

**ASSESSMENT OF FACTORS INFLUENCING MARKETING OUTLET
CHOICE AND PROFITABILITY OF MACADAMIA NUTS AMONG
SMALLHOLDER FARMERS IN MURANG'A COUNTY, KENYA**

By

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the Degree of Master of Science (Agricultural Economics) in the School of
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DECLARATION

I, Pauline Irungu, declare that this thesis is my original work and has not been presented for the award of a degree in any other university or any other award.

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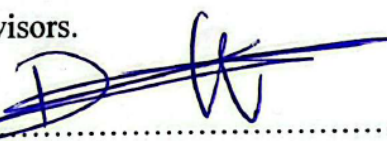
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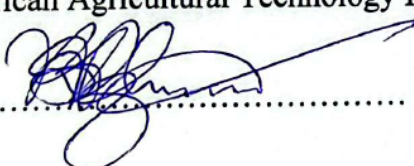
Supervisors

We confirm that the work reported in this thesis was carried out by the candidate under our supervision and has been submitted with our approval as university supervisors.

Sign: ..... Date: 16.06.2023.....

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ABSTRACT

Access to the market and choice of profitable marketing outlets by smallholder farmers play a key role in enhancing rural incomes. However, small-scale farmers in Kenya do not fully benefit from global commodity prices and demand. Global trends indicate that the demand and prices of macadamia nuts are increasing, however, smallholder macadamia farmers do not benefit from this increase. Further, gravities of poor marketing system such as increased number of produce off-takers, decontrolled commodity prices leading to information asymmetry and alternative marketing outlets affects small-scale macadamia farmers ability to access most profitable outlets. The current research was carried out in Murang'a County, Kenya, to identify existing macadamia nut marketing outlets, estimate their profitability, and look into the factors that influence the choice of macadamia marketing outlet. A semi-structured questionnaire was used to collect data from 196 sampled households using a multi-stage random sampling technique. Gross margin analysis was carried out to determine outlet profitability while the multinomial logit model (MNL) was used to analyze the factors determining farmers' choice of macadamia nuts marketing outlets. Results indicate that farmers who sold through processor outlets received a higher profit. Against expectations from rational choice theory, a great number of the farmers still sold their products through collection agents despite the lower returns from this outlet. The choice of marketing outlets was significantly influenced by group membership, number of macadamia trees at the production stage, level of education, years of experience in growing macadamia, distance to the market, and access to extension services. The study draws policy implications to guide actions towards better choices of market outlets, youth participation, and access to market information and extension services.