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**221- COMMERCIALISING AGRICULTURE IN AFRICA: SOCIAL, ECONOMIC  
AND ENVIRONMENTAL IMPACTS**

**Commercialisation of Agriculture in Zimbabwe, Southern Africa Region**

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**Table of Contents**

Title Page

Abstract

Introduction

Methodology and Results analysis

Conclusion

References

## **ABSTRACT**

Given the changes taking place in the world today, farmers are confronted with a number of challenges such as climate change, variations in input usages, need for quality products, limited resources, and need to conform to legal and compliance issues. Sadly, the agricultural extension approach in Zimbabwe has been more “*production oriented*” than “*business oriented*”. Thus, Farming as a Business (FaaB) concept aims to help farmers to improve their farming business skills in farming, with the aim of increasing their incomes by viewing farming as business. Therefore this provides some insights into to the *Farming as a Business farmer trainings* concept and is intended for use by individuals/institutions, private companies, NGOs involved in agricultural development work focused on the sustainable economic development of farming enterprises. A collection of various agro business development resource materials to enhance the understanding, appreciation and interpretation of smallholder agricultural commercialisation and business aspects among agricultural extension staff is crucial in this sense.. This concept has been deliberately designed to address numerous areas of agricultural commercialisation by focusing on how best an extension agent can help a farmer integrate business concepts in their farming activities. It also aims to provide practical advice and information on management aspects to help farmers run successful farming businesses. The primary outcome will be knowledge, understanding and skills to farmers for them to become more market and business oriented from subsistence oriented mentality.

## **INTRODUCTION**

Agriculture is one of the major drivers of Zimbabwe's economy contributing about 11-14 % of the Gross Domestic Product (GDP), providing employment for some 70 % of the population, about 60 % of all raw materials for the manufacturing industry and approximately 45 % of the country's exports earnings (MAMID, 2011). Ever since the attainment of independence in 1980, the government of Zimbabwe (GoZ) has embarked on a number of policies and projects in an attempt to improve the performance of the agriculture sector. The NGOs, relief and development agencies as well as the private sector have also implemented a number of programmes to improve agriculture over the years. However, in spite of all these efforts, many farmers in Zimbabwe particularly the smallholder majority have remained subsistence for a long time without making conscious efforts to produce for the market. This is despite the fact that farming is a viable business that can grow big with enough knowledge and proper preparation.

This write up provides some view to agricultural extension agents in planning and implementing the commercial mind-set to smallholder farmers in Zimbabwe. It describes an improved approach to farming in Zimbabwe where farmers are encouraged to produce not only “*for ensuring food security*” but also participate in the creation of wealth through commercialisation of their operations. As situations and locations differ, the procedures taken in Zimbabwean agriculture are flexible based on experiences of different agencies in Zimbabwe and elsewhere in Southern Africa. The write up shows the increasing preference in the use of sustainable interventions in relief and development programmes. The Farming as a Business (FaaB) approach has received considerable attention in the recent past, mainly because of its potential to reduce dependence and promote sustainable development. The concepts of *Farming as a Business* are discussed together with the methodology to deliver them to the target group. Factors necessary for successfully running *farming business* are highlighted and brief descriptions given to facilitate understanding and appreciation. An attempt has been made to provide practical examples in discussing these factors.

## Commercialisation of Agriculture in Zimbabwe: Southern Africa Region

### METHODOLOGY

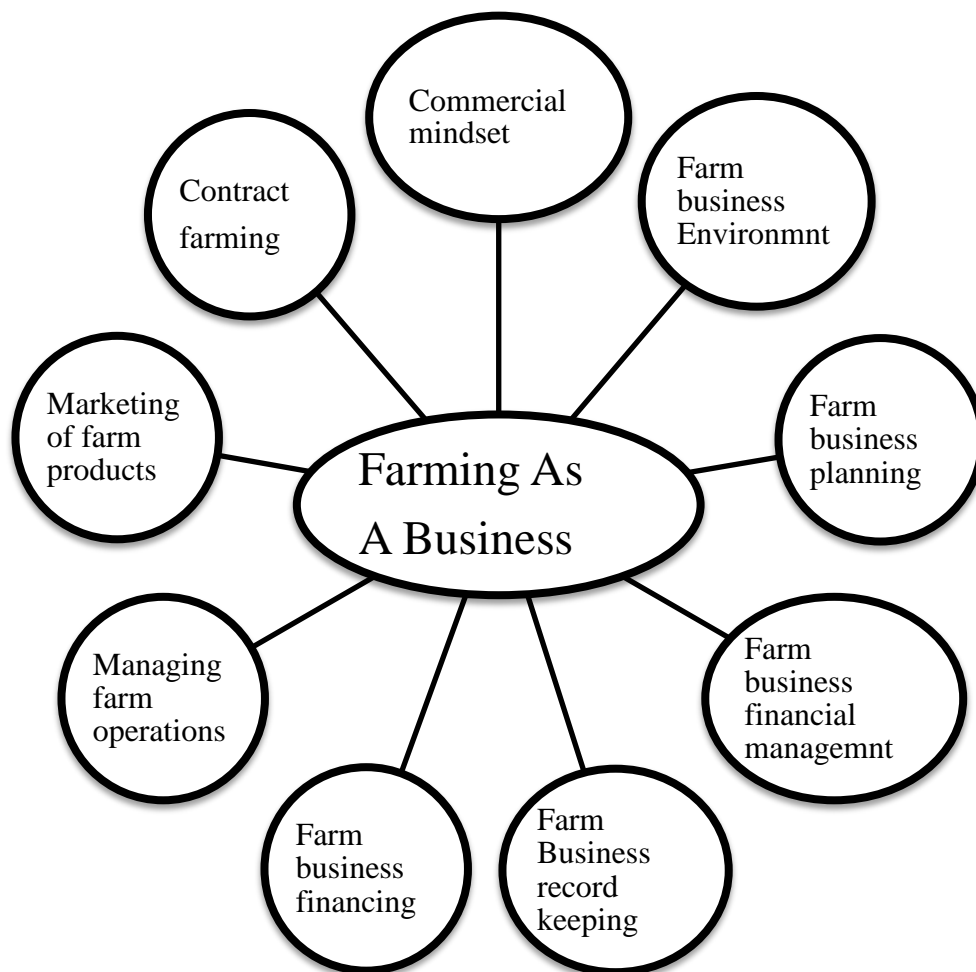
#### FARMING AS A BUSINESS (FaaB) APPROACH

##### Farming business concepts

The farming business concepts encompasses a number of concepts including: the commercial mind set, the farming business environment, farming business planning, financial management, record keeping, farming business financing, managing farming operations, marketing farm products and issue of contract farming.

*Fig 1.0 below summarises the major faming business concepts that can be seen in farming.*

**Fig 1.0: The web of farming business concepts**



*Adapted from (Musitini, Zhou and Mapupa, 2011)*

As we chart the agenda for the future, guided and motivated by the desire to promote food security in the country, it has become imperative that farming be recognized as a legitimate entrepreneurial line of business,(Gono 2009).

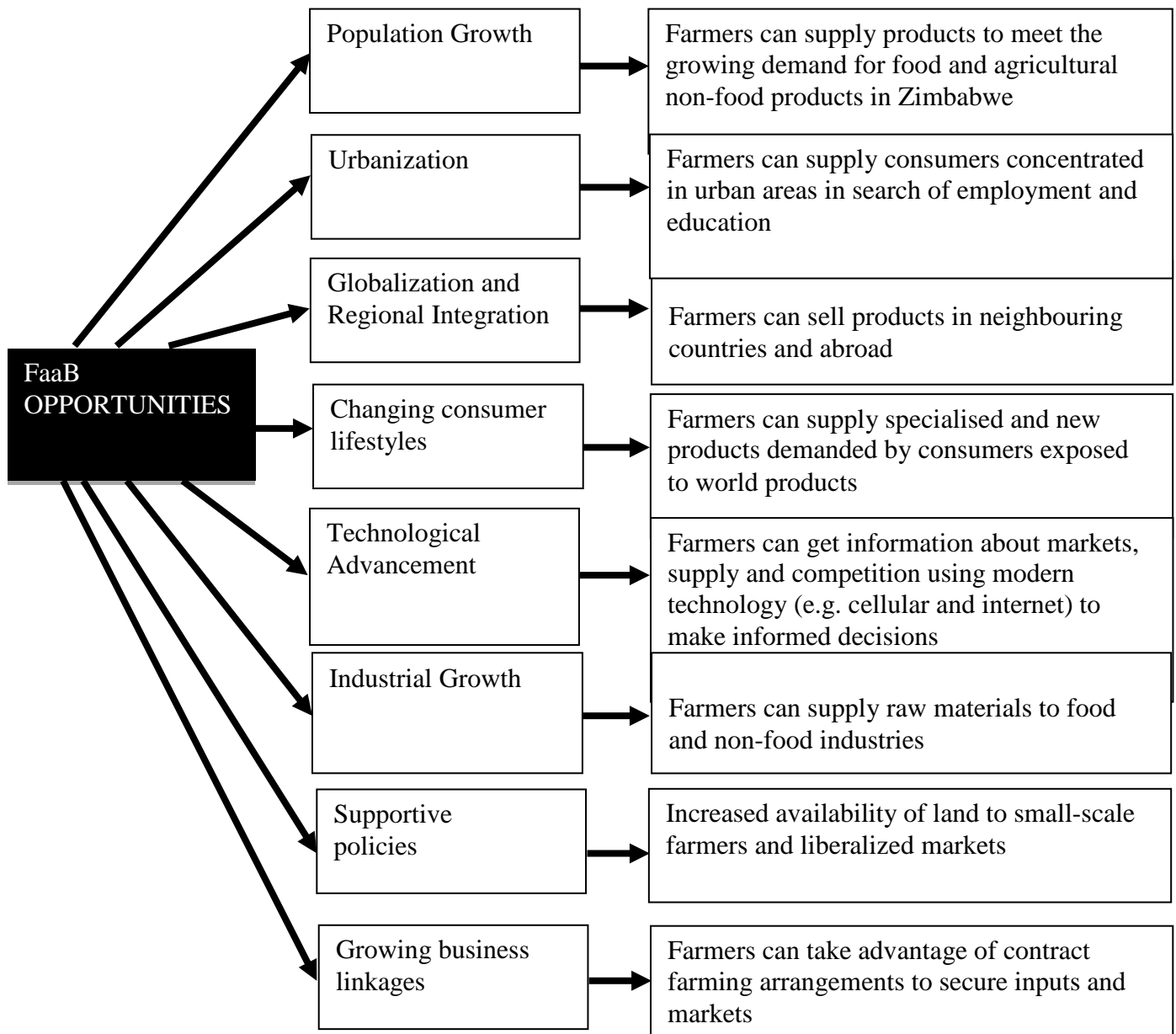
### **Can farming be operated as a business in Southern Africa?**

A close look at the definition and principles of a business shows that all business principles are perfectly applicable to crop and livestock production activities. The key issue is that the purpose of such activities should be to ***generate profit by satisfying needs of the market***. For instance, farmers can produce:

- ✓ Cotton specifically to supply to the processors for profit
- ✓ Vegetables to supply to urban and rural markets for profit.
- ✓ Goats to supply to abattoirs, butcheries and other buyers for profit
- ✓ Ground nuts or peanut butter to supply to urban markets for profit
- ✓ Soya beans to supply to processors and stock feeds manufacturers for profit

In addition, there are also production and marketing opportunities which promote the operation of farming activities as businesses in Zimbabwe. Some key opportunities are summarised in the ***Fig 1.2*** below.

**Fig 1.2: Opportunities for farming as a business**



**Shifting from consumption-oriented to market-oriented farming in Zimbabwe**

Most smallholder farmers have been farming mainly for consumption purposes with some barter trade and occasional sales in times of excess. The primary purpose has not been to meet the market for profit, but to supply family survival needs. Extension services have also been designed to support farming practices for family survival not for business purposes. For the purposes of farming as a business, there is need for a mind-set change to policy makers, extension service providers and farmers from consumption orientation to market orientation.



The shift involves reduction of subsistence farming practices and increased uptake of commercial farming practices.

**The characteristics of consumption-oriented and market-oriented farming practices are summarised in *Table 1.2* below.**

<b>Table 1.2: Characteristics of consumption-oriented and market-oriented farming</b>	
<b>Consumption-oriented farming</b>	<b>Market-oriented farming</b>
<ul style="list-style-type: none"><li>• Production for consumption / survival / self-sufficiency</li></ul>	<ul style="list-style-type: none"><li>• Acceptance of farming as a business venture and driven by desire to generate profit</li></ul>
<ul style="list-style-type: none"><li>• Limited incentive for marketing</li></ul>	<ul style="list-style-type: none"><li>• Production for the market and income</li></ul>
<ul style="list-style-type: none"><li>• Limited participation in input and output markets</li></ul>	<ul style="list-style-type: none"><li>• Active participation in input and output markets</li></ul>
<ul style="list-style-type: none"><li>• Limited investment in inputs and technology</li></ul>	<ul style="list-style-type: none"><li>• Active investments in inputs and technology</li></ul>
<ul style="list-style-type: none"><li>• Reliance on retained seeds or donated inputs and traditional technology</li></ul>	<ul style="list-style-type: none"><li>• Re-investment of profits into the business</li></ul>
<ul style="list-style-type: none"><li>• Little valuation of inputs and outputs</li></ul>	<ul style="list-style-type: none"><li>• Valuation of inputs and outputs</li></ul>
<ul style="list-style-type: none"><li>• Wide product mix</li></ul>	<ul style="list-style-type: none"><li>• Specialization in a limited range of products</li></ul>

### **Why practise farming as a business?**

Rationally, nobody wants to invest resources in an activity where they do not see significant benefits. It is, therefore, important to make the benefits of farming as a business clear so as to appreciate its worth. This manual argues that if done properly, it pays to practise farming as a business. Both financial and non-financial benefits accrue to the farmer, his / her household, the community and the nation. Some key benefits to the farmer and to society in general are highlighted below.

**Benefits to the farmer and his/her household**

- ✓ Growth in income due to market participation
- ✓ Improved standards of living due to increased income
- ✓ Diversity of consumed products using increased income
- ✓ Improved nutrition and household food security
- ✓ Increased productivity and efficiency of the farm

**Societal benefits**

- ✓ Improved consistency in supply of products
- ✓ Improved quality of products
- ✓ Growth of business enterprises outside urban areas and thereby reducing rural urban migration
- ✓ Creation of employment in production and processing
- ✓ Growth of productivity and supply base for agro-industry inputs
- ✓ Empowerment of communities and contribution to economic growth
- ✓ Improved distribution of food and raw material through trade
- ✓ Contribution to food security and poverty alleviation

**Constraints to farming as a business**

Operating successful farming businesses is, however, not a smooth undertaking.

***Table 1.3 below summarises the major challenges to farming as a business divided into production and marketing challenges.***

<b>Table 1.3: Constraints to farming as a business</b>	
<b>Production challenges</b>	<b>Marketing challenges</b>
<ul style="list-style-type: none"><li>• Shortage or poor access to production resources (inputs)</li><li>• Poor investment in production technology and infrastructure</li><li>• High costs of production</li><li>• Climate change threatening production cycles and productivity</li><li>• Limited capacity to deal with outbreak of diseases and pests.</li><li>• High incidence of natural disasters like droughts and floods</li></ul>	<ul style="list-style-type: none"><li>• Subsistence oriented mind-set of most smallholder farmers and development agents.</li><li>• Limited business knowledge and skills of farmers and development agents</li><li>• The nature of farming products (inelastic demand, perishability, bulkiness and seasonality) making the business risky.</li><li>• Poor access to profitable markets &amp; market information</li><li>• Poor marketing infrastructure like selling points</li><li>• Poor market incentives (prices, grading systems and market facilitation).</li><li>• Lack of clarity on marketing policies and their enforcement</li></ul>

## **Case Study Summary on Farming as a Business Concept in Zimbabwe**

### **Private companies**

Some private companies have been mentored through different programmes such as the Zimbabwe Agricultural Competitiveness Programme (Zim -ACP) to train farmers on Business skills, covering the farming as a business. This brought the demand for such kind of trainings to rise in the farmers' communities as they were seen beneficial. These trainings were seen being a major tool to capacitate the farmers so they would become reliable business partners to their contracting companies, money lenders, and so on. However the trainings are mandated to move farmers from subsistence oriented mindset, for them to end up producing for the market which demands quality products. One of the Private companies seen doing much of this task in Zimbabwe is Bucklesbury Consultancy (Pvt)Ltd which has covered many parts of the country, training farmers on this concept, assisting farmers to work in community groups for sourcing inputs, producing commodities as well as marketing them. The farmer groups are then linked with different stakeholders in agriculture and are being capacitated to produce certain commodities which they are competitive enough to produce.

### **Non-Governmental Organizations NGOs**

Different organizations have also been seen contributing much on this emphasis of farming as a business in the Zimbabwean community. Training manuals have been drafted for use in agricultural extension purposes, these include:

- **Farming as a Business: A trainers' guide to commercialization of agriculture in Zimbabwe** - this was done by FAO (Food and Agriculture Organization) for the Ministry of Agriculture, Irrigation and Mechanization which is to be used by the AGRITEX extension agents nationwide.
- **Farming as a Family Business: Addressing the gender issues in commercialization of agriculture in Zimbabwe.**  
-this was done by the Zim- ACP in capacitating the private sector, farmer unions in capacitating the famers on working the farm family business
- **Livestock Farming as a Business in Zimbabwe**  
-this was done by Cluster Agricultural Development Services (CADS) for capacitating farmers in the smallholder farmer community.

Most organizations are seen intervening on this Farming as a business concept in trying to commercialize the agricultural system in Zimbabwe. The mindset shift is seen as the major tool for an effective move of the national status of agricultural practices.

## **Government**

The Ministry of Agriculture Irrigation and Mechanization has also embarked workshops with the different organizations in trying to map and analyse the potential outcome that might arise as the FaaB concept is disseminated countrywide. It can be noted that most farmers have got potential to produce but lack the business skill that would improve their production. Also even most of the extension agents were more concentrating on production but less focusing on the business concept of farming. Different programmes have been introduced earlier after the land reform programme which include mechanization, input subsidies, bank loans, empowering the farmers and so on. All could be seen arising was a question of knowledge to the farmers, as this was seen as the best or first thing to be done.

## **Farmer Groups/Unions**

Farmer groups are many in Zimbabwe, however we see major unions like Zimbabwe Farmers Union (ZFU), Zimbabwe Commercial Farmers Union (ZCFU), Commercial Farmers Union (CFU). Through membership, these unions have been seen putting much of their effort on farmer trainings especially on Farming as a Business. The trainings would open the farmer mindset on how to do the farming business and therefore assisting them to lobby with different stakeholders for inputs as well as market of their produce.

Some farmer groups like Murewa Agricultural Producers Association (MAPA) has been offered the training for its all members in March 2012. after the training, these horticultural producers grouped themselves into famers specifying horticultural commodities they can produce per group. they then managed to get a funding to support their group which gave them a platform to effectively venture into their farming businesses. by so doing its easy for them to bulk their produce and supply for the market consistently.

## **Conclusion**

This farming as a business concept as being initiated was all mandated on shifting **subsistence farming practice by most Zimbabwean farmers. This drive has to lay a foundation in** Zimbabwean farming through giving the farmers relevant skills in farming business to promote commercialization agriculture. Through trainings offered and still being offered, it can be seen as a way to enlighten the paths of visionary famers to grow into effective commercial famers, thus promoting a better social, economic environment in the majority of the Zimbabweans who rely mostly for their income on farming.

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