

Challenges and Opportunities Facing Emerging Farmers in North West Province,
South African

Case Study: DR. Kenneth Kaunda District Municipality-Ventersdorp Local
Municipality

By

Teko Gaanakgomo

16178386

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Supervisor: Dr O.D Daw

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DECLARATION

I, Teko Gaanakgomo, declare that this dissertation for the degree of Bachelor of Commerce Masters, submitted at the North West University, Mafikeng campus, has not been submitted by me at this or any other university. This work has been done by me and all other material included have been acknowledged.

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Abstract

The purpose of the study is to understand the opportunities and challenges that impede emerging farmers in the Ventersdorp Local Municipality from being incorporated into the mainstream agriculture, and make an effort to find ways that would assist emerging farmers within the municipality area in developing their operations into viable and profitable businesses that would enable them to participate in commercial agricultural sector, and becoming the engine for economic growth.

Literature review was conducted to provide a theoretical background to study and empirical research that has been carried out in the study of emerging farmers. The literature review focuses on understanding how emerging farmers work, and the challenges and opportunities they face in their quest of entering the mainstream agricultural economy. The review aims at determining the root cause of failure among emerging farmers, and recommending measures to prevent failure and to ensure that future emerging farmers do not face the same pitfalls. After an extensive literature study, personal interviews were conducted with emerging farmers producing the selected commodities. Interviews were primarily aimed at understanding the status quo of the farming businesses, their challenges, constraints and needs which would in turn inform intervention strategies suitable for revamping and improving farming enterprises.

Major challenges facing emerging farmers include insecure land rights, limited access to factors of production, finance and information, limited government support, investment, working capital, insufficient farm size, inadequate or damaged infrastructure, poor farm management, high competition in the industry, knowledge and education about farming. The findings of the study on the opportunities and challenges led to the researcher recommending measures to prevent failure and to ensure that future emerging farmers do not face the same pitfalls. This entails formulation and promotion of a regional farming guidance improvement plan, which will assist emerging farmers in revamping and improving of their enterprises. This intervention is aimed at enabling emerging farmers to enter into reliable and sustainable value chains. It is envisaged, that subsequent to the intervention, Ventersdorp emerging farmers will be able to develop their farming enterprises into viable commercial entities, which will consecutively become a source of sustainable income and employment for their respective communities.

Keywords: Emerging farmers, commercial sector, challenges and constraints, Ventersdorp, South Africa.

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LIST OF ABBREVIATIONS

AgiBEE	Agricultural Black Economic Empowerment
CASP	Comprehensive Agricultural Support Program
DM	District Municipality
DR. KK	Doctor Kenneth Kaunda
GDP	Gross Domestic Product
LM	Local Municipality
MAFISA	Micro-Agricultural Finance Initiative of South Africa
PLAS	Proactive Land Acquisition Strategy
RADP	Recapitalisation and Development Programme
READ	National Department of Rural, Environment and Agricultural Development
WSWB	willing seller willing buyer

1. CHAPTER ONE: INTRODUCTION

1.1 Background Information

Farming in South Africa is major economic activity and in turn contributes greatly to the country's Gross Domestic Product (GDP). Farming in South Africa is not just an economic activity but it is rather a way of life in a broader sense. The government of South Africa has for many decades tried to change the face of farming so as to accommodate farmers from all walks of life, especially those who were previously disadvantaged, and facilitate their entry into the mainstream agricultural economy. The process of integrating emerging black farmers into the mainstream agricultural sector, has not been a smooth one and it has been one that has received a lot of criticism. Nearly two decades after the first democratic elections in South Africa, the agriculture and agribusiness landscape of the country are still under transformation. Baloyi (2010) points out that, the landscape is complex and filled with legacies of a racially and economically divided past and challenges of the present (Baloyi, 2010). According to Barrow and Van Dijk (2013), rough distinction can be made between large scale commercial farmers, emerging farmers, and small scale farmers in South Africa (Barrow and Van Dijk, 2013). The commercial farmers often have large land holdings, sufficient knowledge and technology available and are connected to markets. On the other hand small farmers lack these assets and produce mainly for their own consumption instead of producing for markets. The emerging farmer is slightly more advanced than the smallholder farmer and holds more production assets, but struggles to scale up production, and has difficulty in accessing markets (Barrow and Van Dijk, 2013). Emerging farmers have difficulty participating in markets because of constraints and barriers. Major challenges include insecure land rights, limited access to factors of production, finance and information, limited government support, investment, working capital, insufficient farm size, inadequate or damaged infrastructure, poor farm management, high competition in the industry, knowledge and education about farming (Baloyi, 2010, and Obi, et al 2012). Despite the challenges and barriers faced in entering this sector, this new group of historically disadvantaged individuals have and continue to enter this historically white dominated formal value chain. They are driven by their own ambitions and supported by several transformation initiatives by government, as these emerging farmers generally do hold potential to contribute towards economic growth.

According to Senyalo, et al (2009), this group of emerging farmers currently constitute a major part of what is referred to as the secondary economy in agriculture. Emerging farmers continue to face the dual realities of a highly commercialised and industrialised commercial farming sector coexisting with this emerging sector. This dualism is no different from that encountered in agriculture in virtually any

country. The difference in South Africa is that large commercial farming operations are predominantly white owned and emerging farming operations are predominantly black owned. This concept of dualism system has created unequal distribution of land, economic assets, support services, , infrastructure and income, markets access including exclusion of emerging farmers from the lucrative agricultural supply chain (Antwi and Seahlodi, 2011). Added to these realities are the low engagement levels of institutions such as the South African agribusiness and retailers with emerging farmers, which to some extent reflect a continuation process of institutionalised marginalisation. Several studies have concluded that high transaction costs in either production or marketing of potentially remunerative commodities, excluded underprivileged emerging farmers from participating in lucrative enterprises (Kariuki, 2004, Ajuruchukwu et al, 2012, Senyalo et al, 2009, Baloyi, 2010). It is against this background, and given the policy of government to rid South African agriculture of its dualism and perceived exclusive nature, that it is critical to find appropriate institutional arrangements to prevent the continued marginalisation of emerging black farmers, and ensuring their participation in commercial supply chains. The ideal is to attain a situation in which these emerging black farmers become more productive, more market-oriented and better connected to markets than before. With improved knowledge about the opportunities and constraints facing emerging farmers, private and public policy makers at national and provincial levels will be better equipped to focus their supportive activities on the needs of these emerging farmers with the aim to improve their relative position in the agricultural value chain.

This study aims at understand the farmers at the heart of agricultural business and find out what motivates them, what makes them tick, what challenges these farmers face and what opportunities do they have in South Africa today.

1.2 Problem Statement

In general, it could be argued that globalisation of markets offers opportunities for economic growth especially for developing economies such as South Africa. However, such opportunities and corresponding benefits do not always reach emerging farmers in developing countries, who fail to participate in international supply chains. **Challenges and constraints faced by emerging markets, is the result of lack of access to lucrative and sustainable markets due barriers of entry, whilst they have access to agricultural resources such as land and water.**

Participation in both national and international food chains is increasingly dependent on guarantees for safety as a bottom line and food quality as a competitive edge. Developing economies and emerging farmers in particular, must comply with increasing stringent food safety standards to access local and

international markets (Jari and Fraser, 2009). Those few emerging farmers who gain access into the mainstream agricultural markets find themselves in a steep learning curve, because processors and retailers have stringent procurement policies such as international quality standards, labelling, growing programs, marketing agreements and exclusive contractual arrangements. Often these arrangements are only concluded with large commercial farmers (mainly white), who have in their possession large land holdings, sufficient knowledge and technology available and are connected to markets (Jari and Fraser, 2009). Whereas emerging farmers struggle to meet the requirements stipulated by retailers/buyers, such as pack-houses, cold room, silos, auction pans, abattoirs, full product traceability, and soil and water analysis in order to produce the desired quality and quantity of products (Baloyi, 2010).

Supermarkets are able to impose their supply chain requirements onto suppliers because they are increasingly the most important gatekeepers of consumer's retail markets. Over the years the big four supermarkets such as Pick n Pay, Shoprite, SPAR, and Woolworths have increased their number of stores and total retail space (Van der Heijden and Vink, 2010). The bargaining power associated with the big four supermarkets allows them to pass cost such as those associated with labelling and transport back to suppliers and thus protecting their margins. This increases costs and risk of farming, and supermarkets only want to deal with those who are willing and able to carry these cost. Most of South African supermarkets use centralised and vertically integrated procurement systems, focused around their own distribution centres and relatively small number of preferred suppliers (Van der Heijden and Vink, 2010). Woolworths buys only from relatively small number of suppliers, whereas Pick n Pay buys largely from small number of preferred producers, supplemented by outside purchases if necessary. On other hand, Shoprite uses its own in-house category manager (Freshmark) to purchase from a relatively large number of preferred suppliers, and supplemented where necessary. When identifying their preferred suppliers, supermarkets will look for those who can guarantee sufficient volumes and consistent quality (Van der Heijden and Vink, 2010). The current structure of the South African food retail sector and procurement practices of local supermarkets have effectively created barriers to entry for emerging farmers. Even niche markets such as organic produce, often presumed to offer opportunities for smallholders and emerging, are being taken by commercial producers (Van der Heijden and Vink, 2010).

These costs associated with compliance, lead to exclusion of many emerging farmers from participating in these formal markets, where standards are important, often requiring major structural changes in production practices and processes and also require access to information (Jari and Fraser, 2009). This is an area where most farmers are handicapped in general, and emerging farmers in particular. In

general, it could be argued that most emerging farmers face difficulties in marketing their produce due to lack of market information or knowledge. Access to marketing information influence marketing channel choices among farmers. It can be argued that marketing information is important because it provides knowledge on the type and quantity of produce required in the market, their quality and the price at which they will be sold. Availability of information allows emerging farmers to comply with retailers' standards, to compete with commercial farmers and to produce the desired quality and quantity of products because they have access to the necessary and relevant market knowledge (Makhura, 2011). The above mentioned factors, reduce emerging farmer's incentives to participate in formal markets and make a meaningful contribution towards economy (Jari and Fraser, 2009).

Given these changes in the South African agricultural sector, this is an opportune time to understand the environment in which emerging farmers work, as well as the challenges and opportunities they face in their quest of entering the mainstream agricultural economy. With improved knowledge about the challenges and opportunities facing emerging farmers, the study will be better equipped to recommend measures to prevent failure and to ensure that future emerging farmers do not face the same pitfalls that have been have existed up until now. Our government at both local and provincial level will be better equipped to focus their support activities on the needs of these farmers with the aim to improve their relative position in the value chain and assist emerging farmers in making a meaningful contribution to country's economy. At the same time, much greater clarity is needed about the relevant roles of the different agencies who work with emerging farmers, and how they might work more effectively together.

1.3 Purpose of the Study

The purpose of the study is to understand the opportunities and challenges that impede emerging farmers from being incorporated into the mainstream agriculture, and make an effort to find ways and available opportunities that would assist emerging farmers in developing their operations into viable and profitable businesses that would enable them to participate in commercial agricultural sector, and becoming the engine for economic growth. The study aims at recommending measures to prevent failure and to ensure that future emerging farmers do not face the same pitfalls.

1.4 Aim of the research

The aim of this study is to determine the root cause of the failure among emerging farmers, and attempt to shed light into the diverse challenges and opportunities that confront them in becoming successful entrepreneurs and participating in the mainstream agricultural sector of South Africa.

1.5 Research Objectives

The objective of this study is threefold:

- Firstly, to examine the challenges and constraints facing emerging farmers in North West Province focusing on the DR. Kenneth Kaunda District Municipality (Ventersdorp Municipality) that leads to high failure rate. This will ensure that the programmes aimed at emerging farmers are relevant and effective. It is crucial to identify the challenges and opportunities facing emerging farmers before suggesting possible strategies to support these farmers in becoming successful in managing their operations.
- Secondly, to identify concrete opportunities available through which emerging farmers can be assisted to overcome challenges and constraints that impede them from being incorporated into the mainstream agriculture, and develop their operations into viable and profitable businesses that would enable them to participate in main stream agricultural sector, and enable them to reap the fruits of liberalization and globalization of markets..
- Finally, to propose a relevant model that would assist emerging farmers in developing their operations into viable and profitable businesses that would enable them to participate in commercial agricultural sector, and becoming the engine for growth that many would like them to be.

1.6 Rationale and the importance of the study

South African landscape of agricultural sector has changed rapidly over the last past two decades, posing major challenges for all participants in the sector, and in particular for emerging farmers. Although there is a significant body of knowledge on the problems faced by emerging farmers, recent years have seen a lively debate about their future because of significant changes in their economic environment. Agricultural markets have become globally integrated posing challenges for emerging farmers. The majority of small and marginal farmers, who are not yet organized enough to take advantage of the world markets, perceive these changes as a threat to their livelihood economy (Jari and Fraser, 2009). Lack of resources, inadequate market access, poor knowledge of postharvest processing and value addition and weak infrastructure tend to put emerging farmers at a disadvantage in a competitive markets (Obi, Van Schalkwyk and Tilburg, 2012). This is further compounded by the point that some of the beneficiaries of land reform have suffered defaults, being inadequately prepared for commercial farming in a high risk environment, and unable to raise sufficient capital for commercial production (Organisation for Economic Corporation and Development (OECD), 2006). To enable small farmers to reap the fruits of liberalization and globalization, government is required to play a proactive

role in empowering them to take advantage of the opening up of market opportunities. The present thrust is therefore, on developing strategies to improve the status of emerging farmers through diversification and commercialisation of their agricultural activities. This will imply implementation of agricultural policy reforms, optimizing input efficiency, introducing sustainable agricultural practices, bringing about institutional change and improving institutional capacity, developing human resources and encouraging greater participation of the non-governmental sector in agriculture.

Despite the fact that emerging farmers face challenges in their production activities, they continue to produce and survive in the face of unfavourable conditions. Apart from their ability to survive, emerging farmers fulfil numerous functions in the agricultural community. These functions make this sector important to the economy. Such functions include food security, economic growth, job creation and poverty alleviation. However, the contribution of emerging farmers is rarely noticed as they are usually blurred by the challenges and constraints these farmers face, both in production and accessing formal markets. Challenges facing emerging farmers include lack of secure title to the land, lack of investment and working capital and limited access to credit, poor veld conditions, climate change, insufficient farm size, inadequate or damaged infrastructure, poor access to extension officers who, in turn, are often overcommitted and under resourced, poor knowledge of pasture and animal management and high competition in the industry (Obi, Van Schalkwyk and Tilburg, 2012). The above mentioned challenges and constraints impede their growth and ability to effectively participate in the formal markets relative to commercial farmers.

It is necessary to undertake this study as it seeks to come up with approaches on how to integrate emerging farmers into the mainstream agricultural sector. The study identifies the challenges and opportunities that impede emerging farmers from being incorporated into the mainstream agriculture, and makes an effort to find ways that would assist emerging farmers in developing their operations into viable and profitable businesses that would enable them to participate in commercial agricultural sector, and becoming the engine for economic growth.

1.7 Format of the study

The study comprises of the following elements:

- **Chapter 1, Introduction**-This chapter provides a brief background on challenges and opportunities facing emerging farmers and discusses the problem statement, purpose of the study, aim of the research, and the objectives of the study and the derived the hypothesis of the study. The objective of the study, was to identify the challenges and opportunities being

faced by emerging farmers in North West Province focusing on the DR. Kenneth Kaunda District Municipality and suggesting possible solution that would improve their operations into viable and profitable businesses that would enable them to participate in commercial agricultural sector, and enable them to reap the fruits of liberalization and globalization of markets.

- **Chapter 2, Literature review**-This chapter reviews the literature, to provide a theoretical background to study and empirical research that has been carried out in the study of emerging farmers. The literature review focuses on understanding how emerging farmers work, and the challenges and opportunities they face in their quest of entering the mainstream agricultural economy. This also Includes determining the root cause of failure among emerging farmers, and recommend measures to prevent failure and to ensure that future emerging farmers do not face the same pitfalls that have existed up until now.
- **Chapter 3, Research method and research approach**-This chapter describes the research stages and elements of the research process, focusing on the primary data and collection methodology, both qualitative and quantitative and method that is used in the process of theory building and proposition development, as well as explaining how the instrument is designed, the nature of measurement, the soundness of measurement, the pilot study, the population and sampling methods, the data preparation and the data analysis methods.
- **Chapter 4, Data analysis and interpretation**-This chapter reports on the challenges and opportunities faced by emerging farmers within Dr. Kenneth Kaunda District. This chapter also discusses and analyses the results of the data which was gathered through interviews and questionnaires.
- **Chapter 5, Conclusion and recommendations**-This chapter reviews the key findings of the study, recommends possible solution to the research problem and puts forward recommendations for further research.

2. CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

In the previous chapter, the rationale for the study was merely outlined. , In this chapter it is be expanded on. The objective of Chapter 2 is to review and discuss the relevant literature that contributes to meeting the objectives of this study. The literature review focuses on determining the challenges and constraints that impede emerging farmers from being incorporated into the mainstream agriculture, and make an effort to find ways that would assist emerging farmers in developing their operations into viable and profitable businesses that would enable them to participate in commercial agricultural sector, and becoming the engine for economic growth. The study will recommend measures to prevent failure and to ensure that future emerging farmers do not face the same pitfalls that have been have existed up until now.

2.2 Overview of farming challenges and opportunities facing emerging farmers

2.2.1 Emerging farmers

Farming in South Africa is major economic activity and in turn contributes greatly to the country's Gross Domestic Product (GDP). Farming in South Africa is not just an economic activity but it is rather a way of life in a broader sense. The government of South Africa has for many decades tried to change the face of faming so as to accommodate farmers from all walks of life, especially those who were previously disadvantaged, and facilitate their entry into the mainstream agricultural economy. The process of integrating emerging black farmers into the mainstream agricultural sector, has not been a smooth one and it has been one that has received a lot of criticism. Nearly two decades after the first democratic elections in South Africa, the agriculture and agribusiness landscape of the country are still under transformation. Baloyi (2010) points out that, the landscape is complex and filled with legacies of a racially and economically divided past and challenges of the present (Baloyi, 2010). According to Barrow and Van Dijk (2013), rough distinction can be made between large scale commercial farmers, emerging farmers, and small scale farmers in South Africa (Barrow and Van Dijk, 2013). The commercial farmers often have large land holdings, sufficient knowledge and technology available and are connected to markets. On the other hand small farmers lack these assets and produce mainly for their own consumption instead of producing for markets. The emerging farmer is slightly more advanced than the smallholder farmer and holds more production assets, but struggles to scale up production, and has difficulty in accessing markets (Barrow and Van Dijk, 2013). Emerging farmers have difficulty participating in markets because of constraints and barriers. Major challenges include insecure land

rights, limited access to factors of production, finance and information, limited government support, investment, working capital, insufficient farm size, inadequate or damaged infrastructure, poor farm management, high competition in the industry, knowledge and education about farming (Baloyi, 2010, and Obi, Van Schalkwyk and Tilburg, et al 2012). Despite the challenges and barriers faced in entering this sector, this new group of historically disadvantaged individuals have and continue to enter this historically white dominated formal value chain. They are driven by their own ambitions and supported by several transformation initiatives by government, as these emerging farmers generally do hold potential to contribute towards economic growth.

This study aims to understand the emerging farmers at the heart of agricultural business and find out what motivates them, what makes them tick. This study also seeks to answer questions such as, who are the emerging farmers and entrepreneurs. The study aims at identifying challenges and opportunities facing emerging farmers in becoming successful entrepreneurs and participating the mainstream agricultural sector in South Africa.

2.2.2 Definition of emerging farmers

Researching the subject of emerging farmers is fun, fascinating, and frustrating because of the lack of common understanding of what precisely an emerging farmer is. Despite widespread reference to the emerging farmer in the literature on agriculture and rural development, few literature attempt to define or describe the term emerging farmer. Possible reasons for this include; (a) the difficulty in defining emerging farmers, (b) assumption that everybody knows who the emerging farmer are, (c) argument that there is no need for a precise definition of emerging farmers. As in many other fields of analysis, it is critical to define the precise meaning of the terms used.

Currently in South Africa, the term “emerging farmer” is being used interchangeably with the term “black farmers”. Which, strictly speaking, is incorrect, as not all emerging farmers are black, nor for that matter, are all black farmers emerging. For this reason, this section seeks to define the most the accurate meaning of emerging farmers.

According to the Recapitalization and Development Programme policy (2013), emerging black farmers are defined as those persons (or decedents) who were excluded from South Africa’s formal agricultural economy on the basis of their skin colour, and who have recently begun to engage in farming on a larger scale to sell crops and livestock on the market with support and assistance of the state.

According to Barrow and Van Dijk (2013), a rough distinction can be made between large scale commercial farmers and emerging farmers, and small scale farmers in South Africa. The commercial

farmers often have large land holdings, sufficient knowledge and technology available and are connected to markets. On the other hand, small farmers lack these assets and produce mainly for their own consumption instead of producing for markets. The emerging farmer is slightly more advanced than the smallholder farmer and holds more production assets, but struggles to scale up production, and has difficulty in accessing markets (Barrow and Van Dijk, 2013).

The National Department of Rural, Environment and Agricultural Development (READ) (NDA, 2006) defines the emerging farmer as a farmer who is a beneficiary of one of the government's land reform programmes, or a farmer who is mainly dependent on the state and semi-state organisations for support and finance or as a farmer who consumes and sells some portion of the harvest. However, this study defines emerging farmers as individuals or groups, who are slightly more advanced than the smallholder farmers and holds more production assets, but struggles to scale up production, and has difficulty in accessing markets, and have the desire to commercialise their production.

2.2.3 Importance of emerging farmers

The landscape of agricultural sector has changed rapidly over the last past two decades, posing major challenges for all participants in the sector, and in particular for emerging farmers. Although there is a significant body of knowledge on the problems faced by emerging farmers, recent years have seen a lively debate about their future because of significant challenges and changes in their economic environment. Agricultural markets have become globally integrated posing a set of new challenges for emerging farmers. Majority of small and marginal farmers, who are not yet organized enough to take advantage of the world markets perceive the new order as a threat to their livelihood economy (Jari and Fraser, 2009). Lack of resources, inadequate market access, poor knowledge of postharvest processing and value addition and weak infrastructure tend to put emerging farmers at a disadvantage in a competitive global market (Obi, Van Schalkwyk and Tilburg, 2012). This is further compounded by the point that, some of the beneficiaries of land reform have suffered defaults, being inadequately prepared for commercial farming in a high risk environment, and unable to raise sufficient capital for commercial production (ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD), 2006). To enable small farmers to reap the fruits of liberalization and globalization, government is required to play a proactive role in empowering them to take advantage of the opening up of market opportunities. The present thrust is therefore, on developing strategies to improve the status of emerging farmers through diversification and commercialisation of their agricultural activities. This calls for the implementation of agricultural policy reforms, optimizing input efficiency, introducing sustainable agricultural practices, bringing about institutional change and improving institutional

capacity, developing human resources and encouraging greater participation of the non-governmental sector in agriculture.

Despite the fact that emerging farmers face challenges in their production activities, they continue to produce and survive in the face of unfavourable conditions. Apart from their ability to survive, emerging farmers fulfil numerous functions in the agricultural community. These functions make this sector important to the economy. Such functions include the following:

- Emerging farmers play a crucial role in supporting government's effort to secure the country's food security.
- The agricultural industry is one of the strategic economic sectors in South Africa, with significant contribution towards economic growth and job creation. As one of the most employment-intensive sectors of the economy, agriculture's potential impact on empowerment and poverty relief is much larger than its actual weight in the economy suggests. The primary agricultural sector contributes about 3% to the country's Gross Domestic Product (GDP), it represents about 7% of formal employment. If the entire value chain of agriculture is taken into account, its contribution to GDP reaches approximately 12%.
- Agricultural sector has strong economic and employment linkages with the other sectors of the economy, thus contributing substantially to economic growth. Agriculture makes essential inputs into other manufacturing industries through forward and backward linkages. Literature suggests that, the successful growth of farming activities allows for the growth of other business activities through forward and backward linkages. It provides a strong backbone and support to other sectors in the economy. In general, it could be argued that the trade and social activities of rural towns and service centres such as Ventersdorp, are dependent on primary agriculture and related activities such as agro-tourism and game farming. Income generated from farming activities by farmworkers, farmers and their families contributes to the economic growth, when they spend their wages and salaries on consumer goods and services. Most modern agricultural systems today, regardless of size, rely heavily on external inputs such as fertilizers, seed, agro-chemicals, land preparation services, fencing the provision and maintenance of equipment, and other services. The agriculture sectors also contribute towards employment creation and provides income for thousands of commercial farmers, emerging farmers, hawkers and street vendors.
- Agriculture sector plays an important role in economic growth North West province. Agriculture contributes towards employment creation and provides income for thousands of commercial farmers, emerging farmers, hawkers and street vendors.

- Emerging farmers contribute towards the creation of employment, and Poverty alleviation. Speaking at the post-state of the nation address, the minister of Economic Development, Ebrahim Patel said that South African agricultural sector is creating jobs again. He pointed out that South African agricultural sector created 65 000 jobs between December 2009 and December 2013, reversing a trend of farming job losses in the country that stretched back to the 1970's. South Africa's primary agriculture is contributes about 3% to its Gross Domestic Product (GDP) and about 7% to formal employment.

In general it can be argued that, the contribution of emerging farmers is rarely noticed as they are usually blurred by the challenges and constraints these farmers face, both in production and accessing markets. Challenges facing emerging farmers include lack of secure title to the land, lack of investment and working capital and limited access to credit, poor veld conditions, climate change, insufficient farm size, inadequate or damaged infrastructure, poor access to extension officers who, in turn, are often overcommitted and under resourced, poor knowledge of pasture and animal management and high competition in the industry. These challenges and constraints impede their growth and ability to effectively participate in the formal markets relative to commercial farmers.

2.2.4 Factors of success

There is limited literatures on factors affecting emerging farmer's operational and financial performance. This study seeks to understand and clarify what is meant by success in the context of emerging farmers. For the purpose of this study, success has been considered in terms of the following criteria of success and failure as pointed out by the various authors below:

According to the Business Dictionary (2014), success is defined as, "achievement of an action within specified period of time or within a specified parameters. Success can also mean completing an objective or reaching a goal. Success can be expanded to encompass an entire project or be restricted to a single component of a project or task. It can be achieved within a work place, or in an individual's personal life" (www.businessdictionary.com). It goes further to define failure as, the state or condition of not meeting a desirable or intended objective, and may be viewed as the opposite of success. (www.businessdictionary.com).

According to Chisasa and Makina (2012), success is defined as the ability to raise capital funds for the day to day running of the business operations and growing the business into viable and sustainable entity(Chisasa and Makina, 2012).

Literature suggest that formal education enables a farmer to manage his or her farm operation more effectively. Research further indicates that farmers with higher levels of education are also most likely to adopt new technology. More educated farmers are typically assumed to be better able to process information and search for appropriate technologies to alleviate their production constraints. The belief is that education gives farmers the ability to perceive, interpret and respond to new information much faster than their counterparts without education. Another possibility is that successful farms are more likely to be managed by well-educated operators or visited by extension agents promoting the new technology and that human capital and information flow are the key drivers of technology adoption.

It can argued that experience and technical skills plays a major role in farming. Chances of success are much higher for a farmers who has been involved in farming operation for a number of years.

Literatures suggests that membership to agricultural association could positively influence on success of farmers via improved information dissemination. Research shows that farmers within a group learn from each other how to grow and market new crop products.

Makhura (2011) argues that, access to equipment, technical knowledge and manpower plays an important role in successful farming (Makhura, 2011).

Access to marketing information influence marketing channel choices among farmers. It can be argued that marketing information is important because it provides knowledge on the type and quantity of produce required in the market, their quality and the price at which they will be sold. Availability of information allows emerging farmers to comply with retailers' standards, to compete with commercial farmers and to produce the desired quality and quantity of products because they have access to the necessary and relevant market knowledge (Makhura, 20011).

Enabling business environment is the most important ingredient to emerging farmer's success. Access to support technical services, and access to the means of production such as land, infrastructure and equipment improves the farmer's chances of success (Karan and Kristen, 2008). It is of great importance that emerging farmers are given the adequate support to enhance food production whilst creating a sustainable and profitable operations

It could be argued that profitability is the most important measure of success of the business. Any farming project that is not profitable cannot survive in this competitive industry. Profitability is the primary goal of all businesses ventures. Without profitability the business will not survive in the long run. Therefore measuring current and past profitability and projecting future profitability is very important.

2.3 Factors affecting performance of emerging farmers

The literature review focused on factors affecting performance of emerging farmers within the South African context. It provides a review of selected findings from previous studies undertaken by various authors such as, Makhura (2011), De Lange (2004), Kristen and Vanzyl (1998), Chisasa and Makina (2012), Report by Land and Development Bank of South Africa (2011) and others. According to the review of research carried out by the above mentioned authors, challenges faced by small farmers can be broadly classified into the following areas: constraints on production, access to production inputs, low quantity and poor quality, lack of value-addition at farm level, access to Credit, inadequate business plans, lack of information on markets and insufficient access to advisory services.

2.3.1 Constraints on Production

For emerging farmers optimum production is very difficult, as there is lack of infrastructure which results in low productivity. Most emerging farmers do not have access to on-farm infrastructure such as storerooms and cold-rooms to keep their products in condition after harvesting information (Jari and Fraser, 2009). Lack of access to such facilities such as postharvest, storage, and processing facilities constitutes a barrier to entry into formal markets, since the emphasis of buyers is more on quality. The ability to deliver quality produce to the market and ultimately to consumer, commands buyer's attention and gives the farmer a competitive edge. Proper post harvesting handling and storage contributes in ensuring quality maintenance for perishable agricultural produce information (Jari and Fraser, 2009). Farmers with proper storage facilities do not need to market their produce immediately after harvest when prices tend to be low. They have the option of storing their produce and selling when price are higher. Furthermore, emerging farmers are constrained by the available farm size. Even if they have access to more land, their production is limited by lack of resources. Emerging farmers lack consistency in terms of producing for the formal markets due to insufficient access to production resources (Van der Heijden and Vink, 2010). Poor access to these assets affects the way in which emerging farmers can benefit from opportunities in the agricultural markets.

2.3.2 Access to production inputs

Availability of inputs tend to be a major constraint for emerging farmers. Production inputs refer to the seeds, fertilizers and pesticides. Farmers have limited buying power because inputs are normally packaged for the larger needs of commercial farmers. Emerging farmers also lack the knowledge on how to use inputs effectively, the lack of these practices or skills are rampant among both emerging

farmers and extension officials. They lack the necessary knowledge when it comes to soil health, fertilizer application and the use of plant protection chemical etc.

2.3.3 Low quantity and poor quality

Due to production constraints, production inputs, inadequate land size, poor knowledge of postharvest processing and value addition and weak infrastructure, the majority of emerging farmers produce low quantities of produce which is of poor quality and in turn impede them from participating in the formal markets. Participation in both national and international food chains is increasingly dependent on guarantees for safety as a bottom line and food quality as a competitive edge. Developing economies and emerging farmers in particular, must comply with increasing stringent food safety standards to access formal markets (Jari and Fraser, 2009).

2.3.4 Lack of value-addition at farm level

Increasing demand for processed foods by the growing affluent middle class is leading to increased demand for high value agricultural commodities. Postharvest processing and value addition at farm level would provide relief to the producers. As a result Lack of Processing Facilities, emerging farmers are often forced to sell their surpluses at low prices or under distress sale. There is a need for small-scale farm level processing and value addition for agricultural produce particularly at primary level, viz., fruit and pulp making, pickle making, preservation of vegetables, jam and marmalade. Value-adding techniques provide higher income to the small farmers. This will need to be supported by access to market information and linkage with potential markets where the processed produce could be sold. Agro-processing units in semi-urban centres would create employment generation. Agro-processing units will create further demand for agricultural produce. This will ensure reasonable remuneration and increase in the income of small farmers (Karan and Kristen, 2008).

2.3.5 Credit Constraint

According to a review by Chisasa and Makina (2012), the performance of small and emerging farmers in South Africa has lagged behind globally and still falls below that of commercial farmers and non-farming private sector because of lack of access to credit. Emerging farmers are at a disadvantage in accessing credit. On the other hand, large farmers have the greater access and enjoy far better credit support provided by various credit institutions. Credit providers, such commercial banks, prefer lending to commercial farmers and non-farm private sector because they are able demonstrate financial viability and are able to offer collateral. However, emerging farmers generally lack these attributes and are deemed high risk (Chisasa and Makina, 2012). They are therefore unattractive to financial lenders.

A further constraint to accessing credit is lack of clear land rights (Vorley, Fearn, and Ray, 2007). The study revealed that many of the emerging farmers do not own their land, but only have permission to occupy. Their growth is restrained by lack of clear land rights, since they cannot use their land security for financing. A further constraint experienced by small and emerging farmers is that they often are under debt to private moneylenders. They need credit for carrying out current farm operations. Emerging farmers require a credit package covering production, investment and consumption credits, and if necessary, credit for redemption of prior debts. Such packages are not available to them in formal credit markets (Land and Development Bank of South Africa, 2011).

2.3.6 Inadequate business plans

It could be argued that inadequate business plans makes it difficult for emerging farmers to obtain the necessary funding for their businesses. The argument is that well thought-out business plan compels farmers to think and carefully about the future plans and the challenges that they will face in their business operation. Formulation of the business plan also forces farmers to carefully consider their financial needs, marketing and management plans, their competitors and their overall strategy. One of the biggest mistakes made in formulating business plans is unrealistic financial projections. The assumption that a start-up farming business will immediately be profitable is often a naïve mistake made by emerging farmers. Another major down fall is the tendency to overestimate their start-up costs and financial needs. Often times, many farmers in their business planning, lack marketing and strategic planning process, which produces wild guesses in forming the financial projections

2.3.7 Lack of information on markets

In general, it could be argued that most emerging farmers face difficulties in marketing their produce due to lack of market information or knowledge. Access to marketing information influence marketing channel choices among farmers. It can be argued that marketing information is important because it provides knowledge on the type and quantity of produce required in the market, their quality and the price at which they will be sold. Availability of information allows emerging farmers to comply with retailers' standards, to compete with commercial farmers and to produce the desired quality and quantity of products because they have access to the necessary and relevant market knowledge (Makhura, 20011).

2.3.8 Insufficient access to advisory services

Advisory service offered by government is the most integral component of land reform. Proper selection and follow-up of beneficiaries is crucial for land reform to develop sustainable commercial

farming .The inability of government to provide post-settlement support to beneficiaries of land reform could lead to the failure of land reform projects. Often, extension officers are criticised for not doing enough, for offering irrelevant technical advice (advice given tended to be general and not commodity-specific), and for not monitoring the implementation of the advice given. The extension support is not effective due to poor public research system, lack of technical expertise, and limited resources (Karan and Kristen, 2008).

2.3.9 Inadequate skills transfer and capacity building

A serious deficiency in the current support system is that the training for land reform beneficiaries only starts after the land has already been transferred. This means that beneficiaries have to play catch-up while being embroiled in the day to day challenges of farming activities. Quantitative land reform targets and consequently pressure to transfer significant volumes of land meant that training and support to land beneficiaries have often been neglected (Anderson and Feder (2004). Failed land reform projects threaten South Africa's ability to produce an adequate food supply. A land reform policy in which land is proactively acquired by the state and then transferred to black South Africans, without proper guidance and support, could potentially render even more arable land unproductive. It is of great importance that emerging farmers are given the adequate support to enhance food production whilst creating a sustainable and profitable operations. South Africa is a net importer of most staple foods besides maize and more land given to emerging farmers who lack several success factors will lead to reduced output including maize.

2.4 REVIEW OF FARMER SUPPORT PROGRAMMES

The study focused on the support programmes that have been established in order to create an enabling environment for emerging farmers to break through the barriers and become commercial farmers. The Department of Rural, Environment and Agricultural Development (READ), Forestry and Fisheries (DAFF) has several different programmes in place are geared towards improving access to land as a form redressing the injustices of the past. This is being done through a comprehensive land reform programs, such as restitution, redistribution and tenure reform. This in turn, has created an increased demand for the services offered by the DAFF. The increased demand for agricultural support services for smallholder and emerging farmers created by the land reform programme is partly addressed through the Comprehensive Agricultural Support Program (CASP), the Micro-Agricultural Finance Initiative of South Africa (MAFISA, Ilima/Letsema, Agricultural Black Economic Empowerment (AgIBEE), Recapitalisation and Development Programme (RADP). This kick start, together with constant

training, mentorship, market linkages and input supplier support programs, allowed these emerging farmers to enhance production and produce enough to sell into markets and make profits.

2.4.1 Comprehensive Agricultural Support Program (CASP)

In 2004, the Department of Rural, Environment and Agricultural development (READ). According to Progress Report on the Implementation of CASP (2004), the main aim of the farmer support is to create a favourable and supportive agricultural service environment for the farming community. The programme is expected to improve efficiency of extension and advisory services, such as information and knowledge management, training and capacity building. It is envisioned that the programme will facilitate access to farming infrastructure, production inputs and markets (CASP draft progress report 2004).

2.4.2 Agricultural Black Economic Empowerment (AgriBEE)

AgriBEE is part of the wider process being undertaken in terms of government strategy to achieve broad based economic empowerment of black persons (Broad-based Black Economic Act). The Agricultural Black Economic Empowerment (AgriBEE) charter was launched in April 2008, serving as a policy guideline for BEE in the agricultural sector. The main aim of AgriBEE policy is to transform the agricultural sector by including black emerging farmers into the mainstream economy. This initiative is in line with the objectives of the Broad Based Black Economic Empowerment Act (2003). The aim of this programme is to build capacity among emerging farmers and to influence the paradigm shift from subsistence/small scale production to commercial practice, so that the targeted group will be able to gain accesses to lucrative opportunities in the agricultural value chain.

2.4.3 The Proactive Land Acquisition Strategy (PLAS)

The Proactive Land Acquisition Strategy (PLAS), was implemented by the Department of Rural Development and Land Reform (DRDLR) to accelerate the land distribution process (2003). The PLAS approach is primarily pro-poor and is based on purchasing advantageous land i.e. either because of the property's location, because of the high agricultural potential, because it is suitable for particular agricultural activities that government would like to promote vis- a-vis redistribution, and/or because it is an especially good bargain. The department would then select suitable beneficiaries who can lease the land with the option to purchase the land. The provision of Land and Assistance Act, Act No. 126 of 1993 section 10 (1) (a) gives legal effect to the proactive acquisition of land. This gives the department to purchase land without first identifying beneficiaries. The overall aim of PLAS, is to ensure maximum productive use of the land acquired.

2.4.4 Recapitalisation and Development Programme (RADP)

According to the policy for the Recapitalisation and Development Programme (RADP) of the Department of Rural Development and Land Reform (2013), the programme is aimed at resuscitate all the distressed land reform projects that have been implemented since 1994, and to provide black emerging farmers with the social and economic infrastructure and basic resources required to run a profitable and sustainable agricultural business (The policy for the Recapitalisation and Development Programme of the Department of Rural Development and Land Reform, 2013). The policy seeks to assist black emerging farmers to participate in the lucrative agricultural value chain as quickly as possible, through state intervention (The policy for the Recapitalisation and Development Programme of the Department of Rural Development and Land Reform, 2013). The programme is also intended to complement other agricultural programmes of the Department of Rural, Environment and Agricultural Development (READ).

2.5 SOUTH AFRICAN AGRICULTURAL SECTOR OVERVIEW

2.5.1 South African Economy

South Africa is mainly a middle income, emerging market with abundant supply of natural resources, which include metals, diamonds, and agricultural produce which have driven rapid economic growth over the past decades. South Africa also has a well-developed financial, legal, communication, energy and transport sectors. Even though the country has modern infrastructure to facilitate trade, the unstable electricity supply has retarded the country's economic growth to due to Eskom's poor infrastructure and construction delays at two additional power plants, as the state utility is distracted by a scramble to keep the lights on. Slow pace of international economic growth also continue to limit South Africa's economic development in recent years. The global financial crisis has reduced commodity prices and world demand. After South Africa's initial promising economic recovery, following the global economic crisis, real GDP growth peaked at 3.6 percent in 2011, sliding down to 2.5 percent in 2012 and 1.9 percent in 2013. However, economic growth in 2014 was promising, and likely to improve, but success hinges on the recovery in Europe gaining momentum and on the government's investment plans to address bottlenecks in the electricity and transport being effectively implemented. According to the latest figures released by Statistics South Africa (Stats SA), the economy grew by 1.5 percent in 2014 (lowest figure since a 1.5 percent contraction in 2009), down from 2.2 percent in 2013, according to the preliminary estimates of real gross domestic product (GDP) released by Stats SA. The results revealed that eight of the ten industry groups experienced some growth during the year, while two industries shrank in size. The statistics revealed that agricultural, forestry and fishing was the fastest

growing industry, expanding by 5, 6 percent, closely followed by government services in second place at 3 percent. The growth in Agricultural, Forestry and Fishing industry was due to higher production in horticulture and animal products. Results further showed that economic activity within the mining and electricity industries decreased by 1, 6 percent and 0, 9 percent respectively, while manufacturing showed very little change for the year as a whole. The growth in the mining industry was interrupted by wide spread strikes during the half of 2014, which resulted in a decline in mining activity in the first and second quarter (Gross domestic product, Fourth Quarter 2014).

Despite progress in other areas of the economy, unemployment and labour relations continues to pose challenges for the country. Labour unrests that marked 2012 improved in 2013, proving to be less violent but more widespread, had significant effect on the output manufacturing, mining, agriculture and automotive industry. With almost 25 percent of the work force without work, unemployment, poverty, and inequality remains South Africa's greatest social challenge. The government's newly launched employment tax incentive aims to address this challenge by encouraging the private sector absorption of unemployed youth, by subsidising salaries of newly recruited workers aged between 18 and 29. South Africa's economic policy has predominately focused on controlling inflation, however, the country has had a significant budget deficit that restrict its ability to deal with pressing economic challenges.

2.5.2 Agriculture in North West Province

Livestock and grain production accounts for the large percentage of the agricultural production practices in the province. The dry western part of the province is home to beef and game ranching and hunting, with Vryburg, Stella and surrounding areas being classified as the region with the most suitable natural resources base for cattle production. These areas often referred to as the Texas of South Africa, with some of the largest cattle heard in the world found at Stella and Vryburg. The areas are covered by sweet veld, which means farmers within the area will be less inclined to planting hay or silage which is a major cost saving as machinery is expensive. Animals are less prone to diseases than in higher rainfall areas of the country. Other livestock productions enterprise, such as sheep, goats and pigs are practiced throughout the Province. The province is also an important food basket in South Africa. North West province is major producer of maize, wheat and sunflower in the country. About one third of South Africa's maize comes from the province, as does its 15 percent of wheat.

2.5.3 Contribution of agriculture to the economy

The agricultural sector could be defined as all activities relating to agriculture input provision, farming and processing and distribution activities that add value to farm products. The agricultural sector has strong economic and employment linkages with the other sectors of the economy, thus contributing substantially to economic growth. Agriculture makes essential inputs into other manufacturing industries through forward and backward linkages. Literature suggests that, the successful growth of farming activities allows for the growth of other business activities through forward and backward linkages. It provides a strong backbone and support to other sectors in the economy. In general, it could be argued that the trade and social activities of rural towns and service centres such as Ventersdorp, are reliant on primary agriculture and related activities such as agro-tourism and game farming. Income generated from farming activities by farmworkers, farmers and their families contributes to the economic growth, when they spend their wages and salaries on consumer goods and services. Most modern agricultural systems today, regardless of size, rely heavily on external inputs such as fertilizers, seed, agro-chemicals, land preparation services, fencing the provision and maintenance of equipment among others. The agriculture sector also contribute towards employment creation and provides income for thousands of commercial farmers, emerging farmers, hawkers and street vendors.

2.5.4 Production versus demand

2.5.4.1 Maize markets

According to the Agricultural Outlook Brief by Joint Agribusiness and DAFF, South Africa was able to produce approximately 11.3 million tons of maize per year on average, between 2001 and 2014. The primary maize producing regions of the country include the Free State, Mpumalanga, North West and Gauteng province. Annual production of maize in South Africa fluctuates widely according to rainfall, average production has remained constant over time. This has become a major concern, because consumption of maize has dramatically increased with the growing population and the supply may soon not meet the domestic demand, affecting both local and regional maize supply. South African farmers in North West, Northern Cape, the western Free State and KwaZulu-Natal are currently suffering from a severe drought that is threatening red meat production, sugarcane and grain production. The current drought situation that is wide spread in South Africa's grain production areas will severely impact on the availability of white maize, as well as yellow maize that is crucial in livestock feed production. This will have far-reaching effects for every South African consumer in the long run. The unavailability of maize will in-turn affect the prices of maize and hence the price of maize meal and animal feed. The

expected shortages in white maize will drive food prices up significantly. South Africa would have to import white maize this year. According J Moller, president of Agri SA, indications were that South Africa would be required to import white maize from Mexico, to compensate for the shortage. Mexico is the only other country that produces white maize for human consumption on larger scale. This might be a challenge since the variety used as staple food in the country is produced on a small scale globally. According to the United States Department of Agriculture, Mexico only managed to produce 14, 5 million tons of white maize in 2012 and 75 percent of the crop was consumed as food. The rest of the world produces mainly yellow maize, which is being used as animal feed.

2.5.4.2 Wheat Markets

Similarly to maize, wheat production also fluctuates and the average production has remained constant while consumption has radically increased over time. South Africa is heavily reliant on world markets to meet domestic demand. Main source of wheat imports, largely comes from Argentina and Germany, however in recent years, Ukraine and Brazil have become an important source for wheat grain for the South Africa. South Africa remains a net import market for wheat, with domestic production meeting a mere 55 percent of the national requirements. This increase in demand is largely driven by the increasing domestic consumption of wheat due to rising income.

2.5.4.3 Red meat, chicken and dairy

The beef industry, like any other industries, is challenged by the increased complexity and demand brought about by globalisation, innovation and the pressure to meet changing customer needs. The consumption of red meat is largely influenced by five factors, namely disposable income, price of beef, the income elasticity of the different types of meats, changes in consumer tastes and preferences associated with socio-demographic trends of consumers, and changing livestock production systems. The combination of the above factors implies that both the retailers and the suppliers should ensure that they are aligned to better deliver customer value, in order to ensure sustainable competitiveness and survival, manage risk and ensure acceptable profit returns. Today's consumers have increased knowledge and power. They have concerns regarding health, diets and food safety. Demand for products is increasingly being influenced by non-economic factors, such as convenience, versatility, environmental and ethical issues, value for money, health consciousness, and simplicity. Beef does not only compete with other red meats such as pork and lamb, but also with other protein sources, as well as protein replacements such as soya. Over the past decades the average income in the country has increased, and the meat consumption levels have increased as well. The cause for this upward trend and changes in consumption levels can largely be attributed to the emergence of black middle class and

good economic growth. Consumers have moved towards higher living standards measures (LMS) groups driven by economic growth as well as economic empowerment. Rising income is a key factor underlying changing consumer preferences. The significant shift in consumer markets from lower LMS to higher LMS groups suggest that dietary habits would also have significantly changed. According Jooste (1996), the demand for beef in low income countries is largely influenced by per capita income, while, in higher income countries, factors such as diet and health concerns are more important than per capita income. Despite the changing trends, South African consumers are still extremely price sensitive when it comes to beef consumption. In South Africa the growth demand for chicken still far exceeds that of beef. This trend can be attributed to the fact that consumer perceive chicken to be inexpensive and accessible. The trend is not only easier on the wallet, it is also good news for health, with excessive red meat consumption being linked to several health issues.

2.6 COMPARISON OF SOUTH AFRICAN LAND REFORM WITH INTERNATIONAL EXPERIENCE

The study compares South African land reform process with that of neighbouring countries such as Zimbabwe and Namibia. This comparison is relevant to this study because Namibia is currently going through land reform at the same time as South Africa, while the Zimbabwe's process has already taken place. The main aim of literature review is to examine the manner in which Zimbabwe and Namibia have dealt with the issue of post-independence land redistribution and whether there is anything to be learnt from their experiences regarding the appropriateness of the willing seller willing buyer (WSWB) policy as a tool for equitable land redistribution.

2.6.1 Introduction to land reform in Zimbabwe and Namibia

2.6.1.1 ZIMBABWE

Literature review points out, the slow pace of land reform could have contributor to rural unrest that took place in Zimbabwe. It could be argued that the emergence of land invasions and land grabs in neighbouring Zimbabwe occurred because it was becoming obvious that the government's was unable to deliver on their promise of equitable land distribution. There are fears that South Africa could face similar farm invasion problems like in Zimbabwe, if the government fails to deliver on its promise. In order to prevent the same situation of rushed land reform from taking place in South Africa, the government would need to carefully revise the current land redistribution policy.

2.6.1.2 NAMIBIA

The initial Namibia's Agricultural Land Reform Act (1995) was similar to that of South, it allowed the state to buy farms from white owners for resettlement of previously disadvantaged Namibians. Since the Land Reform act was passed in 1995, every commercial farmer who wants to sell must first offer the farm to the Namibian ministry of lands and resettlement, based on the "willing seller, willing buyer" (WSWB) principle (Agricultural (Commercial) Land Reform Act 6 of 1995 (Namibia). The WSWB approach was initially favoured as the primary means of redistribution, but it was later abandoned in favour of a more state driven appropriation policy. The Namibian's land reform act was amended to fast track the land reform process. The amended Act allows the state to expropriate land, subjected to the payment of "just compensation" in terms of section 20 of the Act (Agricultural (Commercial) Land Reform Act 6 of 1995 (Namibia). In general, it can be argued that the slow pace at which land was being transferred to beneficiaries, the exorbitant land prices, tedious and unproductive negotiations with potential sellers, and the reluctance of the commercial farmers to release the land to government, compelled the government to abandon the WSWB policy. Literature review demonstrated the consequences of a failed WSWB based approach, which forced Namibian's government to adopt a more drastic state-led fast- track land reform.

2.6.2 SOUTH AFRICA

The government of South Africa has for many decades tried to change the face of farming so as to accommodate farmers from all walks of life, especially those who were previously disadvantaged, and facilitate the entry of black emerging farmers into the mainstream agricultural economy. The process towards levelling the playing fields has not been a smooth one and it has been one that has received a lot of criticism. The South African government has failed to meet its delivery targets with a wide margin. The objective of the land reform programme to transfer 30 percent of agricultural land to historically previously disadvantaged was changed from 2014 to 2025 when it became apparent that the envisaged time frames were unachievable. In general, the government is being criticized for being slow in delivering of land to those who were historically disadvantaged and lacking the political will to adopt the state-led fast- track land reform approach.

The literature review of Namibia and Zimbabwe shows that the challenges with the current market-led (willing-seller-willing-buyer) land distribution approach are not unique to South Africa. The reluctance of white commercial farmers to offer land at reasonable market prices has contributed to the slow pace of the land distribution. In general, it has been argued that market prices are higher than the production value of land. It could argued that, the WSWB policy is essentially a "willing seller" policy, because it

protects the interests of white landowners by neither compelling them to sell against their will nor at a price with which they are not fully satisfied. Dlamini points out that willing seller-willing buyer approach effectively insulate white South Africans from any costs associated with restitution, and place the burden on South Africans tax payers as a whole (Dlamini, 2014). The policy treats all parties involved as equals whereas they are not, because in the past whites forcefully took the land from blacks under the apartheid system. In general, it has been argued that if the South Africa does not change its policy stance in the issue of land distribution, the pace of reform is bound to continue being slow in correcting imbalances in landownership. It could be concluded that the current market-based WSWB policy is not an ideal approach for South Africa, as it will not bring about expected outcomes in land reform.

It could be concluded that land policies remains a challenge in many African countries, and constantly need to be reviewed and improved to keep up with regional politics and global economic trends in order to achieve equitable redistribution of land. Review of the land reform process of Namibia and Zimbabwe provides a compelling case why South Africa should move away from the WSWB policy and adopt constitutionally endorsed appropriation approach in order to meet the government's 30% land distribution targets (Dlamini, 2014). In general, it has been argued that the adoption of expropriation policy could send a strong message to white commercial farmers who are resisting land development initiatives, that the government is serious about accelerating the pace of land reform and further demonstrate that the government is no longer satisfied with prolonged negotiations with reluctant commercial land owners.

2.7 ECONOMIC THEORIES

2.7.1 Introduction

This section of the study is structured around the theme of farm level productivity, growth, emphasizing the role of technological innovation and diffusion in successful agricultural development.

Prior to the beginning of this century, almost all increases in agricultural production occurred as a result of increases in the area cultivated. In this current century almost all of the increase in world food production must come of higher yields from increased output per hectare. Enlargement of agricultural output will have to be secured almost entirely through more intensive cultivation of the areas already being used for agricultural production. Increases in food and fibre production will depend, in a large measure, on continuous advances in agricultural technology. Viewed in a historical context, the problem of agricultural development is not that of transforming a stagnant agricultural sector into a modern dynamic sector, but of accelerating the rate of growth of agricultural output and productivity

consistent with the growth of other sectors of a modernizing economy. The technology associated with this transition, particularly the new seed-fertilizer technology, has been referred to as the "Green Revolution."

2.7.2 Induced Innovation Model

Over the last several decades, economists have made major contributions to our understanding of the impact of the knowledge of natural science on technical change and the impact of technical change on economic growth. The work published by Ruttan (1987) has significantly advanced our understanding of the sources of demand for and supply of technical change. He extended the theory of induced technical change and tested it against the history of agricultural development in the United States (USA) and Japan. He explains the phenomenon of "high and sustained rates of agricultural growth", despite observed wide inter-country differences (between the USA and Japan) in factor endowments and factor price ratios, by reference to the ability of each country "to generate a continuous sequence of induced innovations in agricultural technology biased toward saving the limiting factors".

The uniqueness of this hypothesis is that, unlike the neo-classical tradition of considering technical change as exogenously determined, it treats it as endogenous to the process of agricultural development. This hypothesis, in turn, illustrates clearly the fundamental point about the dynamics of agricultural growth: there is a unique agricultural growth-path for each country, and the differences between such 'optimal' growth paths are explained by a dynamic adjustment in input mixes to changes in relative factor prices reflecting resource endowment patterns of different countries.

In the induced-innovation model, changes or differences in the economic environment influence the direction of technical change. The constraints imposed by an inelastic supply of land may be offset by advances in biological technology. The constraints imposed by an inelastic supply of labour may be offset by advances in mechanical technology. The term mechanical technology to refer to those technologies which substitute for labour and the term biological technology to refer to those technologies which generate increases in output per hectare. The effect of a rise in the price of fertilizer relative to the price of land or of the price of labour relative to the price of machinery has been to induce advances in biological and mechanical technology. The effect of the introduction of lower cost and more productive biological and mechanical technology has been to induce farmers to substitute fertilizer for land and mechanical power for labour. These responses to differences in resource endowments among countries and to changes in resource endowments over time by agricultural research institutions, by the farm supply industries, and by farmers, has been remarkably similar in spite of differences in cultures and traditions. Technology can be developed to facilitate the substitution of

relatively abundant (hence cheap) factors for relatively scarce (hence expensive) factors in the economy.

According to Ruttan' (1987) research, the U.S. farmers were using less fertilizer than Japanese farmers. Despite the fact there were vast differences in both physical and institutional resources, the relationship between these variables has been almost identical in the two countries. As the price of fertilizer decline relative to other factors, scientists in both countries responded by developing crop varieties that were more responsive to the lower prices of fertilizer. Despite this, American scientists, always lagged behind the Japanese by several decades because the lower prices of land relative to the price of fertilizer in the United States resulted in a lower priority being placed on yield-increasing technology. Farmers used more mechanical power than Japanese farmers. But the relationship between the power/labour price ratio and the use of power per worker is again, almost identical in the two countries. But, because labour was always less expensive in Japan, the Japanese suppliers of mechanical technology always lagged behind the U.S. suppliers by several decades. The research clearly illustrates that constraints imposed on agricultural development by an inelastic supply of land, in economies such as Japan and Taiwan, have been offset by the development of high-yielding crop varieties designed to facilitate the substitution of fertilizer for land. The constraints imposed by an inelastic supply of labour, in the U.S, have been offset by advances in mechanical technology. The U.S.A farmers used more mechanical power than Japanese farmers.

The research goes further to illustrate that developing countries which fails to adopt new or modern technical and institutional innovation in agriculture, consistent with its resource and cultural endowments, suffers two major constraints on its attempts to develop a productive agriculture. It is unable to take advantage of advances in biological and chemical technologies suited to labour intensive agricultural systems. And the mechanical technology it does import from more developed countries will only be productive under conditions of large-scale agricultural organisation. Failure to achieve increase in agricultural productivity, improvements in food processing and storage, improve quality and quantity, and lowering production costs are strongly associated with failures of most developing economies in the world.

2.7.3 Diffusion of innovations

From the previous section, it is clear that technical changes seems to be arguably the main driver of economic and agricultural development. Understanding how ideas and technology diffuses or spread among people has been studied in many fields. To explain the factors that promote or hinder the

acceptance of technology, Rogers (2003) developed the concept of Diffusion of Innovations. He defined the concept of innovation as any object, idea, technology, or practice that is new.

Diffusion is a process by which an innovation of better methods and processes are communicated and spread through different channels over time among social system, communities and regions. Diffusion of innovation is theory that seeks to explain how, why, and what rate new ideas and technology spread through cultures and regions. Diffusion is the process by which an innovation is communicated through certain channels overtime among the members of a social system (Rogers, 1983). When new ideas are invented, they are diffused and adopted or rejected.

The contribution of new technology to economic growth can only be realised when use of new technology is widely diffused. Diffusion itself results from a series of individual decisions to begin using the new technology. The innovation decision process begins with the *Knowledge Stage*. One cannot begin the adopt process without knowing about the innovation. In this stage, farmers becomes aware of the technology. Perhaps he might see another farmer using the technology in real life. Peer or mentor may inform him about it as well. A farmer moves to the next stage, the *Persuasion Stage*, when he move beyond simple awareness of the technology. Farmer begins to show interest in the technology and seeks more information about the technology, such as costs, features, user reviews, etc. Famer begins to actively consider whether or not to adopt the technology into his farming activities. At the *Decision stage*, a farmer makes the choice to reject or adopt the technology. The decisions are the result of a comparison of uncertain benefits of the new invention with uncertain cost associated with adopting it. The farmer's choice of action will depend largely on his evaluation of this and other outcomes, in terms of his own personal perception. For a farmer to choose the use of technology for specified task, it should provide some form of benefit for the task concerned. To be more specific, the innovation should demonstrate a relative advantage over other options currently available (Rogers, 2003).

There are a number of factors that influence the extent of adoption of technology, such as characteristics or attributes of technology, the adopters or farmers in this case, which is the object of change. This also includes change agents, such as extension officers, professionals, etc. including the socio-economic, biological, and physical environment in which technology takes place. The change in technology is modelled as a function of changes in access to extension services, changes in membership to association, changes in access to agricultural credit, and changes in labour availability.

- **Membership to agricultural association:** Membership is association also appears to positively influence adoption decisions via improved information dissemination. Research shows that farmers within a group learn from each other how to grow and market new crop products.

- **Education:** Research further indicates that farmers with higher levels of education are also most likely to adopt new technology. More educated farmers are typically assumed to be better able to process information and search for appropriate technologies to alleviate their production constraints. The belief is that education gives farmers the ability to perceive, interpret and respond to new information much faster than their counterparts without education. Another possibility is that successful farms are more likely to be managed by well-educated operators or visited by extension agents promoting the new technology and that human capital and information flow are the key drivers of technology adoption.
- **Extension advisory services:** Contact with extension officers is expected to have a positive effect on adoption based on innovation-diffusion theory. Agricultural extension services themselves must be able to advance beyond simply recommending a package of practices or delivering technological and managerial messages to farmers. They must advance from teaching practices to teaching principles. Various methods, including field trips, guest speakers, group discussions, workshops, on-farm demonstrations, audio-visual materials, printed matter, and interactive telecommunications have been advocated by Extension practitioners for information dissemination in agriculture. Their potential impact is, however, quite high.
- **Constrained access to credit:** Constrained access to credit features prominently on list of reasons why technology fails to diffuse. The lack of access to credit for emerging farmers may prevent them from having the necessary capital for investing in new technology. Research on improved agricultural technology adoption indicates that farmers (established commercial farmers) with access to credit might acquire technologies earlier due to superior credit and insurance access.
- **Distance to markets:** Distance to markets is assumed to play an important role in technology adoption. The hypothesis here is that, the further away a farmer is from input and output markets, the smaller is the likelihood that they will adopt new technology. Input and output markets are also known to influence the adoption of improved agricultural technologies.
- **Farm size:** the size of the farm is factor that is often argued as an important factor affecting adoption decisions. The research argues that farmers with larger farm land are more likely to adopt an improved technology compared to those with smaller farms as they can afford to part of their fields to experiment with improved technology. Research further indicates that farmers with larger farms are more likely to adopt new technological in mechanised machinery and equipment, as they require economies of scale to ensure profitability.

An understanding of the factors affecting this choice is essential to both economists studying determinates of economic growth and agricultural development. Agricultural development is thus a field of many disciplines, but economics has provided the main intellectual framework for analysis of what policies to follow that will accelerate the process of raising rural productivity and well-being. A large part of the literature on diffusion model, has focused on understanding better who will adopt a given technology, especially who will adopt first because, given the technology treadmill, the benefits of innovation accrue disproportionately to early adopters. In general, early adopters will be those with the most to gain, the lowest cost access to the technology, and the lowest evaluation costs and least uncertainty about the technology.

To increase the likelihood of adopting modern agricultural technologies by emerging farmers, policy makers would need to put emphasis on overcoming credit market failures, access to advice via extension services, organisation of farmers into associations and improved skills and knowledge transfer. Including eradicating the existing dualistic nature of the agricultural sector, which is complex and filled with legacies of a racially and economically divided past and challenges of the present. Black emerging farmers have lagged behind in developing their farming activities into viable and profitable businesses, due to the consequences of social dualism, the absence of relationship between people of different race, religion, and language, as the result of the legacy of colonialism. The government of South Africa has for many decades tried to change the face of farming so as to accommodate farmers from all walks of life, especially those who were previously disadvantaged, and facilitate the entry of black emerging farmers into the mainstream agricultural economy.

2.7.4 Dualism theory

The concept of Dualism in economic development was originally proposed by Julius Herman Boeke (1953). Dualism theories assume a split of economic and social structures of different sectors so that they differ in organisation, level of development, and goal structures (J.H Boeke, 1953). According to this theory, economic, technological, and regional dualism are often consequences of social dualism, the absence of relationship between people of different race, religion, and language, which, in many case is a legacy of colonialism. Further, highlights that dual economies may exist within the same sector, for example, South Africa's agricultural sector is dualistic, where a developed commercial farming sector (mainly white farmers) co-exists with a large number of small-scale and predominately black and previously disadvantaged farmers. This concept of "dualism", is a useful way of describing the South African agricultural sector, both in terms of understanding the economics of the sector and planning integration. This term describes a formal sector that is well established and an informal or emergent sector, with the two sectors reliant on each other, and on intervention by the government for

integration. This dualism concept remains useful for a number of analytical reasons, including concerning the relationships between growth and the distribution of income, and in explaining both historical and prospective country development experience, as well as its relevance in general to contemporary economic modelling efforts.

2.8 CONCLUSION

From the literature review, it is particular clear that there is great deal of contribution that emerging farmers can make towards economic development and addressing some of the critical challenges facing South Africa today. Furthermore, they can contribute significantly to achieve the country's goals to reduce food insecurity. Ensuring that South Africans have access to sufficient, safe, nutritious food to meet the dietary needs and food preferences for an active life. Emerging farmers have the potential to also respond to governments call to create employment, and poverty alleviation, and income generation.

However, the contribution of emerging farmers is rarely noticed as they are usually blurred by the challenges and constraints these farmers face, both in production and accessing markets. From the reviewed literature, access to production inputs, low quantity and poor quality, lack of value-addition at farm level, access to credit, inadequate business plans, lack of information on markets and Insufficient access to advisory services are critical challenges hindering emerging farmers from achieving their full potential. Unless means and ways are developed and enhanced to address these challenges and constraints, the emerging sector is likely to collapse, regardless of the massive redistribution of land.

Appropriate policy interventions and agricultural development strategies require that policy makers have a good understanding of challenges and socio-economic characteristics of the beneficiaries that they are targeting. Understanding of the socio-economic characteristics of emerging farmers that are involved in various farming enterprises will enable more specific and tailor made policy responses that will produce more positive results.

3. CHAPTER 3: RESEARCH METHODOLOGY AND APPROACH

3.1 INTRODUCTION

Chapter three focuses on reviewing the research methodology and approach used. The chapter discusses the choice of study area, sample used and determination of sample size. Followed by the various research methods that have been used to collect and analyse data.

3.2 RESEARCH METHODOLOGY AND APPROACH

The study seeks to understand the opportunities and challenges that impede emerging farmers from being incorporated into the mainstream agriculture, and make an effort to find ways that would assist emerging farmers within the municipality area in developing their operations into viable and profitable businesses that would enable them to participate in the commercial agricultural sector, and becoming the engine for economic growth. The study used both primary and secondary data. Primary data for this study was collected through interviews and questionnaires. Various sources of secondary data, including relevant literature from all possible sources and formats, including journal articles, books, theses, and the Internet, newspaper articles, published acts and policies, and expert contacts.

Study started by reviewing the literature, to provide a theoretical background to study and empirical research that has been carried out in the study of emerging farmers. The literature review focused on understanding how emerging farmers work, and the challenges and opportunities they face in their quest of entering the mainstream agricultural economy. This also includes determining the root cause of failure among emerging farmers, and recommend measures to prevent failure.

After an extensive literature study, personal interviews were conducted with emerging farmers producing the selected commodities. Face-to-face interviews were considered the relevant method for data collection in this study. Interviews were primarily aimed at understanding the current status quo of the farming businesses, their challenges, constraints and needs which would in turn inform intervention strategy suitable for revamping and improvement of farming enterprises.

This study incorporated methodological triangulation, which can be defined as to the use of more than one method for gathering data (Cohen and Crabtree, 2006). For the purpose of this study both quantitative and qualitative methods of data collection are used. According to Wikipedia, the free encyclopaedia: "Qualitative research is one of the two major approaches to research methodology in social sciences. Qualitative research involves an in-depth understanding of human behaviour and the reasons that govern human behaviour. Unlike quantitative research, qualitative research relies on

reasons behind various aspects of behaviour. Simply put, it investigates the why and how of decision making, as compared to what, where, and when of quantitative research. Hence, the need is for smaller but focused samples rather than large random samples. From which, qualitative research categorizes data into patterns as the primary basis for organizing and reporting results”.

The aim of the study is to improve the validity of the findings. Literature review suggests that qualitative research findings can be strengthened in this way by combining participant observation with interviews and documentary sources in a single case (Kelliher, 2005). It could be further argued that, any finding or conclusion is likely to be much more convincing and accurate if it is based on several different sources of information (Kelliher, 2005). The literatures review suggests that this method is a powerful tool that can be used to demonstrate the impact of the different programs that are aimed at supporting emerging farmers to establish viable and sustainable businesses, as well as identify challenges and constraints facing these emerging farmers which would in turn inform intervention strategy suitable for assisting these farmers to improve their businesses, and direct new policy changes aimed at enhancing the support programmes for emerging farmers (Kelliher, 2005).

The Microsoft Excel programme was used to analyse and present data collected. This programme allowed the researcher to analyse and describe data. The programme was used to analyse the factors that influence success and limitations of emerging farmers in participating in the mainstream agricultural sector. It is discovered that it is important to adhere to simple approach that enables the research to close all the information gaps identified during the data collection process, and come up with recommendations.

3.3 DESCRIPTION OF PARTICIPANTS AND STUDY AREA

Emerging farmers from Ventersdorp Local Municipality, within Dr Kenneth Kaunda were chosen as a case study to be investigated, simply because the researcher is familiar with the area and the emerging farmers as he is part of the farming community. The researcher interacted with both the farmers and the extension officers and built a relationship prior to the research; therefore they were willing to provide information than would have been to a stranger. If they were not familiar with the researcher, more time would have been required to familiarise, get to understand each other and have some confidence that the information they supplied would not be used against their interests. For the purpose of this study, the targeted population will be randomly sampled from different agricultural categories such as crop farming, livestock farming and vegetable farming.

The geographical location is Dr. Kenneth Kaunda District Municipality in the North West Province. The Dr. Kenneth Kaunda DM is situated at the southern part of the North West province and borders both Gauteng and Free State provinces. The municipality consists of four local municipalities: Tlokwe City Council, City of Matlosana, Maquassi Hills and Ventersdorp. Between 2006 and 2009 the district municipality was comprised of five local municipalities which included Merafong City Council, which has since been re-demarcated back to Gauteng province. The Department of Rural, Environment and Agricultural Development (READ)'s database of farmers was used to access the emerging farmers in the selected area. Extension officers from the READ's were used as the initial contact people when visiting emerging farmers that will be interviewed.

3.4 HYPOTHESIS OF THE STUDY

After going through the extensive literature review from various researchers, the key point to note is that the exclusion of emerging farmers from participating in the mainstream agricultural economy result largely from the characteristics of producers (farmers), rather than from the structure of markets. That is, "fault" for market exclusion lies mainly with the producers, their production methods, inconsistency in quantity, limited market knowledge, poor product quality, lack of access to inputs. This logically leads one to safely assume that, if emerging farmers improve the quality and consistency of their production (through better market knowledge, skills development, access to inputs, etc.) they will almost certainly be included in the lucrative market, subjected to overcoming physical constraints. The belief is that supermarkets and retailers will purchase from any farmer who can meet mandatory specification and quality requirements regardless of their size.

The Null Hypothesis of the study is:

H₀: Challenges and constraints impede emerging farmers from being incorporated into the mainstream agriculture, and develop their operations into viable and profitable businesses that would enable them to participate in main stream agricultural sector, and becoming the engine for economic growth.

Alternative hypothesis of this study is:

H_a: Challenges and constraints do not impede emerging farmers from being incorporated into the mainstream agriculture, and develop their operations into viable and profitable businesses that would enable them to participate in main stream agricultural sector, and becoming the engine for economic growth.

3.5 DATA COLLECTION METHODS

The study seeks to understand the opportunities and challenges that impede emerging farmers from being incorporated into the mainstream agriculture, and make an effort to find ways that would assist emerging farmers within the municipality area in developing their operations into viable and profitable businesses that would enable them to participate in commercial agricultural sector, and becoming the engine for economic growth. The study used both primary and secondary data. Primary data for this study was collected through interviews and questionnaires. Various sources of secondary data, including relevant literature from all possible sources and formats, including journal articles, books, theses, and the Internet, newspaper articles, published acts and policies, and expert contacts.

The study started by reviewing the literature, to provide a theoretical background to study and empirical research that has been carried out in the study of emerging farmers. The literature review focuses on understand how emerging farmers work, and the challenges and opportunities they face in their quest of entering the mainstream agricultural economy. This also includes determining the root cause of failure among emerging farmers, and recommend measures to prevent failure and to ensure that future emerging farmers do not face the same pitfalls that have existed up until now.

After an extensive literature study, personal interviews were conducted with emerging farmers producing the selected commodities. Face-to-face interviews were considered the relevant method for data collection in this study. Interviews were primarily aimed at understanding the current status of the farming businesses, their challenges, constraints and needs which would in turn inform intervention strategy suitable for revamping and improvement of farming enterprises.

This study incorporated methodological triangulation, which is defined as to the use of more than one method for gathering data (Cohen and Crabtree, 2006). For the purpose of this study both quantitative and qualitative methods of data collection are used. According to Creswell (2007), "Qualitative research is one of the two major approaches to research methodology in social sciences. Qualitative research involves an in-depth understanding of human behaviour and the reasons that govern human behaviour. Unlike quantitative research, qualitative research relies on reasons behind various aspects of behaviour. Simply put, it investigates the why and how of decision making, as compared to what, where, and when of quantitative research. Hence, the need is for smaller but focused samples rather than large random samples. From which, qualitative research categorizes data into patterns as the primary basis for organizing and reporting results".

The aim of the study is to improve the validity of the findings. Literature review suggests that qualitative research findings can be strengthened in this way by combining participant observation with interviews and documentary sources in a single case (Kelliher, 2005). It could be further argued that, any finding or conclusion is likely to be much more convincing and accurate if it is based on several different sources of information (Kelliher, 2005). The literatures review suggests that this method is a powerful tool that can be used to demonstrate the impact of the different programs that are aimed at supporting emerging farmers to establish viable and sustainable businesses, as well as identify challenges and constraints facing these emerging farmers which would in turn inform intervention strategy suitable for assisting these farmers to improve their businesses, and direct new policy changes aimed at enhancing the support programmes for emerging farmers (Kelliher, 2005).

3.6 FORMAT OF THE QUESTIONNAIRE

Issues addressed in the questionnaire included the following:

Description of the demographic characteristics of the sampled emerging farmers. This is immediately followed by an overview of farming activities being undertaken by these emerging farmers, giving particular attention to aspects related to agricultural production and marketing, land ownership, farm size, location, and other factors influencing them.

The questionnaire also asked about challenges and constraints that impede growth and ability of these emerging farmers to effectively participate in the formal markets relative to commercial farmers. These challenges are categorised into primary, secondary and tertiary factors. Primary factors are more related to farmer's ability and capacity, technical knowledge, capability and personal skills and resources. This also includes factors such as farm size, infrastructure and soil quality. Secondary factors include institutional and industry arrangements that affect the farmer indirectly, such as products and support services. The industry factors include the agricultural sector and related industries. Tertiary factors are more related to agricultural policies, economic environment and climate change. Policies tend to affect farmer's behaviour, and economic environment influences markets and behaviour of financial institutions.

3.7 DATA ANALYSIS AND STATISTICAL METHODS USED

Data analysis is the process of evaluating gathered data using analytical and logical reasoning to examine each component of the data provided by respondents. For the purpose of this study, the data analysis will consist of three steps. First stage involved editing the collected raw data in order to ensure that it is accurate. The role of the editing is to identify omission, ambiguities, and errors in the

responses. It should ideally be conducted in the field by the interviewer before data analysis. Field editing is best done as soon as possible after the interview has taken place. The completed questionnaire is checked for overall accuracy, completeness and general usability. Comparing the responses from different respondents can be used to test the accuracy of the data. Interviewing more than one person, helped the researcher to compare various view points and came out with comprehensive conclusion. Similar or same responses given by different respondents in the same location or community are more likely to reflect the opinion of that farming community.

The second step was to identify issues raised by respondents. Then these issues were classified into main categories in the third step. The process of classification involves arrangement of the data into a few purposeful and useable categories (Primary, secondary and tertiary factors affecting the performance of farmers). With the help of the classification of the data, the entire data can be condensed into few manageable groups and tables for further analysis. This condensation can be done in such an elegant way that the various important characteristics can be very easily noticed.

Thereafter the categories can also be fitted into a framework. The framework is based on the reality that farmer's performance is determined by a number of direct and indirect factors. Direct factors affect farmers directly, while the indirect factors affect the farmers indirectly through other factors. These issues can also be categorised into primary, secondary and tertiary factors. Primary factors are more related to farmer's ability and capacity, technical knowledge, capability and personal skills and resources. This also includes factors such as farm size, infrastructure and soil quality. Secondary factors include institutional and industry arrangements that affect the farmer indirectly, such as products and support services. The industry factors include the agricultural sector and related industries. Tertiary factors are more related to agricultural policies, economic environment and climate change. Policies tend to affect farmer's behaviour, and economic environment influences markets and behaviour of financial institutions. These categories are quantified and summarised according to their frequency to establish the prevalence of certain issues in the last step. Statistics are carefully selected and organised into summary tables and graphs that only show the most relevant or important information (computing frequencies, percentages, proportions and drawing histograms or pie charts). The framework serves to provide a more comprehensive analysis of the relationship between the different factors. Which also provides an over view of how these factors affect the overall performance and farming conditions of farmers.

There are two major components of the discipline of statistics: descriptive and inferential statistics. Descriptive statistics describes what is or what the data shows, and statistics can only be used to describe the group that is being studied. This means that the finding from the study can only be used

to describe the challenges and opportunities facing emerging farmers of Ventersdorp LM. Inferential statistics is concerned with making predictions or inference about a population from observations and analyses of a sample. That is, the results can be generalised to any larger group or population that the sample represents. It extends the information extracted from the sample to the actual environment in which the problem arises. The current study is classified as descriptive research. This means that the results will not be generalised to the whole farming population of Dr Kenneth Kaunda DM, because the study of Ventersdorp LM cannot provide sufficient evidence to make robust generalisations, but it can establish the existence of a phenomenon, which is adequate for the purposes of study.

3.8 ANALYSIS TOOL

Most of the questions were open-ended as the nature of the study is exploratory, and qualitative research. Therefore it was not particularly easy to use statistical computer software in analysing data, but percentages, statistical graphs and tables would be used where necessary. The Microsoft Excel programme was used to analyse and present data collected. This programme allowed the researcher to analyse and describe data. The programme will be used to analyse the factors that influence success and limitations of emerging farmers in participating in the mainstream agricultural sector. It is discovered that it is important to adhere to simple approach that enables the research to close all the information gaps identified during the data collection process, and come up with recommendations.

3.9 CONCLUSION

This chapter present the research methodology and design followed by the study. The next chapter presents data presentation and analysis.

4. CHAPTER FOUR: IMPERICAL FINDINGS AND THEIR INTERPRETATION

4.1 INTRODUCTION

This section reports on the challenges and opportunities faced by emerging farmers within Dr. Kenneth Kaunda District. This chapter discusses and analyses the results of the data which was gathered through interviews and questionnaires. The data under analysis was collected from 63 individual farmers who are involved in the production and marketing of different agricultural commodities.

According to Barrow and Van Dijk (2013), rough distinction can be made between large scale commercial farmers and emerging farmers, and small scale farmers in South Africa. The commercial farmers often have large land holdings, sufficient knowledge and technology available and are connected to markets. On the other hand small farmers lack these assets and produce mainly for their own consumption instead of producing for markets. The emerging farmer is slightly more advanced than the smallholder farmer and holds more production assets, but struggles to scale up production, and has difficulty in accessing markets (Barrow and Van Dijk, 2013).

Approximately 32 percent of participants who were interviewed, could be classified as emerging farmers. This study defines emerging farmers as individual or group, who are slightly more advanced than the smallholder farmers and holds more production assets, but struggles to scale up production, and has difficulty in accessing markets, and have the desire to commercialise their production. The intention is to provide a generic picture of the nature of the respondents and their responses without necessarily taking answers by answer. Although most of the assessed farms can be regarded to as operational, they face a number of challenges which impede commercialisation.

Thus, 68 percent of the participants, lack the necessary assets to farm and produce mainly for their own consumption instead of producing for markets and could not be considered for this particular study. These participants were mainly communal farmers from the villages such as Mogopa, Boikhutso, Tsetse, Welgevonden and Tshing. These farmers have the right to use the land they are farming on, through communal permission, and resettlement.

The chapter begins with a brief description of the demographic characteristics of the sampled emerging farmers. This is immediately followed by an overview of farming activities being undertaken by these emerging farmers, giving particular attention to aspects related to agricultural production and marketing, land ownership, farm size, location, and other factors influencing them. The chapter goes on further to discuss challenges and constraints that impede growth and ability of these emerging

farmers to effectively participate in the formal markets relative to commercial farmers. Lastly, the study compares the results to see if the farmers within the different municipal areas are affected by the same challenges and constraints. These challenges are categorised into primary, secondary and tertiary factors. Primary factors are more related to farmer's ability and capacity, technical knowledge, capability and personal skills and resources. This also includes factors such as farm size, infrastructure and soil quality. Secondary factors include institutional and industry arrangements that affect the farmer indirectly, such as products and support services. The industry factors include the agricultural sector and related industries. Tertiary factors are more related to agricultural policies, economic environment and climate change. Policies tend to affect farmer's behaviour, and economic environment influences markets and behaviour of financial institutions.

4.2 DEMOGRAPHICS

Present-day emerging farmer has a different set of demographics and skill sets than farmers in the past, and in order to continue to producing, these skills must be identified to help emerging farmers succeed in allocating time to the right learning opportunities or skill set enhancement. Farmers are required to adopt certain skills, such as financial management, procurement, and understanding of marketing and selling produce. Mastering these skills could potentially give emerging farmers an advantage that can allow them to be more successful than a more asset rich farmer. Each of these skills has a different effect on the agricultural business and some can prove to be more valuable than others. Knowing which skill is most critical for the individual farm or locality will allow emerging farmers to make informed decisions and allocation of resources to the adoption of more critical skills. Changes in markets, withdrawal of participants, entry of new participants and new technologies can change the importance of skill sets and resource allocation. Due to these changes in markets, what was once a successful and profitable farm in the past could quickly become less profitable or at risk of becoming redundant. In order to understand the key agricultural trends and economic drivers, researchers need to engage themselves in understanding current demographic trends in order to predict what services and skill sets will be needed in future, and in preparing for future developments and policy formulation. Demographics are simply defined as characteristics of a population that provide understanding of the population size, distribution and composition. Characteristics such as race, gender, age, marital status, education, location, farming experience, off-farm income, and farm income levels, are all typical examples of demographics.

4.2.1 Gender distribution among farmers

Figure 1 shows the gender distribution of emerging farmers in the Ventersdorp local municipality. Figure 1 depicts that most of the emerging farmers that participated in the study were male, which accounted for 80 percent, and only 20 percent were female farmers.

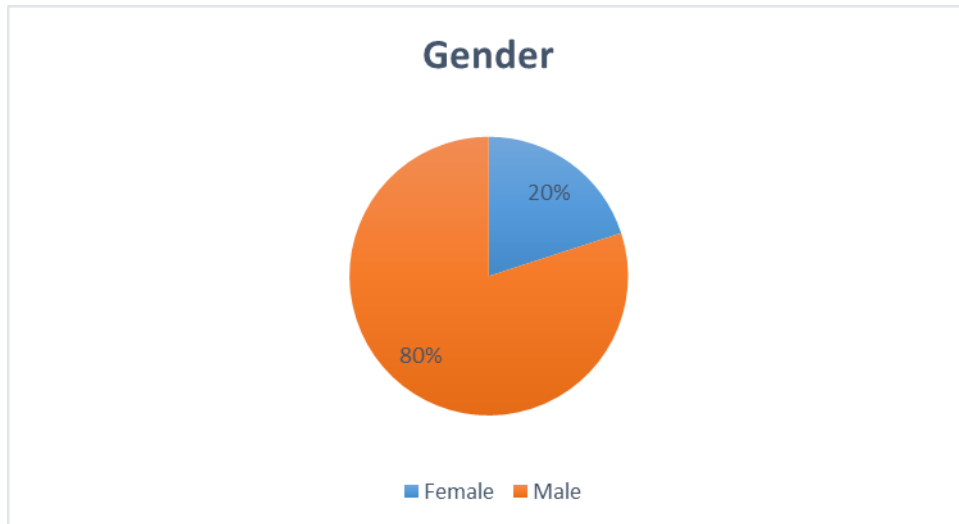


Figure 1: Gender

4.2.2 Race of participants

All the participants were black farmers. As previously indicated in previous chapters, the study was limited to emerging black farmers in the field of crop and livestock farming.

4.2.3 Marital status

In this study the marital status of emerging farmers was divided into four main groups namely, single, married, widow/er and divorced. Results from the study show that most of emerging farmers were married (90%). Figure 2 also shows that the remaining percentage (10%) of the farmers fall into single and divorced.

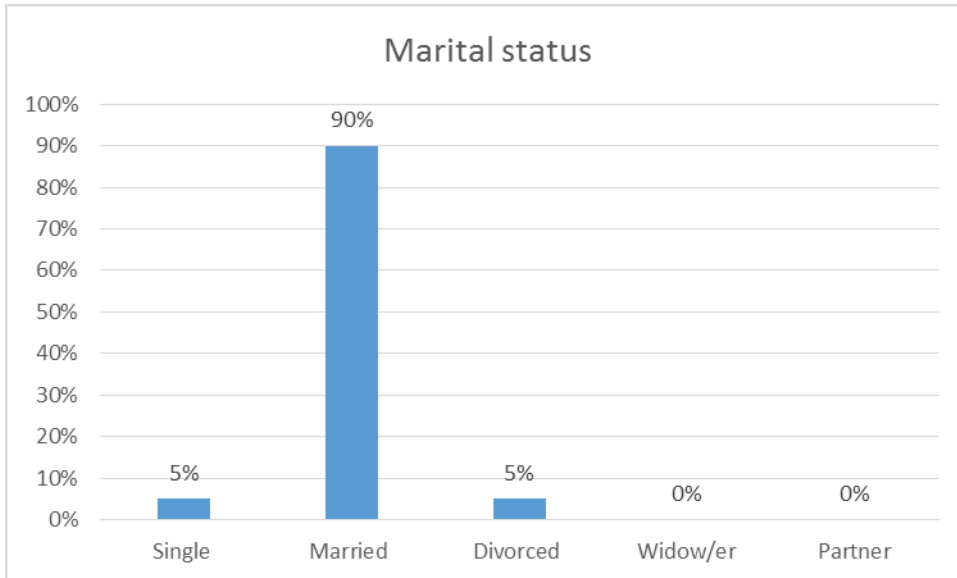


Figure 2: Marital status

4.2.4 Age distribution of participants

Age of participants is an important aspect in farming because it determines the experience that individual farmer has in certain types of farming enterprises. The age of sampled participants was classified into different groups where each participant belonged to one group. The graph in figure 3 shows most of the participants (60%) are older than 60 years, 35 percent are between 30 to 50 years of age. The remaining percentage (5%) are younger than 30 years.

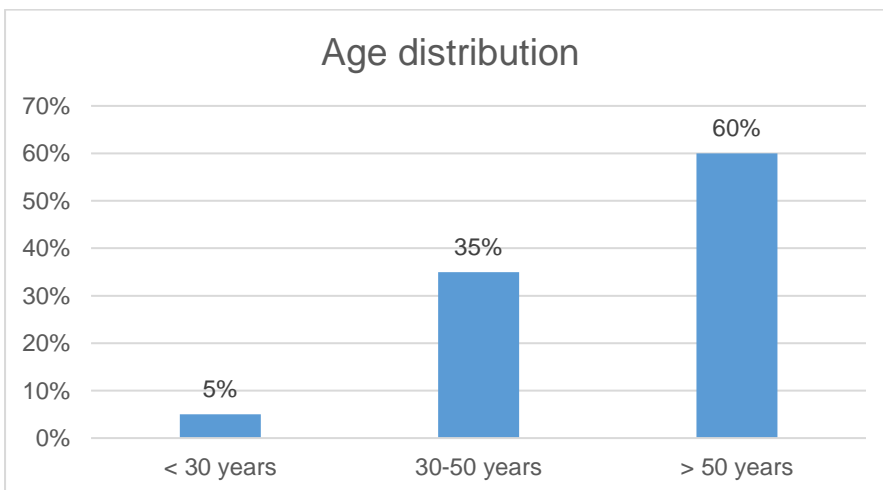


Figure 3: Age distribution of participants

4.2.5 Highest education level of participants

Studies conducted in several developing countries revealed that education is important in the decision-making process. Literature review revealed that education plays an important role in the adoption of technology and improved practices in farming. Research further indicates that farmers with higher levels of education are also most likely to adopt new technology. More educated farmers are typically assumed to be better able to process information and search for appropriate technologies to alleviate their production constraints. The belief is that education gives farmers the ability to perceive, interpret and respond to new information much faster than their counterparts without education. The absence of education is therefore expected to have a negative influence on decision making processes.

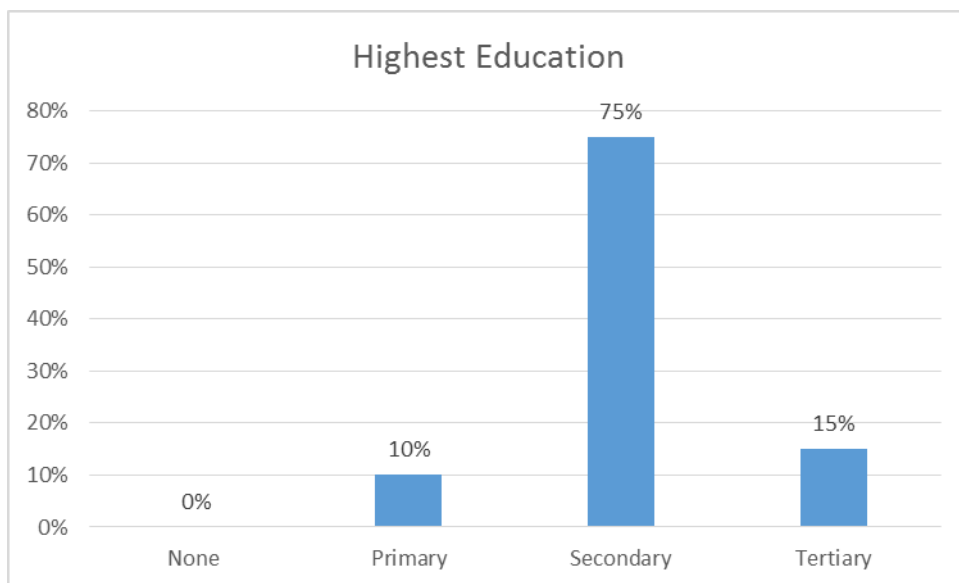


Figure 4: Highest education

The education levels of emerging farmers in Ventersdorp Local Municipality are generally high. Figure 4 depicts that 15 percent of the participants have tertiary education, 75 percent of have secondary education and 10 percent have had some kind of exposure to primary education (these are mainly old farmers).

4.2.6 Non-farming income

This section measures whether the respondents is receiving off-farm income. Off-farming income can help emerging farmers to reduce technical constraints since the respondent has alternative capital inputs. Figure 5 depicts that 95 percent of the participants are full-time farmers, and approximately 5 percent of the participants are part-time farmer, who are engaged in other economic activities to supplement their farm income. Many these emerging farmers have uneven cash flows. Their incomes

spike during harvest season, but they spend most of year bringing in little or no supplementary income. At the same time, they need to find a way to pay back their loans on monthly basis.

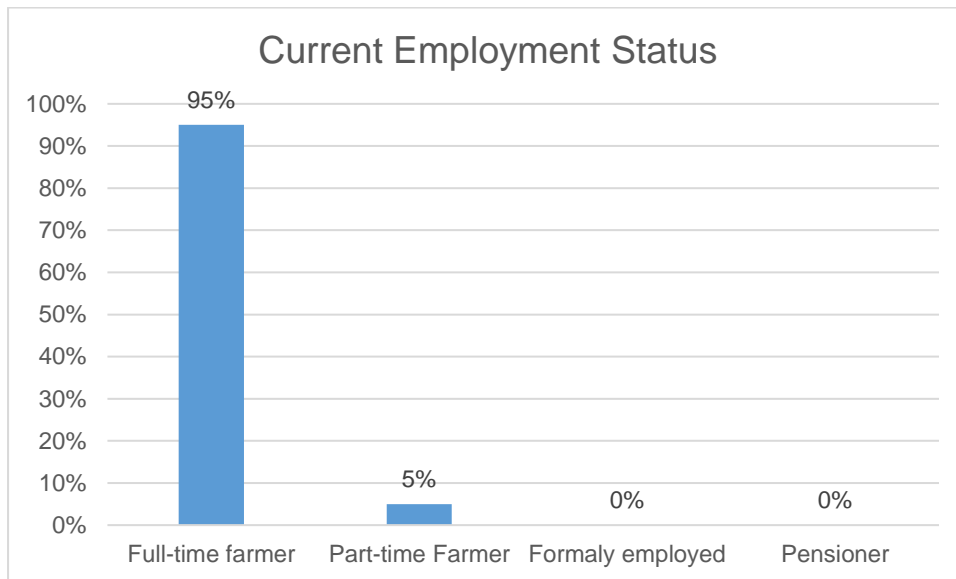


Figure 5: Current employment status

4.3 PROFILE OF FARMING ACTIVITIES

Farming communities are not homogenous. There is a wide range in types of farmers based on their assets, natural resource base, farm size, expertise, technology use (access to implements and machinery), access to markets and agricultural services, level of organisation, and types of products they produce.

4.4 FARMING EXPERIENCE

This section measures the number of years a respondent has been engaged in farming activities. The study revealed that, the lesser the number of years the farmer is involved in farming, the higher the probability of being technically constrained because certain farming techniques require that the farmer possesses some degree of experience. Thus there is a positive correlation between becoming a successful commercial farmer and farming experience.

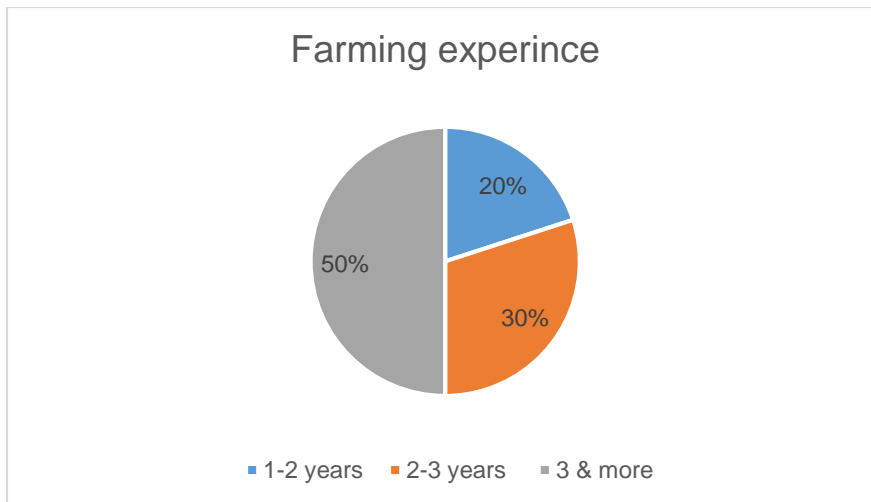


Figure 6: Farming experince

The results from figure 6 show that 50 percent of the farmers have more than 3 years of hands on experience in farm management, and 30 percent have 2 to 3 years of experience in their respective fields. The remaining 20% are have less than 2 years’ experience in farming. Although the level of farming skills and experince may not be satisfactory, selected farmers have some understanding of the importance of precision in all activities, lack of relevant technical exposure renders their enterprises unprofitable. Farm business planning, financial management, production planning, market analysis and enterprise selection form the basis of any farm decision making.

4.4.1 Farming enterprises in the study area

The types of enterprises and extent of operations vary from one farm to the other. Enterprises include cattle, piggery, broiler chickens, layers, vegetables and cash crops. The graph below (figure 7) shows that most farmers at 70 percent are engaged in crop and livestock farming. Most farmers indicated that diversification is becoming an agricultural strategy to reduce economic risks on the farm. Most farmers are diversifying to reduce economic risk. If carried out appropriately, agricultural diversification can be used as a tool to augment farm income, generate employment, alleviate poverty, conserve precious natural resources and efficient use of land, machinery, buildings and labour. The graph shows below (figure 7) that 5 percent of the farmers are involved in more than two farming activities. The graph also indicates that remaining 25 percent of the farmers are unable to diversify their farm production, due to the fact that they lack the necessary funds and to buy inputs and the necessary infrastructure.

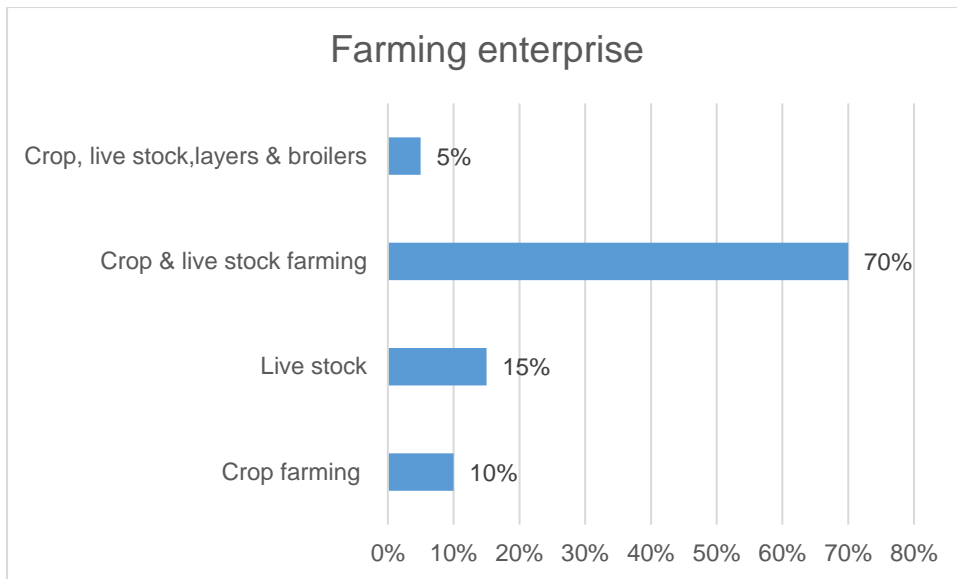


Figure 7: Farming enterprise

4.4.2 Location, size and tenure of farms

The location, land size and ownership of visited farms vary greatly. Although all the farms fall under the jurisdiction of Ventersdorp Local Municipality. The average distance of farms from the town of Ventersdorp is 25 kilometres (km) and at least three quarters of the farmers that were interviewed lie within this distance. All the farms are close to well serviced roads and farmers have easy access to both tarred and gravel roads.

4.4.3 Farm size

The size of the farm (dependent of the type of farming enterprise) was found to have a positive impact on the income generated from the farming activities. Increase in farm size may enhance production if the farm is effectively utilised. Effective utilisation will entail application of appropriate farm practices that will lead to higher physical output than otherwise would be the case. This implies that an increase in productive farm size is likely to lead to an increase in income generated from farming activities, such crop and livestock farming. When a farmer has more land at their disposal and all is used for production, the level of production will increase, hence the farm income. In livestock farming, an increase in grazing land will provide an incentive for owning more livestock. Farmers that were interviewed indicated that their farm size was adequate for their current farming activities.

4.4.4 Land ownership

The form of ownership of farmers who were interviewed falls into three main categories: communal, private ownership, and leased. All Communal land constitutes former commercial farms that have been ceded to communities through restitution from the Department of Rural Development and Land Reform. Sections of this communal farms are being used as residential areas and the remainder is being used for livestock pasture and other farming activities. Activities on these farms include group projects/cooperatives and individual enterprises.

The results from the research show that most farmers that were interviewed had access to land that is communal and leased/rented from government. Figure 10 shows that 60 percent of the emerging farmers are operating from leased or rented land. The results further show that 20 percent of emerging farmers are operating on land leased from the community and the remaining 20 percent of the farmers own the land that they are farming on.

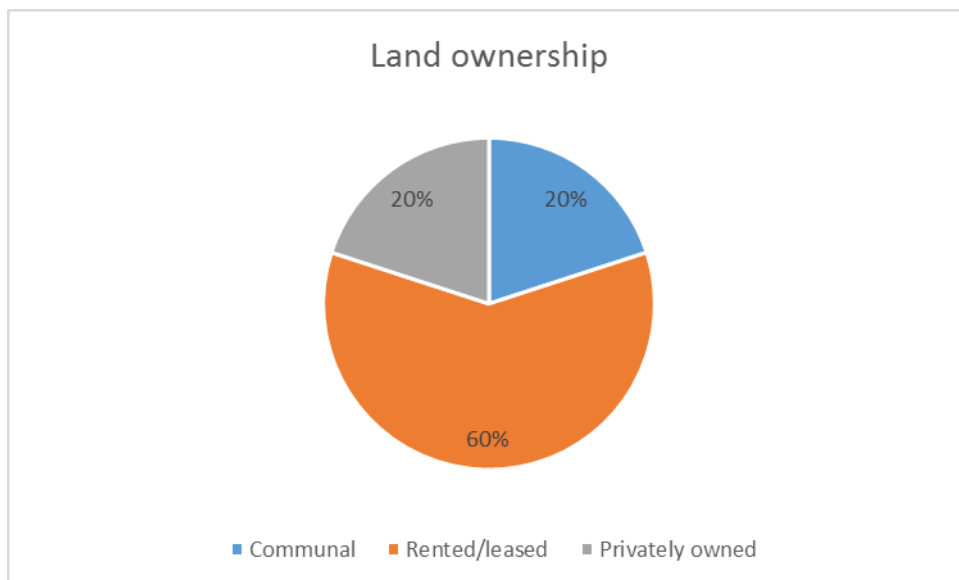


Figure 8: Land ownership

4.4.5 Portion of land cultivated

The chart below shows the proportion of the land cultivated by farmers from the different groups. Only 35 percent of the land leased from government (Group of farmers who have benefited from the Proactive Land Acquisition Strategy (PLAS) has been cultivated. The results further show that only 25 percent of communal land has been cultivated this season. Although, emerging farmers recently received packages of farming inputs from the Department of Rural, Environment and Agricultural Development (READ), they complaint that the governments procurement and delivery of seeds,

fertilizers, poisons and diesel is painfully slow, inadequate and often given to a few favoured farmers. Although the received these inputs they were unable to cultivate all their arable land. Private land owners only managed to plant 20 percent of their land this past season, due to the lack of funds to procure the necessary inputs and lack of access to tractors and implements. Inputs are more expensive during the planting season when farmers need these inputs most, which also heightens the demand for credit.

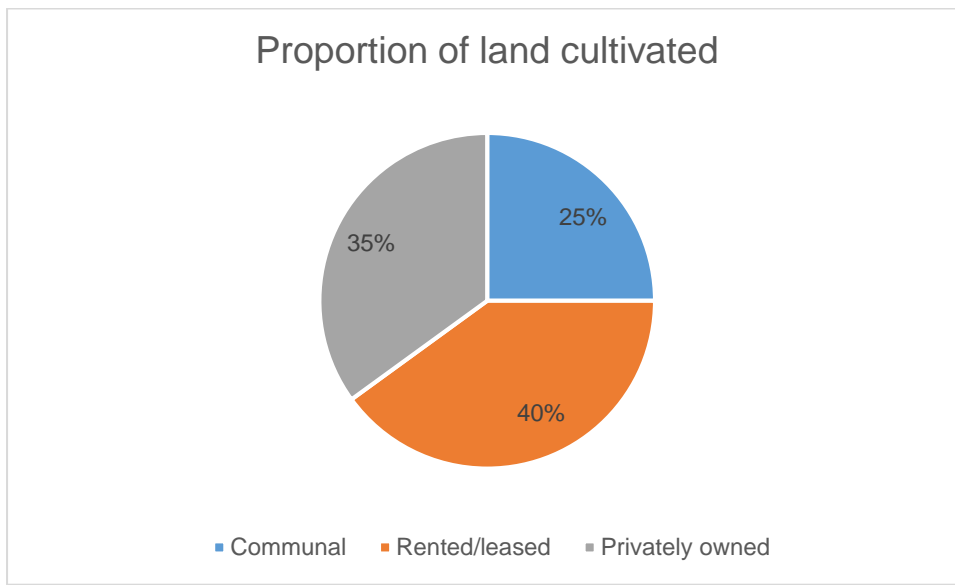


Figure 9: Portion of land cultivated

4.4.6 Participants belonging to farmer's organisations

Farmer organisation are an important platform for linking farmers with produce markets and suppliers, where an individual farmer cannot individually enjoy economies of scale. Only 5 percent of participants are members of farmer's organisation such as NERPO and AFASA.

4.4.7 Agricultural workshop attendance

Attendance of agricultural workshops provides emerging farmers with an opportunity for mass information sharing about available opportunities and production possibilities. This part of the study seeks to measure the extent to which respondents to agricultural education and training opportunities. The study assumes that successful farming is positively correlated to workshop attendance. The results shows that 90 % of participants regularly attend agricultural workshops. The remaining 10 percent indicated that they had not participate in previous workshops that were arranged by the Department of Rural, Environment and Agricultural Development.

4.4.8 Extension support services

The study seeks to measure whether the respondents are in regular contact with extension officers more than twice a month. Most of the emerging farmers (75%) indicated that they are regular contact with their local extension officers. The remaining 25% indicated that they only saw their extension officers at least once every a two months. They regarded these workshops to helpful and created a platform to network with other farmers within the area.

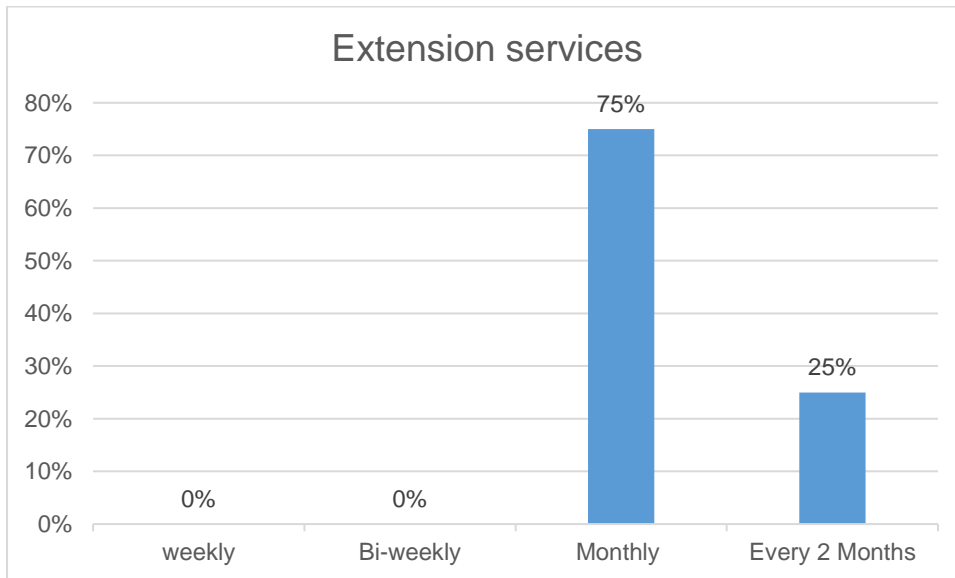


Figure 10: Extension support services

4.5 PRODUCTION CHALLENGES IN THE STUDY AREA

Although some of the farms have a potential to become established commercial entities, there are number of challenges such as inadequate infrastructure, access to financial assets and linkages to financial services, access to implements and machinery and access to inputs, and poorly developed market linkages, have a bearing on this transition.

4.5.1 Access to financial assets and linkages to financial services

The study revealed that, majority of emerging farmers experience difficulty in obtaining financial assistance. Farming is inherently risky, emerging farmers have to deal with unpredictable weather, pests and markets prices. At the beginning of every season there is a level uncertainty in determining the crop yields. Since most of emerging farmers to borrow money to afford farming inputs like seeds, fertilizers and chemicals, there is no guarantee that they will be able to service their loans regularly or as agreed. This leaves most of the farmers in a predicament. According to a review by Chisasa and

Makina (2012), the performance of small and emerging farmers in South Africa has lagged behind globally and still falls below that of commercial farmers and non-farming private sector because of lack of access to credit. Emerging farmers are at a disadvantage in accessing credit. On the other hand, large farmers have the greater access and enjoy far better credit support provided by various credit institutions. Credit providers, such commercial banks, prefer lending to commercial farmers and non-farm private sector because they are able demonstrate financial viability and are able to offer collateral. However, emerging farmers generally lack these attributes and are deemed high risk (Chisasa and Makina, 2012). They are therefore unattractive to financial lenders.

A further constraint to accessing credit is lack of clear land rights (Vorley, Fearn, and Ray, 2007). This study revealed that many of the emerging farmers do not own their land, but only have permission to occupy. Their growth is restrained by lack of clear land rights, since they cannot use their land security for financing. A further constraint experienced by small and emerging farmers is that they often are under debt to private moneylenders. They need credit for carrying out current farm operations. Emerging farmers require a credit package covering production, investment and consumption credits, and if necessary, credit for redemption of prior debts. Such packages are not available to them in formal credit markets (Land and Development Bank of South Africa, 2011).

4.5.2 Access to implements and machinery

There is great need for emerging farmers to adopt to new machinery in order to overcome low levels of productivity. Tools and farm machinery are vital aids to field production while motorised and other transport equipment are needed by farmers to transport farm produce to markets, represent serious constraints to an average emerging farmer. The study, shows that very few emerging farmers own farming machinery such as tractors, trucks, bailers, tillers, and other multitudes of ploughing and harvesting implements. Only 5 percent of respondents own tractors or any other implement required for farming ploughing and harvesting. Majority of the emerging farmers indicated that they did not have access to these assets and had to hire the machinery and equipment from neighbouring farmers (at the rate of anything between R350 and R600 per hectore to hire tractor services). They indicated that it is very difficult to hire implements because window period for preparing the fields and planting was very narrow, and most of the contractors are not available to render their services during this period.

4.5.3 Access to production inputs

Availability of inputs tend to be a major constraint for emerging farmers with the local municipality. Production inputs refer to the seeds, fertilizers and pesticides. Farmers have limited buying power

because inputs are normally packaged for the larger needs of commercial farmers. Higher prices, availability, and financing for inputs are major barriers to their usage. Although, emerging farmers recently received packages of farming inputs from the Department of Rural, Environment and Agricultural Development (READ), they complaint that the governments procurement and delivery of seeds, fertilizers, poisons and diesel is painfully slow, inadequate and often given to a few favoured farmers.

4.5.4 Marketing challenges faced by emerging farmers

The findings from this study with regard to marketing problems, showed that farmers had marketing problems such as lack of market information, high transaction costs, low quality product thus resulting in their produce fetching low prices. Most farmers in this area have little or no market knowledge and poor business skills which limits their ability to search for new markets or to successfully negotiate better deals in the market. Market information is important because it provides knowledge on the type and quantity of produce required in the market, their quality and the price at which they will be sold. Emerging farmers struggle to comply with retailers' standards, to compete with commercial farmers and to produce the desired quality and quantity of products because they lack the necessary market knowledge. Therefore, market information gives transparency to market participants willing to take part in exchanges and its availability reduces uncertainties related to unfair exchange. information influences harvest timings, minimizing damages, maintaining market preferred quality, value addition and treatment of crop field from marketing angle, packaging preferences, quality standards, minimizing transport cost as well as transport losses, use of cool chains or cold storage facilities, marketing mechanism, rural regulated markets, regulated or support prices (Makhura, 2001).

4.6 CONCLUSION

This Study revealed that many of the emerging farmers do not own their land, but only have permission to occupy. Thus, their growth is restrained by lack of clear land rights, since they cannot use their land security for financing.

The study shows that most of the emerging farmers lack mechanisations and depend on hiring tractors, trucks, bailers, tillers, and other multitudes of ploughing and harvesting implements which are scares within the local municipal area. Only 5 percent of respondents own tractors or any other implement required for farming ploughing and harvesting.

The findings from this study also suggest that there is a still a lot that needs to done in order to incorporate emerging farmers to the mainstream agricultural market. Lack of collective action amongst

farmers presents a strong case for lack of knowledge on the advantages of organising themselves into commodity groups, in order to achieve economies of scale when marketing their products buying production inputs. They will have the potential to secure better terms of trade such as better input prices, lower transaction costs, and access to training and other services.

5. CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The aim of this paper was to determine the root cause of the failure among emerging farmers, and attempt to shed light into the diverse challenges and opportunities that confront these emerging farmers in becoming successful entrepreneurs and participating in the mainstream agricultural sector of South Africa. This chapter reviews the key findings of the study, recommends possible solution to the research problem and puts forward recommendations for further research.

5.2 SUMMARY

Chapter one provided a brief background on challenges and opportunities facing emerging farmers and discusses the problem statement, purpose of the study, aim of the research, and the objectives of the study and the derived the hypothesis of the study. The objective of the study, was to identify the challenges and opportunities being faced by emerging farmers in North West Province focusing on the DR. Kenneth Kaunda District Municipality and suggesting possible solution that would improve their operations into viable and profitable businesses that would enable them to participate in commercial agricultural sector, and enable them to reap the fruits of liberalization and globalization of markets. The research hypothesis was that, challenges and constraints impede emerging farmers from being incorporated into the mainstream agriculture, and develop their operations into viable and profitable businesses that would enable them to participate in main stream agricultural sector, and becoming the engine for economic growth.

Chapter two reviewed the literature to provide a theoretical background to study and empirical research that has been carried out in the study of emerging farmers. The literature review focused on understanding how emerging farmers work, and the challenges and opportunities they face in their quest of entering the mainstream agricultural economy. This also includes determining the root cause of failure among emerging farmers, and recommend measures to prevent failure and to ensure that future emerging farmers do not face the same pitfalls that have existed up until now.

Chapter three describe the research stages and elements of the research process, focusing on the primary data and collection methodology, both qualitative and quantitative and method that is used in the process of theory building and proposition development, as well as explaining how the instrument is designed, the nature of measurement, the soundness of measurement, the pilot study, the population and sampling methods, the data preparation and the data analysis methods.

Chapter four reports on the challenges and opportunities faced by emerging farmers within Dr. Kenneth Kaunda District. This chapter also discusses and analyses the results of the data which was gathered through interviews and questionnaires.

5.3 CONCLUSION

In this study, the results were attained from personal interviews that were conducted with emerging farmers producing the selected commodities, to obtain insight into the challenges and constraints facing them in the production and marketing their produce. The study revealed that, emerging farmers the Dr KK District Municipality find it difficult to fully participate in the commercial space, because they face unique challenges and constraints, and do not have access to comprehensive agricultural support services. The study revealed that, there are numerous factors that affect emerging farmer's prospects in the value chain and with establishing market linkages. These factors included inadequate post settlement support, lack of access to financial assets and linkages to financial services, access to implements and machinery and access to inputs.

Despite the strong political and policy support for emerging farmers in the province, and significant increase in national agricultural budgets over the last 20 years or so, the support currently rendered to emerging farmers is inadequate. This is illustrated by the fact that only a very small number of emerging farmers within the District benefit from such support in a typical year. The bulk of the budget available to support farmers is not well spent, with particular imbalances evident between relatively large amounts of support going to few new emerging farmers in badly conceptualised land reform projects, at the expense of many existing black emerging farmers within the District. The increase in agricultural budgets will only accomplish little, because the vision of government is extremely focused on supporting individual farmers. Excessive amount of monies are channelled into land reform projects which need a dramatic redesigning and overhauling (case of spending good money on badly conceptualised projects). The allocation of these funds is also dependent on extension services that are designed to serve only few emerging farmers and cannot be feasibly scaled up.

This study revealed that many of the emerging farmers do not own their land, but only have permission to occupy. Thus, their growth is restrained by lack of clear land rights, since they cannot use their land security for financing. The study also shows that most of the emerging farmers lack mechanisations and depend on hiring tractors, trucks, bailers, tillers, and other multitudes of ploughing and harvesting implements which are scares within the local municipal area. Only 5 percent of respondents own tractors or any other implement required for farming ploughing and harvesting.

The findings from this study also suggest that there is still a lot that needs to be done in order to incorporate emerging farmers to the mainstream agricultural market. Lack of collective action amongst farmers presents a strong case for lack of knowledge on the advantages of organising themselves into commodity groups, in order to achieve economies of scale when marketing their products buying production inputs. They will have the potential to secure better terms of trade such as better input prices, lower transaction costs, and access to training and other services.

The results from the interviews show that the null hypothesis is accepted, the study revealed that, challenges and constraints impede emerging farmers from being incorporated into the mainstream agriculture, and develop their operations into viable and profitable businesses that would enable them to participate in the mainstream agricultural sector, and becoming the engine for economic growth.

5.4 RECOMMENDATIONS

This section provides a series of options that can be considered in the case study of Dr. Kenneth Kaunda District Municipality, in an effort to assist emerging farmers to reach their full potential and become players in the mainstream economy.

5.4.1 Commercially viable and sustainable business model

The study revealed that, present-day emerging farmer has a different set of demographics and skill sets than farmers in the past, and in order to continue to produce, these skills must be identified to help emerging farmers succeed in allocating time to the right learning opportunities or skill set enhancement. When an emerging farmer lacks technical and financial management skills, they are likely to fail. This is further compounded by the point that, some of the beneficiaries of land reform have suffered defaults, being inadequately prepared for commercial farming in a high risk environment, and having inherited economically unavailable farms from the system. This is made worse by lack of post-settlement support and being unable to raise sufficient capital for commercial production. Therefore, whatever intervention is made to assist these farmers, tends to have little or no impact on their performance.

Results from the study suggest that, there is need for the development and implementation of a comprehensive farm support programme. Models for each industry should be developed to identify viable farms for emerging farmer settlement. These farms should be provided with the necessary supporting infrastructure and proper selection and follow-up of beneficiaries is crucial in order for land reform projects to develop into sustainable commercial farms. Post-settlement assistance therefore should be seen as an inherent component of land reform. In instances, where farmers already operate on certain farms, rigorous training should be provided in technical, marketing and financial

management. The appropriate support services need to be developed, including financial services, market information, input supply networks, transportation and storage infrastructure and extension. The only way to remedy the situation, would appear to be to re-strategize spending priorities to support emerging farmers, by using existing resources more effectively. In respect of Comprehensive Agricultural Support Programme, there is an urgent need to shift emphasis of support from individual on-farm infrastructure and inputs, to community-level/municipal area infrastructure, market development and institutional re-engineering. The current funding model, which focuses on individual farming projects, has limited impact, cannot feasibly be scaled up, and does not lend itself towards consolidated public goods and regulation, which are effective ways of benefiting larger number of emerging farmers, which in the past were used to develop and benefit white farmers.

The option of providing off-farm infrastructure depot or service centre in regional or municipal areas appears to be the most financially viable and sustainable option over the long term solution around the shortage of production inputs. The establishment of a depot or service centre could be an effective vehicle to ensure access to inputs and production assets to farmers. The service centres would assist in commercializing emerging farmers who lack resources and expertise so that they may participate in the mainstream economy. This entails formulation and promotion of a regional farming guidance improvement plan which entailed shifting the focus from individuals to groups of farmers in a region. This shift reflects the limitations of providing farm guidance on an individual farmer basis, the expansion of agricultural land for mass production and the necessity of promoting the development of both livestock and crop-based agricultural organizations. The infrastructure will go a long way in assisting regional or a group of farmers engaged in similar production in a given area. In addition, fixed cost could be spread across a group of farmers, resulting in a decrease in individual costs. Furthermore, collective action would strengthen farmer's market position, bargaining power and lobbying power. It would be advantageous to organise emerging farmers into commodity groups, because they would be able to achieve economies of scale when marketing the produce. Therefore, formulation of formally organised groups would have potential to secure better terms of trade such as better sourcing prices, lower transaction costs, and access to training and other services. The implementation and outcome of this grouping would enable the service centre to create a platform from which emerging can access product and land selection advice, skills and capacity building programmes, technical support, operational and enterprise development support, as well as marketing and distribution support. This business model highlights the strategy to develop emerging farmers and thereafter to replicate the adopted model on a larger scale across the District. The study has an opportunity to present a practical, pragmatic and scalable model of how business can help and affect the new and necessary agrarian transformation.

This proposed solution will have a significant development impact in terms of employment, income generation, participation in value adding linkages, as well as sustainability.

5.4.2 Categorisation of farmers for strategic intervention

The variation among emerging farmers assessed during the study, requires that the intervention by the Department of Rural, Environment and Agricultural Development be strategic and target based on each farms status and potential. Thus the implementation of the above comprehensive farm support programme should be undertaken in line with selected enterprises and essential potential of each farm. The study recommends that the Ventersdorp emerging farmers be separated into three categories. The categories are defined as follows:

- **1st Category:** Farms that are fully operational and semi-commercial, have relevant infrastructure, require capital expansion and working capital and farm owner/s have a clearly mapped out plan to further development the business.
- **2nd category:** Farms that are fully operational and semi-commercial, require finance to upgrade infrastructure and working capital, and farm owner/s has no clear plan for development.
- **3rd category:** farms are non-operational or are just small projects. They do not have infrastructure in place and require recapitalisation.

It is expected that the categorisation of farmers should inform the prioritisation of channelling, of funding and appropriation thereof.

5.5 Limitations of the study and Recommendations for further research

5.5.1 Limitations

- The study will only focus on emerging farmer in Ventersdorp (LM) within the DR. KK District Municipality in the North West province. The study is only limited to emerging black farmers in the field of crop and livestock farming.
- There is limited literatures on the study. Only a few of the sources on which this literature review is based on, contained description of successful land reform projects from which best-practices or lessons could be learned. It could be argued that the lack of success stories means that the government has not met its objective to integrate emerging farmers into mainstream agriculture. There are areas where expectations have not been met. In particular, the slow transformation of the agricultural sector, which has come under strong criticism. Land reform

is at the centre of this debate, as government programmes in this regard have so far not produced the anticipated results. Areas for further research

5.5.2 Recommendations for further research

The aim of this study is to determine the root cause of the failure among emerging farmers, and attempt to shed light into the diverse challenges and opportunities that confront these emerging farmers in becoming successful entrepreneurs and participating in the mainstream agricultural sector of South Africa. Although this study provided some insight into the challenges and opportunities, it has also raised further issues that need to be explored. These include research on the following:

- Extend the study to other municipalities within the Dr KK Kaunda District Municipality, in order to determine whether emerging farmers in other local municipal areas, face similar challenges and constraints that impede them from being incorporated into the mainstream agriculture, and develop their operations into viable and profitable businesses that would enable them to participate in main stream agricultural sector, and becoming the engine for economic growth.
- The study recommended that, there is need for the development and implementation of a comprehensive farm support programme. This entails formulation and promotion of a regional farming guidance improvement plan which entailed shifting the focus from individuals to groups of farmers in a region. There is a need to further research this proposed model to determine whether it would be financially viable and sustainable over the long run.
- Undertake a study, to determine the potential role of contract farming, as a means to overcome barriers to market entry. Including, research ways that emerging farmers can be linked to contractors.
- Undertake a study, to determine the policy implications of the proposed model.

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