

Access to resources for product diversification and performance of informal dairy enterprises in Kenya

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Abstract

Resources and capabilities are key drivers to good performance of African business firms. However, limited evidence exists on the extent to which access to resources for use in product diversification affects performance of informal business enterprises in Africa. The empirical results indicated that access to resources in the form of excess raw materials (milk), finances and skills on value addition to milk was positively associated with performance of informal dairy enterprises. The results also suggest that value addition had led to increased sales, made the businesses generate more profits, had made them more competitive and had resulted in accumulation of more wealth. However, sales of milk were more compared to those of value added dairy products. Profits generated per week were more in selling milk compared to those of value added dairy products. Based on the findings, the paper discusses the strategy, policy as well as the research implications for the informal dairy sector in Kenya.

Key Words: Dairy, Informal, Performance, Product Diversification, Resource Access