governance on performance of KCMCL, the study first sought to know the general rating of issues of governance at MEECP. The findings are as shown on table 4.8.

Table 4. 8: Rating of governance issues at MEECP

| | Mean | Std. Deviation |
|---|-------------|-----------------------|
| Accountability / Transparency | 3.1379 | .86751 |
| Effective participation | 3.2586 | .86977 |
| Recognition of stakeholder / shareholder rights | 3.2931 | .87877 |
| Efficiency and responsibility | 3.1897 | .96349 |
| Leadership and decision making process | 3.6034 | .49302 |
| Ownership | 3.0690 | .87584 |
| Equity and Fairness | 3.2069 | .87376 |

The rating of governance at MEECP, on a scale of 1 – 5, with 1 representing very bad and 5 representing very good, leadership and decision making process had the highest mean score at 3.6034 meaning leadership and decision making process is almost good at MEECP. The respondents indicated the aspects of governance that were average as recognition of stakeholder / shareholder rights as shown by a mean score of 3.2931, effective participation as shown by a mean score of 3.2586, equity and fairness as shown by a mean score of 3.2069, efficiency and responsibility followed with a mean score of 3.1897, accountability / transparency was indicated to be bad with a mean score of 3.1379 and ownership was bad, it scored the least at a mean score of 3.0690. The general feeling on issues of governance overall can be said to be average. Governance at MEECP is neither good nor is it bad.

The researcher would like to note that leadership and decision making process appears to be good with the highest mean score at 3.6034, which when rounded up is 4.0, this can be attributed to the fact that the respondents who are in leadership or management positions like the different Board members and PIC members are likely to give a bias opinion in their favour.

4.4.2 Extent that aspects of governance affect the performance of KCMCL

Still under governance, the study sought to find out the extent that aspects of governance affect the performance of KCMCL.

Table 4. 9: Extent that aspects of governance affect the performance of KCMCL

| | Mean | Std. Deviation |
|---|-------------|-----------------------|
| Accountability / Transparency | 3.6552 | 1.03537 |
| Equity and Fairness | 3.5345 | 1.07956 |
| Effective Participation | 3.5000 | 1.09625 |
| Ownership | 3.6379 | 1.03470 |
| Recognition of stakeholder/shareholder rights | 3.5345 | 1.15797 |
| Efficiency and responsibility | 3.6552 | 1.17804 |
| Leadership and decision making process | 3.6897 | 1.07942 |

On the extent that the above aspects of governance affect the performance of KCMCL, again on a scale of 1 to 5, with 1 representing no extent at all and 5 representing a very great extent, the respondents indicated that leadership and decision making process affects performance of KCMCL to a great extent with the highest mean score of 3.6897, this was followed by accountability / transparency and Efficiency / responsibility at a tie with each a mean score of 3.6552, ownership is next at a mean score of 3.6379, followed by equity / fairness and recognition of stakeholder/shareholder rights also a tie with a mean score of 3.5345 each and effective participation is last with a mean score of 3.5000.

The findings generally indicate that all the above governance issues affect performance of KCMCL to a great extent. The researcher would like to note that even though leadership and decision making process was rated as good in the previous question (table 4.8), the findings herewith (table 4.9) indicate that leadership and decision making process affects performance of KCMCL to a great extent with the highest mean score of 3.6897.

The interviewees indicated that there is internal governance challenge at KCMCL. The community members feel that the factory and indeed the whole project is owned by a few individuals and not the larger community of Mutonguni. There is presence of nepotism where members from the same family are in the PIC. The interviewees also indicated that there is a lot of internal politics at KCMCL that hinder growth and progress of the enterprise from some committee members and that the chain of command is very long hence important decisions take too long to be made which affects performance of the factory. They also said that the decisions made are very rigid and domineering, the procurement of the factory resources are done poorly and the resources bought are sometimes not of the required standards. Due to poor governance, issues like trainings or capacity building targeting the factory staff at factory level is avidly taken away from them by the PIC because of the allowances paid during trainings. Interviewees mentioned that there is no genuine spirit of good will among the people at the management level. On the same vein the interviewees noted that the current structure of the Board members who make important decisions is not working well. The interviewees felt that the current structure is not appropriate for the enterprise which is community owned. Some members feel that with the current structure of the board, they are not well represented; they said that this is a governance issue that needs to be addressed as it hinders performance of KCMCL.

Despite all these negative issues on governance, the interviewees indicated that there is some presence of accountability and transparency when it came to financial issues. Accounting books are kept well and have not shown any embezzlement of funds. The accounting statements are read to members periodically and books of accounts are open to members who wish to have a look at the transactions done. This was noted to be a good governance practice.

4.5 Value Chain Efficiency

The study further sought to establish how value chain efficiency affects performance of KCMCL.

4.5.1 Respondents place on the value chain of KCMCL

The researcher found it necessary to first start by grouping the respondents according to their place or position on the value chain. The results are as shown on table 4.10. This was important in order to know where the respondents belonged on the value chain. This information helps to determine the kind of linkages to expect on the value chain of KCMCL.

Table 4.10: Respondents place on the value chain of KCMCL

| | Frequency | Per cent |
|---|------------------|-----------------|
| Inbound logistics (e.g. farmers) | 11 | 16.4 |
| Operations (e.g. producers/ management) | 15 | 22.4 |
| Marketing & Sales | 2 | 3.0 |
| Distributors | 1 | 1.5 |
| Consumers | 38 | 56.7 |
| Total | 67 | 100 |

From the study findings on table 4.9, most of the respondents (56.7%) were consumers of the product, 22.4% of the respondents were in operations as producers or part of the management team, 16.4% were in the primary stage of the value chain, that is the farmers who plant the mango fruits, 3% of the respondents were involved in marketing and sales of the product while 1.5% of the respondents were involved in the distribution process of the products. The value chain shows that the factory needs to have a proper linkage with all actors on the value chain since they all have an important role to play on the overall performance of the enterprise.

4.5.2 Value chain linkages at KCMCL

The researcher also wanted to establish the linkages in the value chain of value chain of KCMCL.

Table 4.11: Linkages of value chain at KCMCL

| Linkage | Mean | Std. Deviation |
|----------------------------------|-------------|-----------------------|
| Farmers and Factory | 3.1966 | .76525 |
| Factory and Distributors | 2.5103 | .77701 |
| Distributors and Final Consumers | 2.7276 | .88631 |

According to the findings, majority of the respondents indicated that there was good linkage between farmers and factory as shown by a mean score of 3.1966, linkage between distributors and final consumers was poor as shown by a mean score of 2.7276 and the linkage between factory and distributors was also poor and scored the least as shown by a mean score of 2.5103.

The generally feelings of the interviewees was that there is good linkage between the farmers and the factory staff and its management team. This is mainly attributed to the presence of Kitui County Fruit Processors Co-operative Society Limited, (mainly composed of farmers) who work closely with the Factory staff and management of the enterprise. Some of the farmers indicated that apart from being in the Co-operative, they are also members of MEECP.

On the same vein, interviewees noted that the management of the factory has made big steps towards a positive relationship with the farmers through training them on how to best improve their products and facilitating them with seedlings of quality fruits. The general feeling of the interviewees was that there was poor linkage between: factory and distributors and distributors and the final consumers.

4.5.3 Rating of value chain activities on performance of KCMCL

The study sought to find out the rating of value chain activities on performance of KCMCL from the respondents. These are the activities that lead to value chain efficiency which contributes to better performance of enterprises.

Table 4.12: Rating of value chain activities on performance of KCMCL

| | Mean | Std. Deviation |
|---|-------------|---------------------------|
| Conducting checks to ensure all farmers' operations conform to required procedures. | 3.2931 | 1.16992 |
| Conducting checks to ensure all flaws (failings) in the production process are addressed. | 3.4310 | 1.10996 |
| Ensuring all logistics in terms of distribution and delivery of the end product are in place. | 3.5690 | 1.21557 |
| Carrying out regular surveys to identify customer needs and demands. | 3.4483 | 1.20193 |
| Capacity building to ensure adequacy in terms of skilled staff. | 3.3966 | 1.24167 |
| Ensuring comprehensive customer service especially for the final consumer. | 3.5172 | 1.15836 |

Table 4.12, shows the findings of the ratings of value chain activities on performance of KCMCL. The question was measured through rating on a scale of 1 to 5, with 1 signifying that the activity does not affect performance of KCMCL at all and 5 signifying that the activity affects performance of KCMCL to a very great extent.

Majority of the respondents at a mean score of 3.5690 indicated that “ensuring all logistics in terms of distribution and delivery of the end product are in place” affected the performance of KCMCL to a great extent. This means that this is a very important activity that needs to be done in order to improve the performance of KCMCL. The second activity that followed was “ensuring comprehensive customer service especially for the final consumer” at a mean score of 3.5172. The activity of “carrying out regular surveys to identify customer needs and demands” affected performance of KCMCL at an average score of 3.4483. Another average score was “conducting checks to ensure all flaws (failings) in the production process are addressed” at a mean score of 3.4310. “Capacity building to ensure adequacy in terms of skilled staff” at a mean score of 3.3966 and “Conducting checks to ensure all farmers’ operations conform to required procedures” at a mean score of 3.2931, were considered to be affecting performance of KCMCL almost to a little extent. The interviewees indicated that most of the value chain activities mentioned affected performance of KCMCL to a great extent. They continued to say that if KCMCL does not conduct checks to ensure all farmers operations conform to required procedures for example, then the overall performance of KCMCL will be affected. If farmers do not conform to required procedures, the mangoes they deliver to KCMCL will not be of the right quality to produce the right juice. If you produce substandard products no one will be willing to buy. They also said ensuring all logistics in terms of distribution and delivery of the end product are in place affects performance of KCMCL to a great extent. They clarified that currently there is no proper distribution network at KCMCL and even delivery of the end products to the market is a challenge because KCMCL do not even own a vehicle to help it access markets. Without accessing the markets KCMCL will not be able to sell their products outside their region.

4.6 Market Access

The study further sought to assess the extent to which market access affects performance of KCMCL.

4.6.1 Rating of market access on performance of KCMCL

Under the market access variable, the study first sought to find out the rating of market access on performance of KCMCL. The results are shown on table 4.13.

Table 4.13: Extent that market access affects the performance of KCMCL

| | Frequency | per cent |
|-------------------|------------------|-----------------|
| Very great extent | 47 | 70.1 |
| Great extent | 19 | 28.4 |
| Moderate extent | 1 | 1.5 |
| Little extent | 0 | 0 |
| No extent | 0 | 0 |
| Total | 67 | 100.0 |

From the findings as shown on table 4.13, (70.1%) of the respondents indicated that market access affects the performance of KCMCL to a very great extent, 28.4% said to a great extent while 1.5% said market access affects the performance of KCMCL to a moderate extent. None of the respondents indicated that market access affects performance of KCMCL to a little extent or to no extent at all. There was general consensus from the respondents that market access affects performance of KCMCL to a great extent.

4.6.2 Extent that aspects of market access affect performance of KCMCL

Still on the market access variable, the study sought to establish the extent that aspects of market access affect the performance of KCMCL.

Table 4.14: Extent that aspects of market access affect the performance of KCMCL

| | Mean | Std. Deviation |
|---|-------------|-----------------------|
| Market information (Knowing what competitors are doing, technology, pricing) | 4.0345 | .97271 |
| Market infrastructure (transportation costs, accessible roads, distribution channels) | 3.9655 | .93594 |
| Product development (variety, quality, standards, packaging, advertising and promotion) | 3.6897 | 1.07942 |

This variable was measured on a scale of 1 to 5, with 1 signifying that the aspect of market access does not affect performance of KCMCL at all and 5 signifying that the aspect of market access affects performance of KCMCL to a very great extent. The findings indicate that market information, market infrastructure and product development all affect the performance of KCMCL to a great extent with mean scores of 4.0345, 3.9655 and 3.6897 respectively.

The interviewees all indicated that market access affects performance of KCMCL to a very great extent. They continued to say that lack of market information hinders access to markets for KCMCL. KCMCL are starved of information they do not have information on supply and demand of the products therefore setting prices is difficult, they also said they lack capacity to do research and are therefore short of information on what their competitors are doing and that they often make decisions on what to produce in the market with inadequate information. Another major challenge sighted by all interviewees which relates to market infrastructure is transportation cost. KCMCL does not own even a single vehicle. They are therefore not able to take their products to very far places. Transportation of their products is a costly affair because it means they hire vans or pickups every time they transport their products to the various markets. Because of this, the interviewers say that the KCMCL products are only available around Kitui environs. Another factor mentioned by the interviewees is that there is no distribution channel at KCMCL. People who are near the environs buy the juice directly from the factory. Product development is another factor that was collectively agreed upon to be a barrier to accessing markets for KCMCL.

KCMCL have not diversified and are currently only producing mango juices, cocktail and water. The quality of their products do not meet international standards and hence they are not able to sell their products internationally. They still have a very long way in terms of quality and international standards for them to be able to penetrate and try new markets outside the country that would enhance their performance. The interviewees also noted that KCMCL do not advertise and promote their products. Hence they are not able to access the other markets because their products are not known. The KCMCL also do not have a strong marketing team that would enable them access more profitable markets and open ways for new markets. Interviewees indicated that the distribution channel of KCMCL is weak and currently people are purchasing their products directly from the factory.

4.7 Business Skills

Under the business skill variable, the study sought to find out the level of business skills of the members who run the enterprise and its influence on performance of KCMCL.

4.7.1 General business skills of members of MEECP, who run the KCMCL

The study first sought to find out the general business skills of members who run the KCMCL.

Table 4.15: General business skills of members of MEECP, who run the KCMCL

| | Frequency | Per cent |
|-------------------------------------|------------------|-----------------|
| They have excellent business skills | 2 | 2.9 |
| They have good business skills | 5 | 7.5 |
| They have average business skills | 10 | 14.9 |
| They have poor business skills | 43 | 64.2 |
| They have very poor business skills | 7 | 10.4 |
| Total | 67 | 100.0 |

Majority of the respondents (64.2%) indicated that members of MEECP, who run the enterprise had poor business skills, 14.9% said the members have average business skills, 10.4% said they have very poor business skills, 7.5% of the respondents said the members had good business skills, while 2.9% of the respondent indicated that the members had excellent business skills. From the findings it can be concluded that the members have poor business skills and this affects the performance of KCMCL.

4.7.2 Extent that various business skills affect the performance of KCMCL

The study also sought to find out the extent that various business skills affect the performance of KCMCL.

Table 4.16: Extent that various business skills affect the performance of KCMCL

| | Mean | Std. Deviation |
|------------------------|-------------|-----------------------|
| Management skills | 3.7414 | .92831 |
| Financial skills | 3.7759 | .948 |
| Marketing skills | 3.7759 | .99195 |
| Human Resources skills | 3.5517 | 1.11091 |
| Entrepreneurial skills | 3.8448 | 1.02258 |

This question measured the extent to which the various business skills affect performance of KCMCL. This was measured on a scale of 1 to 5, with 1 indicating that the business skill does not affect performance of KCMCL at all and 5 indicating that the business skill affects performance of KCMCL to a very great extent. Most of the respondents indicated that the various business skills, that is, management, financial, marketing, human resources and entrepreneurial skills affect performance of KCMCL to a great extent. Entrepreneurial skills was ranked the highest at a mean score of 3.8448, as one of the skills that affected performance of KCMCL to a great extent, followed by marketing skills and financial skills at a tie with a mean score of 3.7759 each, management skills followed with a mean score of 3.7414 and human resources skills was thought to affect performance of KCMCL at an average level with a mean score of 3.5517.

Majority of the interviewees indicated that the members of MEECP who run KCMCL had poor business skills. The interviewees mentioned that the business skills of the people who run KCMCL do not match with the skills required to manage the enterprise. They mentioned that the members lacked adequate management skills, lack of proper organization, planning, staffing and directing came up. The interviewees added that KCMCL lacked leadership skills and knowledge of business enterprise and yet people rely on their expertise to grow the enterprise. The interviewees added that the decision makers are many, without qualified skills to bring to the table, which makes it hard for ideas to be implemented as they ought to be. They also alluded that there are market gaps when the people in the management (actually the decision makers, and not the implementers) want to suddenly get rich very fast, they forget that modern day consumers cannot buy an expensive product again and again as the current consumers are well informed.

4.8 Correlation Analysis

Table 4.0.1: Correlation Matrix

| | | Performance of community owned enterprises | Governance | Value chain efficiency | Market Access | Business skills |
|--|-------------------------------------|--|------------|------------------------|---------------|-----------------|
| Performance of community owned enterprises | Pearson Correlation Sig. (2-tailed) | 1 | . | . | . | . |
| Governance | Pearson Correlation Sig. (2-tailed) | .638 | 1 | . | . | . |
| Value chain efficiency | Pearson Correlation Sig. (2-tailed) | .764 | .523 | 1 | . | . |
| Market Access | Pearson Correlation Sig. (2-tailed) | .622 | .743 | .597 | 1 | . |
| Business skills | Pearson Correlation Sig. (2-tailed) | .529 | .533 | .720 | .531 | 1 |
| | | .047 | .009 | .002 | .014 | . |

The data presented on governance, value chain efficiency, market access and business skills were computed into single variables per factor by obtaining the averages of each factor. Pearson's correlations analysis was then conducted at 95% confidence interval and 5% confidence level 2-tailed. The table above indicates the correlation matrix between the factors (governance, value chain efficiency, market access and business skills) and performance of KCMCL. According to the correlation matrix, there is a positive and significant relationship between performance of community owned enterprises and governance of magnitude 0.638 and a P-value of 0.029 at 5% level of significance and 95% level of confidence. The positive relationship indicates that there is a correlation between governance and the performance of COEs.

The findings also show that there is a positive and significant relationship between performance of COEs and value chain efficiency of magnitude 0.764 and a P-value of 0.017 at 5% level of significance and 95% level of confidence. The positive relationship indicates that there is a correlation between value chain efficiency and the performance of COEs.

According to the correlation matrix, there is a positive and significant relationship between performance of COEs and market access of magnitude 0.622 and a P-value of 0.021 at 5% level of significance and 95% level of confidence. The positive relationship indicates that there is a correlation between market access and the performance of COEs.

According to the correlation matrix, there is a positive and significant relationship between performance of COEs and business skills of magnitude 0.529 and a P-value of 0.047 at 5% level of significance and 95% level of confidence. The positive relationship indicates that there is a correlation between business skills and the performance of COEs.

The correlation findings infers that value chain efficiency has the highest effect on performance of COEs, followed by governance, then market access while business skills have the lowest effect on the performance of COEs. This notwithstanding, all the factors were significant (p-value <0.05) at 95% confidence level.

CHAPTER FIVE

SUMMARY OF FINDINGS, DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the discussion of key data findings, conclusion drawn from the findings highlighted and recommendation made there-to. The conclusions and recommendations drawn were focused on addressing the objectives of the study.

5.2 Summary of Findings

The study sought to examine the influence of governance on performance of KCMCL, establish how value chain efficiency affects performance of KCMCL, assess the extent to which market access affects performance of KCMCL and determine the level of business skills of the community members and its influence on performance of KCMCL.

From the findings it can generally be said that the MEECP has improved the lives of members of Mutonguni community. This is an indication that COEs are changing the lives of communities.

Issues of governance like leadership and decision making process was found to be good. The other issues like recognition of stakeholders' rights, effective participation, equity and fairness were found to be average. Governance issues that were not good were accountability and transparency with ownership being the last. The overall findings generally indicate that governance issues at KCMCL were average. The findings generally indicate that governance issues affect performance of KCMCL to a great extent. Leadership and decision making process were indicated as the issues that affect performance of KCMCL to the greatest extent as compared to the rest. The interviewees indicated that KCMCL and indeed the MEECP as a whole had internal governance issues that affect its performance. It was reported that some people in management were related and tend to run the enterprise like a family business.

The study further established that there is good value chain linkage between the farmers and factory / management team. There is very poor linkage between the factory and distributors and distributors and final consumers. This indicates that the chain from the time the farmers plant their mangoes to the time the final product reaches the final consumer is not well linked.

Different activities in the value chain efficiency were measured and findings indicate that “ensuring all logistics in terms of distribution and delivery of the end product are in place” affected performance of KCMCL to a great extent. This means that this is an important activity that needs to be done if KCMCL is to improve its performance. Another finding from the computation of the correlation matrix shows the value chain efficiency with the highest coefficient of 0.764. Meaning it had the highest influence on performance of KCMCL.

The study found out that there is lack of market access for KCMCL and that this affects its performance to a very great extent. KCMCL has no adequate market information to enable them make informed decisions. They also have a challenge with transportation of their products to the market. They do not even own a single vehicle and have to hire vehicles every time they want to transport their goods. Because of transportation challenges they tend to concentrate their business within the surroundings of the region. Product development was found to be lacking. They do not have a variety of juices to enable them compete well with other established businesses in the market. KCMCL are not producing products that meet the required international standards that can enable them access outside markets. From the findings there was almost a general consensus that lack of market access affects performance of KCMCL to a very great extent.

The findings from the study indicate that members of KCMCL generally have poor business skills. The findings indicate that lack of business skills affect performance of KCMCL to a great extent. Business skills that affect performance of KCMCL in order of ranking starting with the one with the highest influence on performance of KCMCL are as follows: entrepreneurial skills, marketing and financial skills at a tie, management skills and lastly human resources skills sometimes referred to as people’s skills.

5.3 Discussion of Findings

This section looks at findings of the four variables, that is influence of governance on performance of KCMCL, the value chain efficiency on performance of KCMCL, the extent to which market access affects performance of KCMCL and the level of business skills of the community members and its influence on performance of KCMCL. This section further looks at how these finding are linked to previous literature.

The findings show that MEECP has improved the lives of members of Mutonguni community. This is an indication that COEs are changing the lives of communities. This is in line with the findings in the literature review which indicates that COEs are an increasingly important part of our national economy as they serve to enhance the quality of life and economic development of a particular region (Peredo 2001).

In regard to the question on best practices observed at MEECP, the interviewees indicated one best practice observed at MEECP as rehabilitation of the ecosystem. This helps in conservation of the environment for a sustainable future. This finding links to what Manyara et al (2006) in his exploration study on community based tourism enterprise development in Kenya, says that, the development of COEs in Kenya is associated with and has evolved from the conservation agenda and as a result there are few if any, non-conservation based COE. MEECP and its enterprise component the KCMCL are conservation based.

5.3.1 Governance

The study established that issues of governance affect the performance of KCMCL to a great extent. From the literature review, Harvey and Reed (2007), note that there is growing literature linking governance and enterprise performance, there is also a diversity of results which could be explained by differences in research imminent to some crucial factors, that is, nature of enterprise, performance measurement development, methodology, structure of boards and others.

Findings indicate that leadership and decision making process at KCMCL affects their performance to a great extent. This can be attributed to the fact that their structure which is headed by a Board of Directors drawn from MEEMA, KCMCL and Kitui County Fruit Processors Co-operative Society is not well constituted and some members feel that they are not well represented. This is linked to what Cornell and Kalt (2010), say that the success of COEs depend upon its ability to create and strengthen the institutional structures and trust needed to collectively make important decisions for its internal operation and growth. The study found out that decision making process at KCMCL takes long and sometimes community members feel that they are left out when important decisions are being made, this brings out the issue of participation.

For COEs to be successful, effective participation and representation of all members is key. This is in line with what Osterberg & Nilsson (2009), say, that the nature of COEs requires a democratic process of governance. This requires the active participation of the members in important decision making processes. The more members participate in decision making and other activities of their enterprise, the more they will be committed to the enterprise. In the same vein, Ndagu and Obuobi (2010) say that the basis of any sound management and good governance includes proper decision making process. They continue to say that there is a strong link between five elements of governance which are accountability, proper decision making process, fairness & equity, effective participation and transparency, and the performance of any enterprise.

Mawunganidze (2002) also say that many of the success factors in any project flow from good leadership and management. Well managed COEs will have good monitoring data and gather feedback from the community; they will put in place good governance principles and structures to enable smooth succession and will have links with other stakeholders.

The study generally found out that KCMCL has elements of bad governance. If they need to perform well and succeed they need to address the issues of governance. This is consistent with what Ndagu and Obuobi (2010), say that the need for good governance is no longer the preserve of listed companies, proper management and governance are very important components of success for all businesses. COEs need to embrace best business practices, in order for real transformation to be realised in our economies.

In line with governance issues, (Harvey and Reed, 2007), say that there are some commonly accepted key principles or elements of good governance that are applicable to both the public and private sectors, and which affect performance of enterprises. The three most common ones are: accountability, both internal and external; transparency or openness; and recognition of stakeholders or shareholders rights. Often to these are added: efficiency, integrity, stewardship, leadership, an emphasis on performance as well as compliance, and stakeholder participation or inclusiveness. Issues of governance are very crucial for any enterprise to succeed. KCMCL should be fully aware of what constitutes good governance, and embrace good governance practices which in turn will enhance their performance.

5.3.2 Value Chain Efficiency

The study established that value chain efficiency affects the performance of MEECP to a very great extent. From the literature review, the value chain concept is conceptualized by Kula et al (2006), as an aggregation of value systems. Value systems integrate chain activities from determination of customer needs through product or service development, production or operations and distribution, including first, second and third tier activities.

The study indicates that there is good linkage between farmers and factory, but there is no linkage between factory and distributors and distributors and final consumers. The fact that the factory does not have good linkage with the distributors and final consumers attributes to poor performance. There is need for a proper linkage with all the actors in the value chain from the time the farmers plant the mango seedlings to the time the final product is consumed by customers in order to improve performance of an enterprise. Through this linkage value is added to the product at every stage and hence an enterprise is able to achieve its desired objectives. This is consistent with Duliba and Kauffman (2001) who suggest that while discrete value activities are the building blocks of competitive advantage, they are not independent. They are related by linkages within the chain, which reflect relationships between the way one value activity is performed and the cost or performance of another. Drucker (2001) adds that linkages within the value chain are crucial for competitive advantage and performance, but are often subtle and go unrecognized. On the same vein, Pathania-Jain (2001) says that when the system is managed carefully, the value chain linkages can be a vital source of competitive advantage.

5.3.3 Market Access

The findings show that KCMCL does not have good market access. They lack adequate market information which is necessary to enhance market decisions and accomplish market plans. The importance of market information is stressed in a study done and compiled by FAO (2011), which says that an essential element for any enterprise to be able to participate in markets is information, and not only information on what prices are prevailing, but also information on trade contacts and technical matters. Market infrastructure is also affecting the performance of KCMCL. They indicate that they do not have any vehicle to transport their products to the market and often incur high transport costs to deliver their products to the market. This also affects the number of outlets they are able to reach.

They tend to distribute their products mainly to regions around their factory. Increased transaction costs was highlighted in the literature as contributing to lack of participation in the markets for especially rural small enterprises. This is in line with what Jagwe, Machethe and Ouma (2010) say, on transaction costs and small holder farmer participation in banana markets in the Great Lakes Region of Central Africa.

The literature review shows that in Kenya marketing of agricultural produce and products is critical to increasing agricultural productivity and commercialization of enterprises in order to promote farm and nature based enterprises which will provide communities with sustainable livelihood activities. (Government of Kenya 2010).

The findings indicate that KCMCL face various challenges in accessing markets. These include lack of adequate market information, lack of adequate market infrastructure and lack of product development to enhance quality and standards of their products in order to be able to penetrate international markets. Market access is very important if KCMCL wants to improve its performance and grow the enterprise. This is in line with the report from DFID (2005), which sees markets as the main transmission mechanism between growth in the wider economy and the lives of the poor. Markets are a link between the local and global economy. On the same vein, a report from FAO (2009) indicates that markets play a role in facilitating economic efficiency through promoting the exchange of goods and services and other resources.

The findings show that KCMCL only sell their products within the region of Kitui County and mainly around the environs of Musengo area. In his study, Roger et al (2002) indicates that it is important that enterprises look beyond their local catchment area. Globalization presents both challenges and opportunities. As much as COEs, remain local they need to consider markets beyond their national and regional boundaries.

Existing literature of COEs indicate that lack of market access is a strong constraint to growth of enterprises (Peredo 2001). Market Access remains a major constraint to the competitiveness of most enterprises. This can be improved by linking buyers to sellers, improved communication, improved networking, provision of market information, market research and analysis, improving the quality of products and reducing market transaction costs.

From the findings it is right to say that KCMCL have little or no information on market conditions, prices and quality of goods. They lack the collective organization that can give them the power they require to interact on equal terms with other, generally larger and stronger market. With little experience and no information, KCMCL has no basis upon which to plan a market oriented production system.

5.3.4 Business Skills

Findings indicate that the people who manage KCMCL have poor business skills. This study also revealed that business skills affects the performance of KCMCL to a moderate extent. A report from USAID (2012) observed that the level of business skills in Africa is generally low and especially in the rural areas and Kenya is no exception. The USAID paper says access to information and training on a variety of business and industry specific topics is hard to come by especially for speciality food producers.

The findings indicate that people managing KCMCL do not have adequate business skills. Lack of adequate business skills at KCMCL affects the performance of the enterprise. This is in line with what Botha (2006) says that “the absence or low levels of key business skills like management skills, ability to gather resources, financial management, human resource management, marketing and technical skills, may lead to zero performance, while weakness in a particular element would decrease effectiveness in the overall performance of an enterprise”. Many writers including Drucker, (1954) and Analoui and Husseinin (2001) also say that for businesses to be successful managers with adequate managerial knowledge and skills must support them.

The managers of KCMCL need to be supported through management trainings and where this is not enough there is need to hire people from outside the community who have the required management skills. This is in line with what Analour (2002) says in the literature review that managers play a critical role in the success of the business and one way to develop managerial competencies and effectiveness is to provide the managers with opportunities to attend management training programmes.

However the issue of hiring people outside the community to manage COEs contravenes what Cornell and Kalt (2010) found out in Native American enterprises where successful COEs are said to be successful because they create their own human capital among other things. The researcher would like to argue here that the success of COEs will also be influenced by other intervening variables, like capacity of the managers which also depend on the level of education of the managers.

5.4 Conclusions

From the findings, the study concludes that issues of governance affect the performance of KCMCL to a great extent. Leadership and decision making process is bad and has a negative effect on the performance of KCMCL. The study further deduced that value chain efficiency affect the performance of KCMCL to a great extent. Value chain linkage is poor between the factory and the distributors and the distributors and final consumers. Findings indicate that there is some linkage between the farmers and the factory. Some aspects of value chain efficiency which were not being adhered to include ensuring logistics in terms of distribution and delivery of the end product are in place and also KCMCL does not carry out regular surveys to identify customer needs and demands.

The study also concludes that market access affects the performance of KCMCL to a very great extent. KCMCL does not have adequate market information, adequate market infrastructure and product development is also lacking. This is a barrier for them to access especially new markets and markets outside their regions. Difficult market access restricts opportunity for income generation. The study also revealed that the management of KCMCL lack adequate business skills to grow the enterprise and remain competitive in the ever changing business environment.

The study finally concludes from the correlation done after the findings that all the variables have a strong correlation to performance of KCMCL. From the findings, value chain efficiency has the strongest correlation to performance of KCMCL, followed by governance, then market access and finally business skills.

5.5 Recommendations

From the study findings and conclusions, the study recommends that:

1. It is clear that MEECP is improving the lives of the communities of Mutonguni and its environs. It is therefore necessary for the members to continue with the good work of rehabilitating the Mutonguni ecosystem in order to conserve the environment for a sustainable future.
2. Bad governance is affecting the performance of KCMCL to a great extent. KCMCL should be fully aware of what constitutes good governance. It is therefore necessary for the community to be sensitized and issues of governance especially the once affecting their performance should be fully addressed. KCMCL is an enterprise owned by the community and it is important that everyone feels like they are part of the enterprise. KCMCL should embrace good governance practices which in turn will enhance their performance.
3. The structure of KCMCL is not working well. There is need to address the structure and let the community choose the people they would like to represent them at the Board level. This will ensure good representation of stakeholders' interest, and the members of the community will feel a sense of ownership, since they will be well represented.
4. There are some important missing links in the value chain of KCMCL which is greatly affecting its performance. There should be a strong link on the value chain from the time the farmers plant their seedlings to the time products are consumed by the final consumer. Everyone on the value chain is important and linked to performance of KCMCL in one way or another, every stage or tier on the value chain affects performance of KCMCL. There is need for training on value chain so that KCMCL can appreciate the importance of the linkages in the value chain.
5. It is recommended that KCMCL should establish a strong chain linkage that will lead to value chain efficiency. This will enable KCMCL to reduce their production costs while ensuring quality inputs and maximum outputs to guarantee a sustainable flow of quality goods to customers.

6. The study recommends that KCMCL hire qualified competent marketing staff who will guide them on especially issues of market access.
7. The study also recommends that from time to time KCMCL should engage the services of market professionals who can do a comprehensive market research in order for KCMCL to understand their customers and markets. Through market research KCMCL will get reliable market information that will enable them to make informed marketing decisions to improve their performance.
8. The study recommends that KCMCL should consider looking for funds and investing in motor-vehicles in order to ease costs associated with transportation of their products to the market. Quick, effective and reliable transportations are basic to effective performance of COEs.
9. The business world is changing a lot, enterprises that do not move with the change are said to be doomed. The taste of consumers change all the time, it is necessary to consider product development in order for KCMCL to remain relevant in the market. KCMCL should consider rebranding their products in order to enhance their competitiveness. The labels on their package should be modified by adding features or details such as country of origin, postal address and the physical location of the enterprise and so on. These will enhance their quality and standards to be able to compete with other products outside the region.
10. KCMCL should also consider advertising and promoting their products outside the region so that other people know about their products.
11. The study established that KCMCL management have poor business skills. It is recommended that they are trained on business skills in order to improve their managerial, marketing, financial, as well as human resource skills. Studies reveal that managers with relevant training run successful businesses compared to their untrained counterparts.

12. To improve performance of KCMCL, the study recommends increasing the capacity and skill of the managers and all decision makers as well as staff of KCMCL through continuous trainings, experience sharing from successful enterprises, and provision of advice and consultancy services.
13. The study recommends that KCMCL should not be rigid to only consider hiring staff from their community. They should hire professional qualified staff from outside the region where there is a gap that cannot be filled by their community members. It is better to have a professional staff from outside the region who is able to perform as compared to hiring someone within the community who is not able to perform.

5.6 Suggested Areas for Further Research

Another study should be done to investigate the factors affecting performance of COEs in other regions in the country other than Kitui to allow for generalization of results. A similar study should also be done on other big COEs since their operations are different from that of small companies.

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APPENDICES

Appendix 1: Letter of Introduction

Pauline Christine Omayo

P O Box 54491 - 00200

NAIROBI

TO WHOM IT MAY CONCERN

Dear Sir/Madam

RE: REQUEST FOR PARTICIPATION IN A RESEARCH STUDY

I am a final year Master of Arts student at the University of Nairobi, specializing in Project Planning and Management. I am currently undertaking a research on “FACTORS AFFECTING PERFORMANCE OF COMMUNITY OWNED ENTERPRISES: A CASE OF MUTONGUNI ECOSYSTEM ENVIRONMENT CONSERVATION PROJECT IN KITUI COUNTY, KENYA FUNDED UNDER COMMUNITY DEVELOPMENT TRUST FUND”.

I will be grateful if you could spare sometime from your busy schedule and fill in the questionnaire. All the information provided will be purely used for academic purposes and your identity will be treated with utmost confidentiality.

Thank you for your cooperation.

Yours faithfully,

Pauline Christine Omayo

Reg. No. L50/70721/2011

Appendix 2: Questionnaire

Instructions:

Please read each question carefully and follow the instructions. Kindly answer all the questions by ticking or filling in the spaces provided. All responses given will be treated with utmost confidentiality.

General Information

1) Please indicate your gender

- (a) Male (b) Female

2) What is your age bracket? (please tick one).

- (a) Below 20years (b) 21 - 30 years (c) 31 - 40 years
(d) 41 - 50 years (e) 51 - 60 years (f) Above 60 years

3) Please indicate your highest level of education

- (a) Primary School (b) Secondary School (c) College
(d) Degree (e) Masters (f) PhD
(g) Others (Specify) _____

4) What is your occupation or profession (teacher, farmer, nurse, doctor, accountant, engineer, community worker, administrator, manager, businessman / woman, Other specify):

5) Additional role in the Project

- (a) Internal Staff (b) PIC Member (c) Associate (d) Partner
- (e) Member of Mutonguni Ecosystem Environmental Conservation Project
- (f) Member of Kitui County Fruit Processors Co-operative Society Limited
- (g) CDTF Staff
- (h) Others (Specify) _____
-

PERFORMANCE OF COMMUNITY OWNED ENTERPRISES

6) In your opinion how can you rate Mutonguni Ecosystem Environmental Conservation Project in terms of improving the lives of the community? (please tick one)

- (a) Greatly improved (b) Improved (c) Average
- (f) Slight improvement (g) No improvement at all

7) Please comment on the following areas in terms of performance of Kitui County Multi-processor Company Limited since it started?

| | Greatly Improved | Improved | Constant | Decreasing | Greatly decreased |
|-------------------------|------------------|----------|----------|------------|-------------------|
| Production rate | | | | | |
| Profitability / Revenue | | | | | |
| Sales turnover | | | | | |
| Capacity utilization | | | | | |

GOVERNANCE

8) How would you rate governance at Mutonguni Ecosystem Environment Conservation Project in terms of the following governance issues:

| | Very good | Good | Average | Bad | Very bad |
|--|-----------|------|---------|-----|----------|
| Accountability / Transparency | | | | | |
| Effective participation | | | | | |
| Recognition of stakeholder / shareholder rights | | | | | |
| Efficiency and responsibility | | | | | |
| Leadership and decision making process | | | | | |
| Ownership | | | | | |
| Equity and Fairness | | | | | |
| | Very good | Good | Average | Bad | Very bad |
| Gender equity: All genders well represented (2/3rd majority rule) | | | | | |
| Non-discrimination (in terms of race, colour, clan, disabilities): | | | | | |
| Nepotism | | | | | |

9) To what extent do the following aspects of governance affect the performance of Kitui County Multi-processor Company Limited?

| | Very great extent | Great extent | Moderate extent | Little extent | Not at all |
|---|-------------------|--------------|-----------------|---------------|------------|
| Accountability / Transparency | | | | | |
| Equity and Fairness | | | | | |
| Effective Participation | | | | | |
| Ownership | | | | | |
| Recognition of stakeholder/shareholder rights | | | | | |
| Efficiency and responsibility | | | | | |
| Leadership and decision making process | | | | | |

VALUE CHAIN EFFICIENCY

10) Please indicate your place on the value chain of Kitui County Multi-processor Company Limited.

- (a) Inbound logistics (e.g. farmers)
- (b) Operations (e.g. producers/manufacturers)
- (c) Marketing & Sales
- (d) Distributor
- (e) Consumer
- (f) Others (Please specify) _____

11) In your opinion how would you describe the following linkages of value chain at Kitui County Multi-processor Company Limited?

| Linkage | Very well linked | Good linkage | Poor linkage | No linkage |
|----------------------------------|------------------|--------------|--------------|------------|
| Farmers and Factory | | | | |
| Factory and Distributors | | | | |
| Distributors and Final Consumers | | | | |

12) To what extent do the following aspects of value chain efficiency affect the performance of Kitui County Multi-processor Company Limited?

| | Very great extent | Great extent | Moderate extent | Little extent | Not at all |
|---|-------------------|--------------|-----------------|---------------|------------|
| Conducting checks to ensure all farmers' operations conform to required procedures. | | | | | |
| Conducting checks to ensure all flaws (failings) in the production process are addressed. | | | | | |
| Ensuring all logistics in terms of distribution and delivery of the end product are in place. | | | | | |
| Carrying out regular surveys to identify customer needs and demands. | | | | | |
| Capacity building to ensure adequacy in terms of skilled staff. | | | | | |
| Ensuring comprehensive customer service especially for the final consumer. | | | | | |

MARKET ACCESS

13) To what extent do you think market access affects the performance of Kitui County Multi-processor Company Limited?

- (a) Very great extent []
- (b) Great extent []
- (c) Moderate extent []
- (d) Little extent []
- (e) No extent []

14) To what extent do the following aspects of market access affect the performance of Kitui County Multi-processor Company Limited?

| | Very great extent | Great extent | Moderate extent | Little extent | Not at all |
|---|-------------------|--------------|-----------------|---------------|------------|
| Market information (Knowing what competitors are doing, technology, pricing) | | | | | |
| Market infrastructure (transportation costs, accessible roads, distribution channels) | | | | | |
| Product development (variety, quality, standards, packaging, advertising and promotion) | | | | | |

Any other Comments on market access: _____

BUSINESS SKILLS

15) In your opinion, how would you rate the general business skills of members of Mutonguni Ecosystem Environment Conservation Project, who run the Kitui County Multi-processor Company Limited? (Please tick one)

- (a) They have excellent business skills []
- (b) They have good business skills []
- (c) They have average business skills []
- (d) They have poor business skills []
- (e) They have very poor business skills []

16) To what extent do the following business skills affect the performance of Kitui County Multi-processor Company Limited?

| | Very great extent | Great extent | Moderate extent | Little extent | Not at all |
|----------------------------|-------------------|--------------|-----------------|---------------|------------|
| (a) Management skills | | | | | |
| (b) Financial skills | | | | | |
| (c) Marketing skills | | | | | |
| (d) Human Resources skills | | | | | |
| (e) Entrepreneurial skills | | | | | |

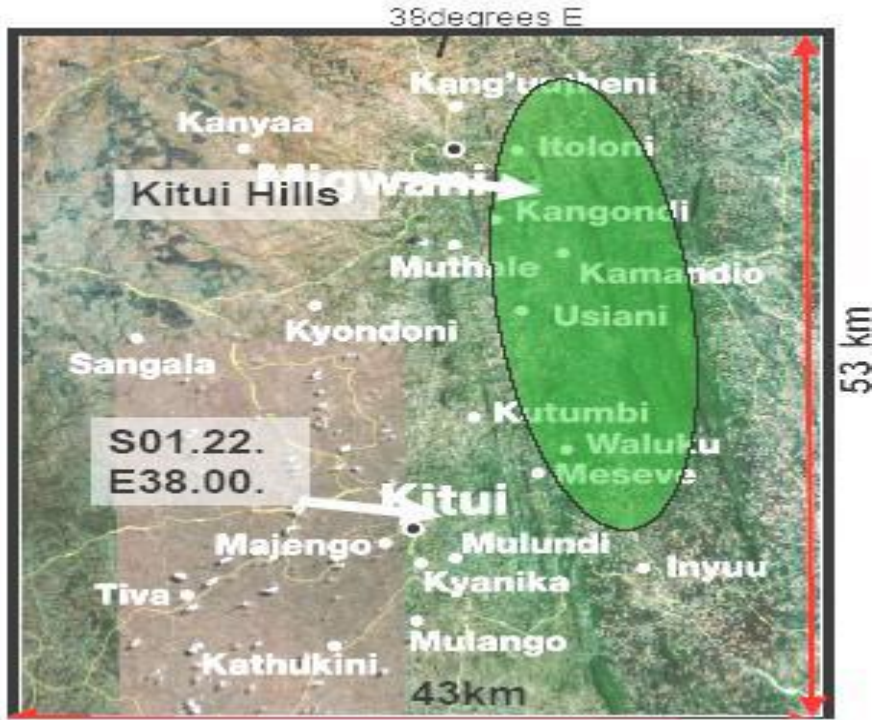
Any other Comments on business skills: _____

Thank you for taking time out of your busy schedule for this study

Appendix 3: Interview Guide for Key Informants

1. How would you describe the overall performance of Mutonguni Ecosystem Environment Conservation Project in terms of improving the lives of the community and conserving the environment?
2. What best practice have you observed at Mutonguni Ecosystem Environmental Conservation Project that would lead to sustainability and impact for Kitui County Multi-processor Company Limited?
3. Is there good governance generally at the Mutonguni Ecosystem Environment Conservation Project? Briefly explain.
4. How does governance affect performance of Kitui County Multi-processor Company Limited?
5. In your opinion, how effective is the value chain at Kitui County Multi-processor Company Limited?
6. Describe briefly how Kitui County Multi-processor Company Limited is linked to farmers, producers, marketers, distributors and the final consumers.
7. How does market access affect performance of Kitui County Multi-processor Company Limited?
8. How do business skills affect performance of Kitui County Multi-processor Company Limited?
9. In your opinion, what should be done to improve the performance of Kitui County Multi-processor Company Limited?

Appendix 4: Musengo location of Mutonguni Division which is in Kitui West district



Appendix 5: List of the Project Management Committee

The project is run by a project implementation committee (PIC) comprising of 15 members.

The following table shows the composition of the PIC, their profession and function.

| | Profession | Function | Male or female |
|-----|-------------------------------------|-------------------|-----------------------|
| 1. | BEd-Teacher | PIC Chairperson | Female |
| 2. | Tour Guide | PIC/V/Chairperson | Male |
| 3. | Police-Retired | Treasurer | Male |
| 4. | CPA 1 | Member | Male |
| 5. | Livestock officer-retired | Secretary | Male |
| 6. | Sales and marketing | Member | Male |
| 7. | Community health worker | Member | Female |
| 8. | Farmer | Member | Female |
| 9. | Chief | Member | Female |
| 10. | Forester | DFO-associate | Male |
| 11. | Agricultural Engineer | DAE- associate | Male |
| 12. | Livestock production officer | DLPO- associate | Male |
| 13. | Water Engineer | DWO- associate | Male |
| 14. | Environmentalist | CFA chairman | Male |
| 15. | Forest conservator/Environmentalist | Project Manager | Male |

Source: Mutonguni Ecosystem and Environmental Conservation Project (2012)