

Diversification of Enterprise Among Small Scale Tea Farmers: A Case Study of Kirinyaga Central Sub-County in Kenya

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Abstract

Farm diversification is considered an optimal farm plan decision for mitigating varying degrees of risks and uncertainties which surround agricultural production, and also has a benefit of stabilizing or increasing income. Diversified agriculture is widely practiced in Konoin district but small holder farmers earn low incomes as evidenced by poor living standards amongst the smallholders. The purpose of the study was to evaluate the role of on-farm diversification in poverty alleviation among the smallholder farmers. To achieve this purpose, the study measured the contribution of on-farm diversification to incomes of smallholder farmers and then characterized smallholder farmers based on diversification. In this study an empirical examination of on-farm diversification was carried out by use of cluster sampling and simple random sampling procedures which were employed to sample 6 small-scale farmers in Kirinyaga Central. The herfindahl index and t-tests were used to measure the contribution of on-farm diversification to farm incomes and to characterize smallholder farmers based on diversification while the Tobit model was used to identify the factors influencing on-farm diversification. The study obtained a herfindahl index of 0.39 in a continuum of zero (0) to one (1). Out of all the sampled farms, 30.5 percent of them were found to be highly diversified while 69.5 percent were less diversified. This shows that the smallholder farmers in Kirinyaga Central are considered less diversified for purposes of income generation given that the index is less than 0.5. On-farm diversification was found to have positive relationship with income given that the highly diversified farms had bigger gross margins than the less diversified farms. Access to the extension services positively influenced farm diversification. Market prices for the farm produce and the distance to the product markets negatively influenced on-farm diversification.

Key words: enterprises, tea farmers, Kirinyaga County