

Abstract

The purpose of the study was to investigate the constraints inhibiting profitability of small holder dairy farmers in Nyeri South Sub- County. The study was guided by the following specific objectives; to establish the production methods used by smallholder dairy farms and the impact in profitability in Nyeri South Sub- county, to examine how the cost of production affects profitability of smallholder dairy farmers, to establish how government policy intervenes in the dairy market influence the profitability of small holder dairy farmers and to find out social economic factors that affects profitability of smallholder dairy farmers. The study employed a descriptive research design. The target population for the study included all dairy farmers in Nyeri South Sub- County. Simple random sampling and stratified technique were used to select a sample of 131 farmers. The data was collected using questionnaires. A pilot study was used to determine the validity and reliability of the questionnaires. The data was analyzed using descriptive statistics. Relationships between independent variables and the dependent variable were established using regression analysis. SPSS was applied. The study found that there was a statistically significant relationship ($F=19.68$, $P<0.05$) between production methods, production costs, Social Economic factors, Government policy and profitability of smallholder dairy farmers. Social economic factors had the greatest effect on profitability with a unit increase of social economic factors resulting in a 29.6% increase in profitability. Changes in production methods, production costs, socio-economic factors and government policy explain 56.1% of profitability of small scale dairy farmers. The researcher concluded that population growth and increased land fragmentation coupled with mixed farming practices have seen fodder production lowering. This forces the farmers to highly rely on expensive manufactured feed and thus reducing their incomes. The researcher recommended that dairy farmers should use better husbandry practices to improve production and reduce costs. Dairy farmers can improve access to land through leasing. The government should make capacity building programmes more accessible to dairy farmers as well as improve their support services to them. These would promote production and income in the dairy sector hence farmers' profitability in the sector.