Management Strategies and The Performance of Youth Agri-Businesses in Kenya: A Case of Farm Africa

Michelle Wambui Muiruri, Fr. Paul Mathenge and Dr. Joseph Ntale
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1*Michelle Wambui Muiruri

1Postgraduate Student: School of Business, Catholic University of Eastern Africa

*Corresponding email: michellemuiruri91@gmail.com

2Fr. Paul Mathenge

Lecturer: School of Business, Catholic University of Eastern Africa

3Dr. Joseph Ntale

Lecturer: School of Business, Catholic University of Eastern Africa

Abstract

Purpose: The general objective of the study is to assess management strategies and performance of youth agribusinesses in Kenya: case of Farm Africa. Three research objectives were used; to find out the effect of differentiation strategy on the performance of youth led agribusiness at Farm Africa, to establish the effect of cost leadership strategy on the performance of youth led agribusiness at Farm Africa, and to assess the effect of focus strategy on the performance of youth led agribusiness at Farm Africa.

Methodology: This study adopted a case study research design. The study population was all the 30 youth who participates in agribusinesses. Censuses method was then used since the population was manageable. This research study used questionnaires as the primary research instruments for data collection. A statistical tool known as Statistical Packages for Social Sciences (SPSS version 20) (Park, 2015) were used for the process of data analysis. The data that was collected was analyzed by use of descriptive statistics and Pearson Correlation analysis method as well as regression analysis.

Findings: The study concludes that differentiation costs had positive significant relationship with the performance of agribusinesses at Farm Africa. The study concludes that cost leadership strategy led in the improvement of performance of agribusinesses at Farm Africa. The study concludes that majority of the farmers that were studied adhered to focus strategy because it helped them in improving overall performance of agribusinesses at Farm Africa. The study concludes that finance was a key determining factor in the performance of agribusinesses.

Unique contribution to theory, practice and policy: The study recommends that farmers at Farm Africa need to adhere to product differentiation such that they cannot easily be copied by rivals. The study recommends that farmers should have flexible product costs together with water tight market price strategies that could promote performance. The study recommends that in order to enhance focus strategy, farmers should strive to exploit differences in cost behavior in market segments in order to improve agribusiness performance. The study recommends that policy
makers should come up with farmer friendly financial policies that will cushion farmers from high interest rates charged by financial institutions such as MFIs and commercial banks.

**Key Words:** Differentiation Strategy, Cost Leadership Strategy, Focus Strategy, Access to Finance and Performance, Youth Led Agribusiness.

**Introduction**

Strategies can be defined as an action plan that is designed to help in achieving long-term business goals and objectives (Hossain & Jaim, 2011). Therefore, the study uses Porters’ theory of strategies to help determine the level of performance of youth led agribusiness at Farm Africa. On other hand, agri-business can be defined as any business that draws its income from agricultural related practices (Bairwa, Lakra, Kushwaha, Meena & Kumar, 2014). Performance can be defined as reflection on the way a firm’s are utilized that can enable it to realize its goals and objectives concerning regarding profitability (Herrington & Wood, 2013). Therefore, a combination of agriculture and business leads to agri-business. Thus, agribusiness engages in various activities related to agricultural sectors which then help in reducing poverty and ultimately improving a country’s economic performance.

Porter’s (1980) model of strategies addresses businesses and help entrepreneurs in understanding the right strategies that could be adopted so as to outpace market competitors and business rivals. Porter’s theory implies that entrepreneurs intending to improve the performance of their businesses should always come up with commendable strategies that would spur the growth of their agribusiness. This should be adhered to in spite of the fact that they operate in ever competitive, unpredictable as well as turbulent business environment (Suárez, 2012). Therefore, the reason as to why Porter’s business strategy theory is integral to farm managers and other participants is because it results to immense benefits in as far as improved agribusiness performance is concerned for a firm (McElwee & Smith, 2012). Therefore, Porter’s strategy can inform a firm’s long term competitive strength and can also help in generating continuously high profit rate over business rivals.

Conversely, in order to depict good performance, agribusiness must first choose the correct market positioning. Therefore, all Porter’s three strategies do possess great benefits in as far as above-average profits achievement by agribusinesses at Farm Africa is concerned. Thus so as to improve the performance of their farm related activities, there is high need for adoption of rightful strategies that could spur business growth (McElwee & Smith, 2012). According to Hossain and Jaim (2011), agribusiness’ performance may depend on the match between the firm and the selected strategy. Choosing the right strategy is thus dependent upon the decision making on strategy to adopt so as to enhance performance of agribusinesses (Singh, 2014). According to McElwee and Smith (2012), many agribusiness managers always faces hardships in choosing the strategy that fits best a firm’s strengths, resources and is rarely copied by rivals. Thus before strategy choice, competitors’ knowledge, and industry knowledge as well as business environment must be assessed. Consequently, Porter’s (1980) model enhances the making of decisions on strategies to be embraced and this goes a long way in determining agribusiness’ performance.
According to Porter (2002), the three generic strategies can be applied by a given firm to overcome forces in the market and improve agribusiness performance. There are two basic segments of competitive advantage. These are differentiation strategy and cost leadership (Porter, 1985). Literature shows that a company’s performance position within a particular industry is anchored on its choice on cost leadership versus differentiation. Therefore, Porter’s strategies are important because they help in promoting strategic positions whether in broadest or the simplest levels that could in turn improve performance. As articulated by Gwija (2014), youth agribusinesses are highly regarded as an important strategy to solve not only unemployment, but as a mechanism to respond to uncertain national landscape among the youths.

Therefore, their use of Porter’s strategies matters in determining the performance of their agribusiness. So it is an important mechanism to deal with the youth’s unemployment agenda (Stupnytska, Koch, MacBeath, Lawson & Matsui, 2014). Investing in agribusiness ventures and educating young people to start-up those ventures can be an invaluable tool to advance human resources so as to promote the performance of youth led agribusiness. Therefore, youth agribusinesses have important role to play in the process of industrial as well as economic development of a country. They could assist to generate employment opportunities for youth, to raise income for them and to break the vicious circle of poverty (Nicolaides, 2011).

Globally, youth agribusinesses need to respond to changes in consumption, products sought, distribution systems, new technologies, and industry structure (Boehlje, Roucan-Kane & Bröring, 2011). In addition, there is a disconnect between the locations where agricultural products are produced, processed, and consumed. Going forward, agribusinesses face three significant issues ranging from increased risk and uncertainty in decision making; innovation, development, and adoption of new technologies that enable increased production efficiency and overall profitability; and to agility in responding to change, competition, and evolving industry structures. Global climate change is another concern (McElwee & Smith, 2012). All these can have a negative effect on agribusiness’ performance which could then lead to food insecurity.

In South Africa, the National Youth Development Agency NYDA (2013) Annual Report indicates that the objective of entrepreneurship incubation program was not only geared at stimulating an entrepreneurial mindset among the youth, but also enhancing business funding, opportunities and market access. Ndhlouvu and Twala (2017) argues that as a result of enhanced emphasis and funding for entrepreneurship incubations, youth unemployment dropped by 2.5%, youth related crime dropped by 1.2%, and drug abuse dropped by 1.8%, an indication that youth entrepreneurship is a viable engine of creating employment among young people, and also a viable engine for economic development for communities.

In East African region and with specific attention to Uganda, youth entrepreneurship is nascent, and in its formulation stage. Ikiara and McCormic (2011) note that Uganda is mainly involved in informal sector entrepreneurship, that can hardly pass for structured entrepreneurship. Most of the youth venture into entrepreneurship as a way of escaping poverty, and not necessarily as a viable sustainable business venture. Global Entrepreneurship Monitor (GEM) (2014), rates
Uganda as the best entrepreneurial economy in East Africa, at 35.5% up from Total early-stage Entrepreneurial Activity (TEA) rate of 31.3% per cent in 2010. This means that Uganda is doing well in overall entrepreneurship ventures compared to Kenya, Tanzania, Rwanda, Burundi, South Sudan and Ethiopia.

In Kenya, the agriculture sector possesses significant development potential which, if seized, could generate ample decent and gainful employment opportunities for the youth (Duboyne, 2015). However, it is not only the agricultural sector that possesses untapped potential, but also the youth themselves. Their capacities for creativity and economic innovation are squandered when they are blocked from actively participating in economic activities. As a result, facilitating and incentivizing youth participation in the agri-preneurship would not only provide much needed employment opportunities for youth themselves, but could also help drive the innovation and growth needed to enhance food security and the performance of agribusinesses (McElwee & Smith, 2012).

Unfortunately, many young people in the country do not perceive agriculture as a viable or attractive means of earning a living. The drudgery of low productivity agriculture is simply not attractive to youth, who instead migrate to cities in search of higher productivity and better-renumerated employment (McMichael, 2015). A concerted and coordinated effort is therefore needed to develop more modern agribusinesses that are hinged on Porter’s theory of strategies that could then lead to enhanced performance in the relevant youth led agribusinesses and thereby unlock the potential of the youth cohort (Ikiara & McCormic, 2011). The study at hand was therefore, timely as it tends to assess the effect of management strategies on the performance of youth agribusinesses with specific attention to Farm Africa, Kenya.

Statement of the Problem

Mistikoglu and Oral (2015) used Porter's model to evaluate the success of businesses in Turkey and found that there was no linkage between Porter’s strategies and business’ successes. Nandakumar, Ghobadian and O’Regan (2011) study based in the UK established that the use of Porter’s theory of strategies has insignificant effect on the performance of manufacturing industries in the country. Another study by Kung’u (2017) found that Porter's Five Forces formed rivalry in the steel business in Kenya to various degrees and influenced the engaging quality of the business. Berglann, Moen, Røed and Skogstrøm (2011) study in Brazil found that education is not a good predictor of whether or not an individual will become an agribusiness hence proposes the use of Porter’s five forces. However, Pettinger (2014) study in South Africa found that potential youth agribusiness lacks use of appropriate business strategies. In Tanzania, Mollentz (2012) found that threat of new entrants as the model created by Porter depicts, also influences the ability of firms existing in the industry to achieve profitability and better their performance levels.

In Kenya, the overall youth agribusiness has been given little attention (Kiraguri, 2012). Again many youths in the country tend to ignore agribusiness due to the feeling that it is a preserve to the unlearned. Therefore, owing to lack of or inadequate participation of youth in agribusiness, younger persons could be losing out the many business opportunities that exist in the
communities, counties or elsewhere in the country (Ikiara & McCormic, 2011). Given that many agribusinesses led by the youth also end up failing, some demonstrates poor outcomes vis-à-vis performance (Kelley et. al., 2011) is also a concern hence the question; is it because of lack of adoption of Porter’s theory of strategy? Therefore, if this is the ideal situation in the country and it continues to exist, youth unemployment will continue to rise (Brooks et al., 2012).

From the reviewed literature, it is indeed evident that there are myriad of agribusiness strategic concerns that bedevils the youth in the country in their quest to be involved in agribusinesses. It is also factual that many youths in the country have ignored the prospect of participating in agribusiness as they consider it to be a preserve for the unschooled. Further, some youth have also struggled to realize better outcome for their businesses. Coupled with the low uptake of agribusiness among the youth in the country, it is, therefore, necessary to carry out the study. The study at hand is, therefore, timely as it assessed the effect of management strategies on the performance of youth agribusinesses in Kenya: A case of Farm Africa.

**Research Objectives**

i. To find out the effect of differentiation strategy on the performance of youth led agribusiness at Farm Africa.

ii. To establish the effect of cost leadership strategy on the performance of youth led agribusiness at Farm Africa.

iii. To assess the effect of focus strategy on the performance of youth led agribusiness at Farm Africa.

iv. To find out the effect of access to finance on the performance of youth led agribusiness at Farm Africa.

**LITERATURE REVIEW**

**Theoretical Review**

**Ansoff’s theory of growth**

The theory was put forth by Ansoff in in 1957. The theory argues that organizational growth is based on products and the markets. The organization strive to grow through available products as well through newly acquired products. Based on this, the author developed four product-market combinations namely: Market penetration that is growth with exiting product in their current markets, market development which determines growth by focusing on available products in the newly found market segments. The development of products which is growth through newly acquired products targeting present market segments as well as diversification whereby an organization ensures growth through diversification. Therefore, agribusiness can use any of the four or a combination of the four to enhance growth of their businesses (AgneteAlsos, Ljunggren & Pettersen, 2013). Embracing such strategies helps the youth led agribusiness to penetrate market through development of new products with diversified features so as to promote the performance of their businesses.
Resource Based View Theory

Penrose (1959) RBV theory was developed to comprehend issues that affect small firms’ performance. The resource-based theory highlights the importance of internal resources in firm performance. The theory is focused on sustainability of firm competitive advantage due to uniqueness of capabilities and resources. The theory has been used to indicate the value of technology to remain competitive to obtain growth of small firms (White, 2012). Therefore, the theory argues that firm performance emanates from available strategic resources as a result of technology, organizational and human resource, that ultimately affect firm performance (Murithii, 2013). Thus, performance of youth led agribusiness in the market comes from their resources and capabilities (Bushell, 2018). According to Penrose, the external factors that support firm performance entails the regulatory and legal framework, finance accessibility and capacities of human capital. The internal factors comprise entrepreneurial characteristics, management capacities, marketing skills, and technological capacities (Barney & Hesterly, 2010).

The Dynamic Capabilities Theory

According to Wang and Ahmed (2007), the dynamic capability argues that the strategic responses used by managers to change, acquire, shed, and integrate resources, as well as merge them to acquire fresh value created strategies that can improve performance. theory denotes that the integrated, acquired and recombined resources acts as drivers of creation and evolution of other resources into newly acquired competitive sources so as to enhance performance in the organization (Eisenhardt & Martin, 2000). According to Gorgievski, Ascalon and Stephan (2011), inputs are provided by resources while capability of organizations indicates the capacity of a firm to coordinate and ensures inputs positively impacts output of innovative outputs that ultimately leads to improved performance (Collis, 1994). Evidence show that dynamic capability of a firm has significant effect on performance of firms and that the external sources are positively related to its productivity vis-à-vis performance. Eisenhardt and Martin (2000) additionally says that the theory indicates same firm characteristics across industries hence its applicability insofar as availability of resources and capacity to improve firm growth is important.
Conceptual framework

Figure 1: Conceptual Framework

Empirical Review

A research study by Pretorius and Shaw (2014) found that a bigger percentage of entrepreneurial farming failures in Singapore was due to insufficient capital. This they said hindered many potential young farmers from joining agri-preneurships in the country. However, according to Lefebvre and Lefebvre (2012) competency of managers and trainings are key for new agribusiness formation. They revealed that many young farmers in Canada lacked requisite training and development related skills and experience that could help in the improvement of agribusiness practices in the country.

Berglann, Moen, Røed and Skogstrøm (2011) study in Brazil posited that educational training cannot clearly indicate whether a person can in future be an agri-preneur. According to the study, the major determinant of agri-repreneurship includes education received by an individual. Agri-preneurship programs have increased in the recent past albeit with minimal resources. Major reason is the increase in colleges and institutions that provide agriculturally related extension programs in the agri-preneurship. Such extension programs have provided several farmers with platforms to do research and also learn further about farming practices. Also, extension services help agri-entrepreneurs to improve farm.

Faisal (2010) study focused on determining the factors affecting youth agri-preneurship in Israel. The study provided agribusiness characteristics that included initiatives, independence and
intuitiveness. Agri-entrepreneurs have been viewed as dynamic that needs exhibition of leadership skills as well as goal driven character. Other “agri-entrepreneurial characteristics” could include being responsible, upholding honesty, commitment, hardworking fellow, and adequate experience in farming.

Further, Bairwa et al. (2014) study was based on the key characteristics for successful agribusiness. The study found that characteristics such as curiosity, visions, determination, skills, persistence in achieving goals, and proactive behavior goes a long way in pointing towards a successful agri-business. The study realized that successful agri-preneurs embraces honesty, persistence, and strive to achieve goals. The study found that further barriers to entrepreneurial success include the incapability to manage finances and the agri-business as a whole. Lastly, the study found that the unwillingness and inability of an agri-preneur to learn from failures of business explains why some agri-preneurs succeed and others fail.

Herrington and Wood (2013) found that lacking education and training have negative effect and reduces capacity of entrepreneurship in South Africa. It was again found that education context and quality do not enhance managerial competency’ development. The results resonate with Kelley et al. (2012) study lack of education and training affects farming in South Africa. The study concluded that inadequate business skills constrain intentions of entrepreneurs. Further, sociocultural factors also had influence on entrepreneurship.

Duft (2015) study was anchored on the determinants of failed agribusiness. The author sought to gather information using questionnaires from the 100 agri-business respondents. The study found that risk aversion can contribute to unprofitable agribusinesses. According to the study, bad management of finances, lack of thorough cost analysis, and inadequate attention to lifecycle of products, sales of products that are unprofitable, poor consumer perceptions, and bad customer service are attributes of poor management. As such, social capital as well as infrastructural support of agri-preneurship are injured hence the sustainability of the program could be a tall order to reach. The study also found that corruption, and insecurity of policy hurt agri-preneurial success.

In yet another study by Boehlje et al. (2011) on factors determining agri-preneurship growth, the study found that inspiring agri-preneurs requires knowledge and skills to reduce uncertainty and risks in making decisions and become aggressive in promptly addressing to alteration, evolving industry related structures and competitions. The study also found that flexibility and agility are essential to “conflict-zone” agri-preneurs. The study concluded that successful agri-preneurs can apply shifts in demand by consumers to satisfy their taste with “value-added products”. The study also concluded that “value-added products” offers agri-preneurs with bigger “return-on-investment” and profitability.

In yet another study in Namibia, Chigunta (2012) study established that youth participation in farming activities in developing countries significantly varies with gender differences. The youth who were men were likely to be self-employed in agricultural related enterprises than women. Basically the study showed that presence of “socio-cultural constraints” verily affected participation of young women as compared to young men. Additionally, several entrepreneurs
were unaware of programs by government regarding farm income generating activities that are specifically designed to help them improve their livelihood.

In Zimbabwe, Ndhlovu and Twala (2017) found that accessibility to financial support from government was a concern in Zimbabwe young adults. They again established that unawareness of availability of programs government and administrative mechanisms in agri-prenuerial activities is an additional concern the youth face in the country. Mass and Herrington (2016) contend that many youths are unaware of available government support programs as such they fail to attempt to seek for such services. Further, perception of likelihood of failure hinder youth having ideas from exploring development opportunities. Further stringent collateral and loan requirements coupled with low level of credit uptake have also slowed down agri-prenuerial development among the youth.

Further, Ehlers and Lazenby (2017) study found that most youth in Tanzania do possess negative perception towards agriculture related business; they belief it meant for the illiterate in the society hence most of them do not even think to venture in agri-prenuership. However, Mollentz (2012) contend that issues in the market issues, technological development and product demand are factors that either positively or negatively affect the growth of new agricultural enterprises in the country. Thus, poor conditions in the market and lack of opportunities in the market constrains entrepreneurial intentions for the youth in agricultural related activities.

Research Gaps

From the reviewed literature, it is indeed evident that there are myriad of agribusiness strategic concerns that bedevils the youth in the country in their quest to be involved in agribusinesses. It is also factual that many youths in the country have ignored the prospect of participating in agribusiness as they consider it to be a preserve for the unschooled. Further, some youth have also struggled to realize better outcome for their businesses. Coupled with the low uptake of agribusiness among the youth in the country, it is, therefore, necessary to carry out the study. The study at hand is, therefore, timely as it assessed the effect of management strategies on the performance of youth agribusinesses in Kenya: A case of Farm Africa

RESEARCH METHODOLOGY

This study adopted case of research design which according to Yin (2017) permits the exploration and comprehension of complicated issues. The case study was appropriate in this study essentially because data that was obtained from different respondents constitute only quantitative approaches (Creswell, 2014). Target population was the “hypothetical set of people” which a study intends to generalize results. The study population was all the 30 youth who participates in agribusinesses. Census method was then used since the population was manageable. The study used questionnaires designed using open and closed ended questions. Quantitative data was coded and entered into Statistical Packages for Social Scientists (SPSS Version 20.0) and analyzed using “descriptive statistics” and “Pearson Correlation analysis method” as well as “regression analysis”.

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The Regression model took the form of:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + e \]

Where: \( Y \) = Agribusiness performance, \( \alpha \) is the constant, \( X_1 \)-Differentiation strategy, \( X_2 \)-Cost leadership strategy, \( X_3 \)-Focus strategy, \( X_4 \)-Access to finance, \( \beta_1, \beta_2, \beta_3 \) & \( \beta_4 \)-Coefficients and \( e \)-is the residual error term.

**RESULTS**

*Descriptive Results*

**Differentiation Strategy and Performance of Agribusinesses**

The respondents were required to give their responses in relation to the effect of differentiation strategy on the performance of their agribusinesses. The results are presented in table 1.

**Table 1: Differentiation Strategy and Performance of Agribusinesses**

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmers uphold the need for uniqueness on various farm related product features so as to out win competitors</td>
<td>4</td>
<td>11</td>
<td>7</td>
<td>36</td>
<td>42</td>
<td>100</td>
</tr>
<tr>
<td>The generic of differentiation strategy involves creating a market position that is perceived as being unique industry wide</td>
<td>4</td>
<td>4</td>
<td>7</td>
<td>50</td>
<td>36</td>
<td>100</td>
</tr>
<tr>
<td>Farmers have created customer value by offering high quality farm products supported by good service at premium prices</td>
<td>4</td>
<td>7</td>
<td>4</td>
<td>50</td>
<td>36</td>
<td>100</td>
</tr>
<tr>
<td>Farmers have managed to create a perception in customers’ mind that their products have superior unique characteristics</td>
<td>7</td>
<td>4</td>
<td>4</td>
<td>41</td>
<td>45</td>
<td>100</td>
</tr>
<tr>
<td>Farmers differentiation strategy is to create a superior fulfillment of customer needs in product attributes in order to satisfy customer</td>
<td>4</td>
<td>4</td>
<td>7</td>
<td>42</td>
<td>44</td>
<td>100</td>
</tr>
</tbody>
</table>

As presented in table 1, 42% and 36% respondents strongly agreed and agreed respectively that farmers uphold the need for uniqueness on various farm related product features so as to out win competitors. The results also show that 50% and 36% respondents agreed and strongly agreed respectively that the generic of differentiation strategy involves creating a market position that is perceived as being unique industry wide. It was found that 50% and 36% respondents agreed and strongly agreed that farmers have created customer value by offering high quality farm products.
supported by good service at premium prices. Further the study found that farmers have managed to create a perception in customers’ mind that their products have superior unique characteristics as reported by 45% and 41% respondents who strongly agreed and agreed respectively. The study finally found that 44% and 42% respondents strongly agreed and agreed respectively that differentiation strategy is meant to create a superior fulfillment of customer needs in product attributes in order to satisfy customer.

Cost Leadership Strategy and Performance of Agribusiness at Farm Africa

The respondents were required to give their responses in relation to the effect of cost leadership strategy on the performance of their agribusinesses. The results are presented in table 2.

**Table 2: Cost Leadership Strategy and Performance of Agribusiness at Farm Africa**

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>We are able to achieve the objectives by offering the lowest possible cost than competitors</td>
<td>4</td>
<td>7</td>
<td>7</td>
<td>43</td>
<td>39</td>
<td>100</td>
</tr>
<tr>
<td>At farm Africa, cost leadership tends to be more competitors oriented rather than customer oriented</td>
<td>0</td>
<td>4</td>
<td>7</td>
<td>64</td>
<td>25</td>
<td>100</td>
</tr>
<tr>
<td>We believe that cost leadership requires a strong focus on the supply side of farm products rather than demand side of the market</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>50</td>
<td>46</td>
<td>100</td>
</tr>
<tr>
<td>At farm Africa, we continuously benchmark cost leadership strategy against other competitors</td>
<td>0</td>
<td>4</td>
<td>4</td>
<td>45</td>
<td>47</td>
<td>100</td>
</tr>
<tr>
<td>We have managed to achieves a low-cost position by emphasizing on aggressive quality of farm products due to cost leadership strategy</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>64</td>
<td>36</td>
<td>100</td>
</tr>
</tbody>
</table>

The study found in table 2 that farmers are able to achieve the objectives by offering the lowest possible cost than competitors as part of cost leadership strategy as reported by 43% and 39% of the respondents who agreed and strongly agreed respectively. The study found that 64% and 25% respondents agreed and strongly agreed that cost leadership at Farm Africa tends to be more competitors oriented rather than customer oriented. It was again found that 50% and 46% agreed and strongly agreed respectively that farmers believe that cost leadership requires a strong focus on the supply side of farm products rather than demand side of the market. It was found that 47% and 45% respondents strongly agreed and agreed respectively that they continuously benchmark cost leadership at farm Africa. Lastly, the study established that 64% and 36% respondents
agreed and strongly agreed respectively that they have managed to achieve a low-cost position by emphasizing on aggressive quality of farm products due to cost leadership strategy.

**Focus Strategy and Performance of Agribusiness at Farm Africa**

The respondents were required to give their responses in relation to the effect of focus strategy on the performance of their agribusinesses. The results are presented in table 3.

**Table 3: Focus Strategy and Performance of Agribusiness at Farm Africa**

<table>
<thead>
<tr>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>We have embraces focus strategy because it creates an added market advantage</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>50</td>
<td>46</td>
</tr>
<tr>
<td>We have selected a group of segments in the industry and tailored our strategy to serving them promptly</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>54</td>
<td>46</td>
</tr>
<tr>
<td>We have always sought a cost advantage in our target segment in order to improve performance</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>57</td>
<td>39</td>
</tr>
<tr>
<td>We exploits the special needs of buyers in certain segments so as to promote agribusiness performance</td>
<td>0</td>
<td>4</td>
<td>0</td>
<td>39</td>
<td>54</td>
</tr>
<tr>
<td>We have endeavored to exploits differences in cost behavior in some segments in order to performance better</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td>54</td>
<td>43</td>
</tr>
</tbody>
</table>

Results in table 3 shows that 50% and 46% respondents agreed and strongly agreed respectively that they have embraces focus strategy because it creates an added advantage in the market. Again the results show that 54% and 46% respondents agreed and strongly agreed respectively that they have selected a group of segments in the industry and tailored our strategy to serving them promptly. The study also found that 57% and 39% respondents agreed and strongly agreed respectively that they have always sought a cost advantage in our target segment in order to improve performance. It was also revealed that 54% and 39% respondents agreed and strongly agreed respectively that they exploit the special needs of buyers in certain segments so as to promote agribusiness performance. The study finally found that 54% and 43% respondents agreed and strongly agreed respectively that they have endeavored to exploit differences in cost behavior in some segments in order to improve agribusiness performance.
Access to Finance and Performance of Agribusiness at Farm Africa

The respondents were required to give their responses in relation to the effect of access to finance on the performance of their agribusinesses. The results are presented in table 4.

Table 4: Access to Finance and Performance of Agribusiness at Farm Africa

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to finance has become a major stumbling block to youth agribusiness</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>57</td>
<td>43</td>
<td>100</td>
</tr>
<tr>
<td>We have experienced difficulties in accessing finance due to strict collateral requirements</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>46</td>
<td>50</td>
<td>100</td>
</tr>
<tr>
<td>Lack of adequate start-up finance is one of the most prominent impediments to participation in agribusiness</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>49</td>
<td>51</td>
<td>100</td>
</tr>
<tr>
<td>High interest rates charged by financial institutions has hampered youth access to finance</td>
<td>0</td>
<td>0</td>
<td>4</td>
<td>46</td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

In table 4 the study found that 57% and 43% respondents agreed and strongly agreed respectively that access to finance has become a major stumbling block to youth agribusiness. It was again found that farmers had experienced difficulties in accessing finance due to strict collateral requirements as supported by 50% and 46% respondents who strongly agreed and agreed with statement. Further the study found that lack of adequate start-up finance is one of the most prominent impediments to participation in agribusiness by the youth and this was supported by 51% and 49% respondents who strongly agreed and agreed with the statement respectively. The study finally found that 50% and 46% of the respondents strongly agreed and agreed respectively that high interest rates charged by financial institutions has hampered the youth’s access to finance.
Performance of Agribusinesses

The respondents were required to give their responses in relation to the performance of their respective agribusinesses. The results are presented in table 5.

Table 5: Performance of Agribusinesses

<table>
<thead>
<tr>
<th></th>
<th>Strongly disagree (%)</th>
<th>Disagree (%)</th>
<th>Neutral (%)</th>
<th>Agree (%)</th>
<th>Strongly agree (%)</th>
<th>Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance of youth led agribusinesses has been affected by lack of finance</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>25</td>
<td>75</td>
<td>100</td>
</tr>
<tr>
<td>Lack of adequate skills has adversely affected the performance of youth led agribusinesses</td>
<td>0</td>
<td>0</td>
<td>11</td>
<td>43</td>
<td>46</td>
<td>100</td>
</tr>
<tr>
<td>Lack of entrepreneurial knowledge has impacted negatively on the overall performance of my farm projects</td>
<td>0</td>
<td>4</td>
<td>4</td>
<td>46</td>
<td>46</td>
<td>100</td>
</tr>
<tr>
<td>Strict collateral requirements has greatly hampered the performance of my farm related projects</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>54</td>
<td>46</td>
<td>100</td>
</tr>
<tr>
<td>Agribusiness has witnessed increase in sales volume in the recent past</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>64</td>
<td>36</td>
<td>100</td>
</tr>
<tr>
<td>Number of customers have increased due to enhanced entrepreneurial knowledge I have</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>46</td>
<td>54</td>
<td>100</td>
</tr>
</tbody>
</table>

As shown in table 5, the study found that 75% and 25% respondents strongly agreed and agreed respectively that performance of youth led agribusinesses has been affected by lack of finance. Again the study found that lack of adequate skills has adversely affected the performance of youth led agribusinesses as reported by 46% and 43% respondents who strongly agreed and agreed with the statement respectively. Lack of entrepreneurial knowledge was also found to have impacted negatively the overall performance of farm projects as supported by 46% respondents who strongly agreed and agreed with a similar percentage representation. The study established that 54% and 46% of the respondents agreed and strongly agreed that strict collateral requirements have greatly hampered the performance of their farm related projects. It was established that youth agribusiness has witnessed increase in sales volume in the recent past as reported by 64% and 36% agreement and strong agreement levels respectively. It was revealed that the number of customers has increased due to enhanced entrepreneurial knowledge of the youth and this was supported by 54% (strongly agreeing) and 46% (agreeing).
Correlation Analysis

The study used Pearson correlation analysis so as to ascertain the significant relationship between two variables in the study. Correlation was denoted as $r$. The results are illustrated in table 6.

Table 6: Correlation Analysis

<table>
<thead>
<tr>
<th>Differentiation strategy</th>
<th>Cost strategy</th>
<th>Focus strategy</th>
<th>Finance access</th>
<th>Agribusiness Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differentiation strategy</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost leadership strategy</td>
<td>Pearson Correlation</td>
<td>0.227</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Focus strategy</td>
<td>Pearson Correlation</td>
<td>0.032</td>
<td>-0.086</td>
<td>1</td>
</tr>
<tr>
<td>Finance access</td>
<td>Pearson Correlation</td>
<td>-0.185</td>
<td>0.069</td>
<td>-0.309</td>
</tr>
<tr>
<td>Agribusiness Performance</td>
<td>Pearson Correlation</td>
<td>0.384*</td>
<td>0.053*</td>
<td>0.129*</td>
</tr>
</tbody>
</table>

*. Correlation is significant at the 0.05 level (2-tailed).

According to the results in table 6, the study found that differentiation strategy was insignificantly correlated with cost strategy (Insig.0.244). The study also found that differentiation strategy had insignificant correlation with focus strategy as shown by insignificance level of 0.870. Differentiation strategy was also found to have negative insignificant correlation with the access to finance as shown by insignificance level of 0.347.

The study found that cost leadership strategy was negatively but insignificantly (Insig.0.663) correlated with focus strategy. Cost leadership was also found to be positively but insignificantly (Insig.0.728) correlated with access to finance. Further focus strategy was found to have a negative but insignificant correlation (Insig.0.11) with access to finance.

Finally, the results show that all the independent (differentiation strategy, cost leadership strategy and focus strategy) and the intervening (access to finance) variables had positive significant relationship with the performance of youth led agribusinesses at Farm Africa. This is evidenced by the fact that significance level for differentiation strategy was 0.043 (correlation significant at 0.05), for cost leadership strategy was 0.019 (correlation significant at 0.05), for focus strategy was 0.014 (correlation significant at 0.05) and for access to finance was 0.03 (correlation significant at 0.05).
Multiple Regression Analysis

In order to establish the relationship between independent and dependent variables, the study used multiple regression analysis. The results are presented in the form of model summary, ANOVA and regression coefficients as indicated in the subsequent sections.

Table 7: Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.921a</td>
<td>.801</td>
<td>.735</td>
<td>1.17445</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Finance access, Cost leadership strategy, Differentiation strategy, Focus strategy

The results presented in table 7 shows that the coefficient of determination is 80.1; this means that about 80% of the variation in the performance of agribusinesses at Farm Africa is explained by both independent and intervening variables. This is an indication of existence of strong positive relationship between independent and dependent variables. The model therefore, explains 80.1% in the changes on the performance of agribusiness at Farm Africa.

Table 8: ANOVA

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>8.326</td>
<td>4</td>
<td>2.321</td>
<td>2.663</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>38.006</td>
<td>23</td>
<td>1.218</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>46.332</td>
<td>27</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Performance of Agribusiness
b. Predictors: (Constant), Finance access, Cost leadership strategy, Differentiation strategy, Focus strategy

The ANOVA results in table 8 indicate that the significance of the F statistics (2.663) is 0.041b which is less than 0.05. This, therefore, means that there is a positive significant relationship between independent variables and dependent variables. The 0.041b level of significance is thus an indication that the model is significantly reliable. This is because the cut off point for reliability is 0.05. Therefore, any p-value that is below (for instance 0.041) 0.05 threshold thumb implies that the model is significantly reliable.
Table 9: Coefficients\(^a\)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>β</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>14.009</td>
<td>5.321</td>
</tr>
<tr>
<td>Differentiation strategy</td>
<td>.311</td>
<td>.104</td>
</tr>
<tr>
<td>Cost strategy</td>
<td>.052</td>
<td>.221</td>
</tr>
<tr>
<td>Focus strategy</td>
<td>.106</td>
<td>.105</td>
</tr>
<tr>
<td>Finance access</td>
<td>.121</td>
<td>.321</td>
</tr>
</tbody>
</table>

\(a\). Dependent Variable: Performance of Agribusiness

The regression model was: \( Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + e_i \)

Therefore, the regression model now takes the form of;

\[
\text{Performance} = 14.009 + 0.456 \text{ for differentiation} + 0.123 \text{ for cost strategy} + 0.356 \text{ for focus strategy} + 0.143 \text{ for finance access} + 5.321.
\]

As indicated in table 9, the standardized beta coefficient for differentiation strategy is 0.456 while its p-value (sig.) is 0.021. This is an indication that an increase in differentiation strategy by any unit could lead to an increase in the performance of agribusinesses. The study also found that cost strategy leadership strategy a standardized beta coefficient of 0.123 with a p-value of 0.015. This therefore implies that an increase in the focus strategy could lead to an improvement in the performance of agribusinesses. The results show that focus strategy had a standardized beta coefficient of 0.356 with a p-value of 0.013. This means that an increase in focus strategy could lead an increase in the performance of agribusinesses. It also shows that finance access had a standardized beta coefficient of 0.143 and a p-value of 0.023. This shows that a unit increase in access to finance could lead to an improvement in the performance of agribusinesses at Farm Africa. In a nutshell, the regression results obtained shows that there exists a direct positive relationship between independent and dependent variables.

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

Discussion of Results

In relation to differentiation strategy the study found that 78% agreed that farmers uphold the need for uniqueness on various farm related product features so as to out win competitors. In concurrence, Singh (2014) assert that there is need for firms to embrace unique product features so as to improve competition. The study also found that 86% respondents agreed that the generic of differentiation strategy involves creating a market position that is perceived as being unique industry wide. As pointed out in the literature review by Dash and Kaur (2012), creation of unique market position enhances performance. It was found that 86% respondents agreed that farmers have created customer value by offering high quality farm products supported by good
service at premium prices. In agreement, a study by Suárez (2012) found that differentiator firms create customer value by offering quality products that are supported by good service at premium prices. Further, the study found that farmers have managed to create a perception in customers’ mind that their products have superior unique characteristics as reported by 86% respondents. In yet another study, Acquaah and Ardekani (2016) found that instilling positive in customers’ mind on the superior features improves organizational competitive advantages. The study found that 86% respondents agreed that differentiation strategy is meant to create a superior fulfillment of customer needs in product attributes in order to satisfy customer. A study by Ikiara and McCormic (2011) also appears to affirm the results by indicating that possession of superior products fulfills customers taste and preferences. The results further found that differentiation strategy had a positive significant correlation with the performance of youth led agribusinesses at Farm Africa. Regression results found that differentiation strategy was significantly associated with performance of agribusiness at Farm Africa. In another study, Bairwa et al. (2014) found that finance access, focus strategy, differentiation strategy and cost strategy have positive relationship with performance of industries in the UK.

Concerning leadership strategy, the study established that farmers were able to achieve the objectives by offering the lowest possible cost than competitors as part of cost leadership strategy as reported by 82% of the respondents. In another study Powers and Hahn (2014) found that provision for lower cost of products offers competitive advantage over rival hence good performance. The study found that 89% respondents agreed that cost leadership at Farm Africa tends to be more competitors oriented rather than customer oriented. Further, the findings disagree with another study by Ahaibwe and Mbowa (2014) that found that cost leadership should be inclined to both competitors and customers in equal measure. It was again found that 96% agreed that farmers believe that cost leadership requires a strong focus on the supply side of farm products rather than demand side of the market. As depicted in the literature review, Atkinson and Messy (2012) opines that there is need to for entrepreneurs to embrace strong focus in the products supply so as to promote market penetration. It was found that 92% respondents agreed that they continuously benchmark cost leadership at farm Africa. In Nandakumar et at. (2011) regular benchmarking is necessary for the attainment of good performance to be felt in an organization. The study established that 100% respondents agreed that they have managed to achieve a low-cost position by emphasizing on aggressive quality of farm products due to cost leadership strategy. In support, Faisal (2010) argue that so as to remain relevantly competitive in the market, firms should strive to maintenance of low cost product position. Cost leadership strategy was also found to positive significant correlation with the performance of youth led agribusinesses at Farm Africa. Regression results found that cost leadership strategy was significantly associated with performance of agribusiness at Farm Africa. Ehlers and Lazenby (2017) in his study also allude to the fact that a positive strong relationship exists between performance and the tenets of Porter generic theory.

Regarding focus strategy, the study found that 96% respondents agreed that they have embraced focus strategy because it creates an added advantage in the market. In congruence, Hossain and Jaim (2011) indicates that most organizations in South Africa apply Porter’s generic strategies
due to the fact that they help in improving performance. Again the results show that 100% respondents agreed that they have selected a group of segments in the industry and tailored their strategy to serving them promptly. By way of affirmation, Porter (1985) says that the target segments must either have buyers with unusual needs or the production and delivery system that suits the target segment must differ from that of other industry segments. The study also found that 98% respondents agreed that they have always sought a cost advantage in the target segment in order to improve performance. In Hossain and Jaim (2011), it is prudent for competitively advantaged organizations to realign their strategies to a particular market segment order to improve performance. It was also revealed that 93% respondents agreed that they exploit the special needs of buyers in certain segments so as to promote agribusiness performance. In support, Boehlje et al. (2011) proper use and keen attention on those customers with special needs offers opportunity for delivery of services and products promptly. Focus strategy was also found to have a positive significant relationship with the performance of youth led agribusinesses at Farm Africa. Regression results established that focus strategy was significantly associated with performance of agribusiness at Farm Africa. However, a study by Chigunta (2012) found that focus, cost and differentiation strategies do have insignificant relationship with the performance of manufacturing firms in Israel.

In regard to the intervening variable (access to finance), the study found that 100% respondents agreed that access to finance has become a major stumbling block to youth agribusiness. In a study by Pretorius and Shaw (2014), they found that a large percentage of the failure of farming entrepreneurial ventures in Singapore is attributed to inadequate capital structure or resource poverty. It was again found that farmers had experienced difficulties in accessing finance due to strict collateral requirements as supported by 96% respondents who agreed. In concurrence, another study by Singh (2014) found that access to finance is major stumbling block to youth agribusiness in most of the developing countries. Further the study found that lack of adequate start-up finance is one of the most prominent impediments to participation in agribusiness by the youth and this was supported by 100% respondents who agreed with the statement. In yet another previous study, Pretorius and Shaw (2014) found that lack of finance is one of the major constraints to the formation of agribusinesses. The study found that 96% of the respondents agreed that high interest rates charged by financial institutions have hampered the youth’s access to finance. In agreement, Shrader et al. (2016) higher rate of interest charged by the financial institutions hampers access of finance by many potential borrowers in Turkey. The regression results found that access to finance was significantly associated with performance of agribusiness at Farm Africa. In yet another study, Schoof (2016) found that access to credit was significantly associated with the growth of enterprises in the Middle East.

In relation to performance of agribusiness, the study found that 100% respondents agreed that performance of youth led agribusinesses has been affected by lack of finance. Results are in support of as study by Duft (2015) that revealed that lack of capital affect business performance. Again the study found that lack of adequate skills has adversely affected the performance of youth led agribusinesses as reported by 100% respondents agreed with the statement. In yet another study Singh (2014) established that inadequacy of skills affects SMES’ performance.
The study established that 100% respondents agreed that strict collateral requirements have greatly hampered the performance of their farm related projects. Pearce and Robinson (2011) findings affirms these findings and established that high collateral requirements affect business performance. It was established that youth agribusiness has witnessed increase in sales volume in the recent past as reported by 100% agreement and strong agreement levels respectively. It was revealed that the number of customers has increased due to enhanced entrepreneurial knowledge of the youth and this was supported by 54% (strongly agreeing) and 46% (agreeing). The results agree with yet another study by Gwija (2014) that established that an increase in customer base and increase in the sales volume indicates improved business performance hence profitability.

Conclusions

The study concludes that differentiation costs had positive significant relationship with the performance of agribusinesses at Farm Africa. This is because farmers upheld the need for uniqueness on various farm related product features, had generic strategy that involves creation of a unique market position, and farmers also created customer value by offering high quality farm products supported by good service at premium prices. The study concludes that cost leadership strategy resulted in the improvement of performance of agribusinesses at Farm Africa. This is so because most respondents showed that the farmers were able to achieve the objectives by offering the lowest possible cost, tend to offer strategies that are competitors oriented, continuously benchmark cost leadership and also emphasized on aggressive quality of farm products due to cost leadership strategy.

The study concludes that majority of the farmers that were studied adhered to focus strategy because it helped them in improving overall performance of agribusinesses at Farm Africa. This conclusion is supported by the fact that farmers embraced the strategy because it has helped them create an added advantage in the market and the fact that they have endeavored to exploit differences in cost behavior in some segments in order to improve agribusiness performance. The study concludes that finance was a key determining factor in the performance of agribusinesses. However, the commodity was inadequate as such the agribusinesses that are run by the youth faced lots of financial constraints. The constraints were as a result of unrealistic collateral requirements as well as the high interest rates that are being charged by financial institutions.

Recommendations

The study recommends that farmers at Farm Africa need to adhere to product differentiation such that they cannot easily be copied by rivals. Farmers should keep up to speed with new farming technology in order to keep improving the products offered at competitive prices so as to improve performance of their agribusinesses. In order to out-compete rivals, it is important for farmers to embrace good strategies that are aimed at having an edge over competitors. In this regards, the farmers should have flexible product costs together with water tight market price strategies that could promote performance.

The study recommends that in order to enhance focus strategy, farmers should strive to exploit differences in cost behavior in market segments in order to improve agribusiness performance. Market segmentation helps in exploiting the special needs of buyers in certain segments and this
could go a long way in promoting agribusiness performance. The study recommends that policy makers should come up with farmer friendly financial policies that will cushion farmers from high interest rates charged by financial institutions such as MFIs and commercial banks. Such measures will lower collateral requirements as well as highly charged interest rates to a reasonable level so that as many farmers as possible could apply for farming funds.

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