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# A COMPARISON OF ECONOMIC AND CULTURAL INCENTIVES IN THE MARKETING OF LIVESTOCK IN SOME DISTRICTS OF THE NORTHERN COMMUNAL AREAS OF NAMIBIA<sup>1</sup>

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*In an endeavour to improve the livestock production and particularly the marketing of livestock in the Northern Communal Areas of Namibia, this study analyses the perception of livestock farmers in this regard. The findings show that the decision making is significantly influenced by numerous socio-cultural considerations, which in many cases even overshadow the economic ones. This is manifested in the low off-take percentage, the lacking interest in commercial production, and the fact that the sale price offered to the farmer is not the most important consideration when deciding to whom to sell.*

## 1. INTRODUCTION

Improving communal livestock farmers' production and marketing efficiency is an obvious means of increasing their income and standard of living. Normally the promotion of production efficiency is given preference, which is based on the logical sequence, but ignores their possible interdependency in the cognitive field of the livestock farmer and in his consequent decision making.

Livestock farmers in the Northern Communal Areas of Namibia are particularly disadvantaged as far as livestock marketing is concerned, because of the Veterinary Cordon Fence that runs from Palgrave Point on the West Coast of the country through Oshivelo to the Namibia-Botswana border in the north-eastern Omaheke (Van der Linden, 1992). Meat and livestock cannot pass freely over this Veterinary Cordon Fence into the southern foot-and-mouth-free zone, which makes the marketing of cattle very difficult. The lack of infrastructure is also a problem that has affected trade in livestock in these areas since the 1850s (Siiskonen, 1990).

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The need for an analysis of farmer's perception is based on the key dimension of perception in decision making and behaviour. This is depicted in Lewin's (1951) formulation of behaviour being the function of the person in interaction or dialogue with his environment, of which he becomes aware through his senses or his perception. Although we live in the same world and receive similar impressions of it through our senses, we interpret our experiences differently (Van den Ban & Hawkins, 1988:59). Perceptions are, therefore, by nature subjective and so are those of the stock farmers. Irrespective of whether outsiders agree with them or not or whether they believe them to be well founded or not, they are the reality that matters and they are, together with needs, the key dimensions regarding behaviour and behaviour change. The implication of this is that any intervention or provision of a better service must be based on and take cognisance of the client's perceptions through which most behaviour determinants become manifested in decision-making and behaviour (Düvel, 1991).

## **2. RESEARCH PROCEDURE**

In order to obtain quantitative indicators with as much representation as possible, but within the context of existing resource limitations, a compromise approach was used by conducting representative sample surveys within certain selected districts. These districts were selected from the north eastern, the north central, and the north western parts of the northern communal areas of Namibia. However, due to logistical problems the survey in Opuwo, supposed to represent the north west, had to be abandoned.

The selection of the districts was done in consultation with government institutions and local development organisations or their agents and on the basis of accessibility, size of the community and representativeness. Mukwe was selected in the northeast as it was assumed to represent both the Kavango and Caprivi regions. In the densely populated north central areas three constituencies (districts) were selected in the regions of Omusati, Oshana, Ohangwena where pilot projects under the Sustainable Animal and Range Development Program (SARDEP) are underway. Table 1 provides an overview of particulars of the survey areas.

## **3. PERCEPTIONS REGARDING LIVESTOCK MARKETING**

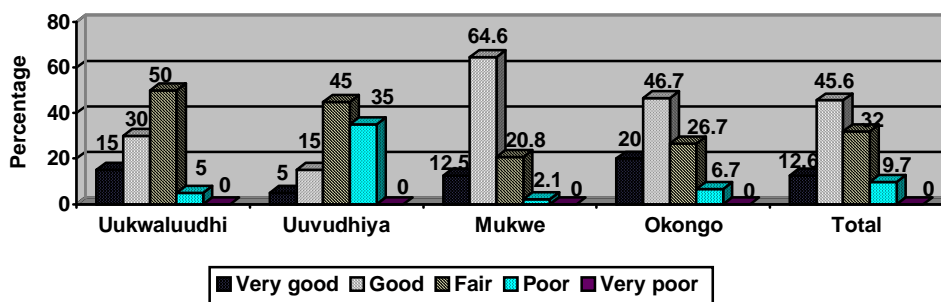
Much has already been undertaken to improve the markets for the disadvantaged stock farmers of northern Namibia, but the reality of the situation is determined less by intentions and objective facts than by the perception of those involved, namely the livestock farmers themselves.

**Table 1: An overview of the survey districts, their localities, the approximate population and the sample sizes used.**

Locality	North Central		North East	
Region	Omusati	Oshana	Ohangwena	Kavango
District	Uukwaluudhi	Uuvudhiya	Okongo	Mukwe
Farmer population	150-200	150-200	150-200	300
Sample %	10-13	10-13	8-11	20
Sample Size	20	20	16	50

### 3.1 Perceived marketing efficiency

Respondents were asked to give an assessment of the marketing of cattle on a five-point scale varying from one (very poor) to five (very good). These responses are summarised in Figure 1.



**Figure 1: The assessments of stock marketing by respondents in four regions of northern Namibia**

None of the respondents assessed the marketing of stock in their region to be very good, and only 9.7 percent rated it as good. As many as 58.2 percent of the respondents believe the marketing to be poor or very poor. This rather gloomy perception regarding the marketing is particular pronounced in Mukwe and Okongo, where the percentage respondents rating the marketing as poor and very poor is 77.1 and 86.7 percent respectively. The situation would be potentially more serious if marketing was regarded to be one of the stock farmers' most serious problems. This is, however, not the case. According to Table 2, poor markets rank among the livestock farmer's less important problems.

The four most important problems, namely stock diseases (41%), lack of grazing due to overgrazing (35%), scarcity of stock watering points (33%) and

**Table 2: The most important stock farming problems according to respondents in different survey districts**

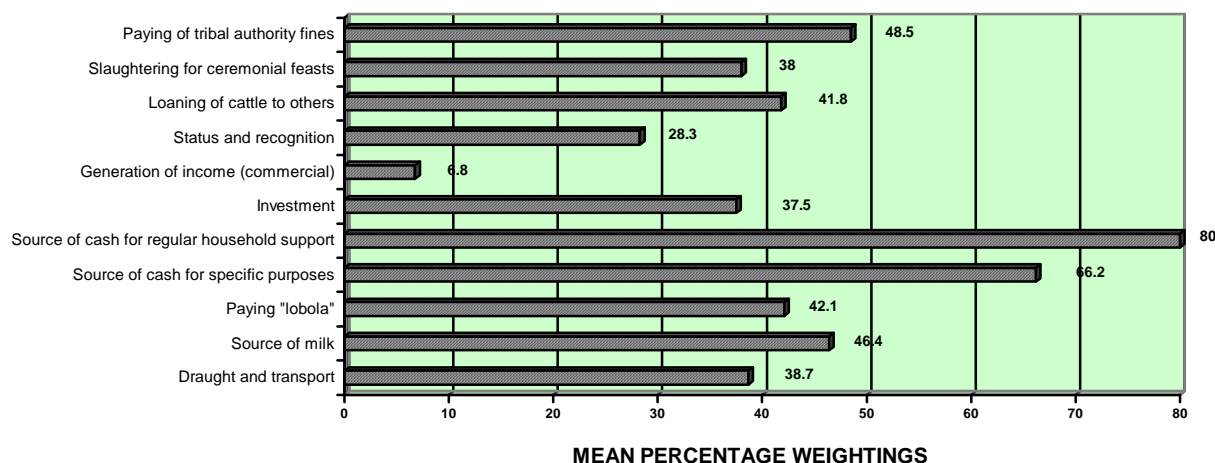
Problem	% Respondents per district				Total
	Uukwaluudhi	Uuvudhiya	Mukwe	Okongo	
Disease	85	35	24	44	41
Lack of grazing (overgrazing)	0	30	48	43.8	35
Scarcity of water (stock concentration)	10	90	22	25	33
Drought	80	20	10	56	32
Lack of money for farming inputs	80	0	2	0	16
Theft	20	5	18	13	15
Poor market	0	5	6	12	6
Veld fires	0	5	8	0	5

drought (32%) are all directly concerned with stock production and are shared by at least one-third of all respondents. In contrast to these, the marketing related problems are perceived to be much less important (nominated by only 6 percent of the respondents) which is somewhat contrary to expectations in a commercial enterprise where income generation is of primary concern. A possible explanation for the relatively lower importance of marketing lies in the low off-take. The average off-take of cattle for all respondents is 7.3 percent, while 44 percent have an off-take of less than 5 percent. The apparent relationship between off-take and the importance of marketing is also supported by the tendency of farmers with smaller herds to have a higher off-take percentage and be more dissatisfied with the general marketing of livestock.

### 3.2 The needs and purposes for keeping cattle

An indication of the most important reasons why cattle are kept was obtained by asking respondents to name the reasons why they keep cattle and then to list the five most important reasons in order of priority. The results are summarised in Figure 2.

The outstanding impressions gained from these findings is the low rank order of commercial income generation (16.8%) as opposed to the provision of cash for regular household support (72%) and for specific extraordinary purposes (66.2%). Other socio-cultural purposes such as the payment of *lobola* (46.4%), the practice of loaning cattle to others (41.8%), payment of tribal authority



**Figure 2: The importance rating by respondents of the reasons for keeping cattle**

finer (48.5%), slaughtering of cattle for ceremonial purposes (38%), are all far more important than the pure commercial production considerations. This goes a long way in explaining the low off-take and is all the more significant in view of the relatively large herd sizes (average herd size is 70.9 livestock and 46.5 cattle).

### 3.3 Selling preference

The type of cattle offered for sale seems to be largely a function of the type of cattle stock farmers are prepared to sell. 84 percent prefer selling oxen, while bulls and cows are favoured by 10.4 and 5.7 percent respectively. These percentages correspond more or less with the most recent sale figures of respondents, according to which 82 percent of those who sold cattle, did, in fact, sell oxen. More important from an understanding of marketing behaviour point of view, is the preference regarding the age at which animals are sold.

There is a clear preference among stock farmers to sell cattle when they are more than six years old (Figure 3). This applies particularly to oxen, which are the main type of stock marketed, but also to female animals. Only in the case of bulls do the majority of respondents (63.6 percent) prefer to sell at an age of between 4 - 6 years. The preferences for marketing old animals could also be attributed to the low level of nutrition, resulting in cattle reaching a marketable age relatively late. These preferences, which are probably a major contributing factor to the low off-take percentage, apply to all the regions investigated.

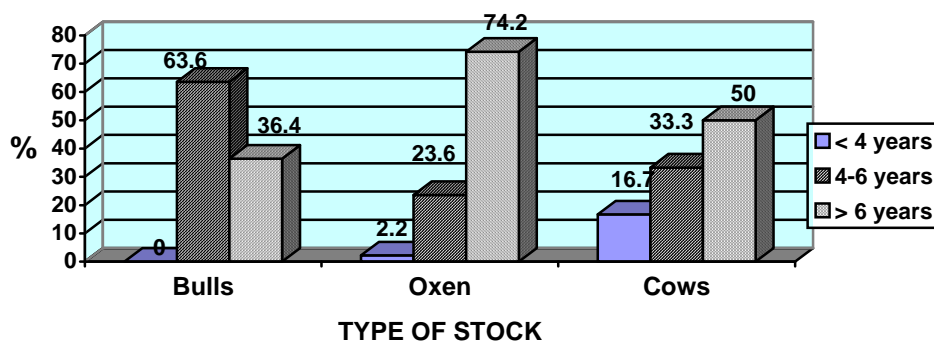


Figure 3: Stock farmers' preference regarding the selling age of different types of stock

### 3.4 Preference regarding marketing outlets

For stock farmers there are several marketing alternatives. Respondents' preferences regarding these alternatives are summarised in Figure 4.

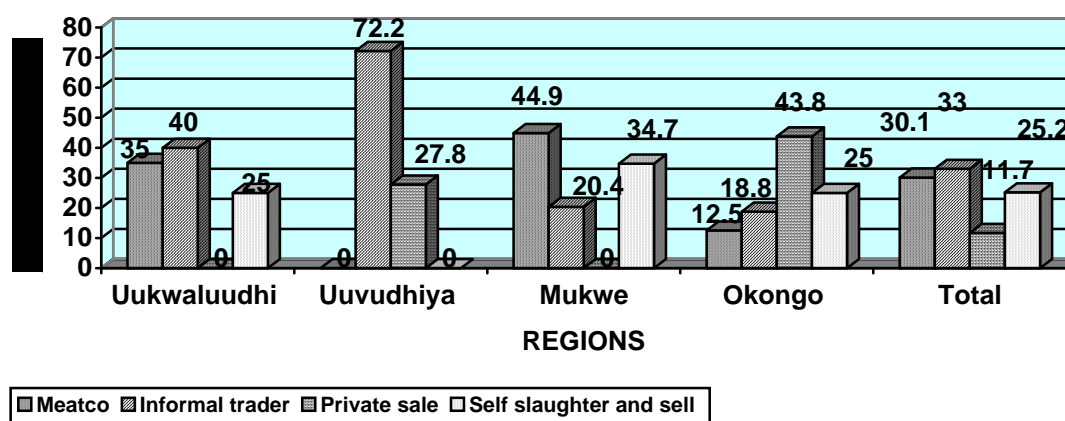


Figure 4: Percentage distribution of respondents in different regions according to their first choice marketing priority

The general picture based on respondents' first priority of marketing channels indicates that 33 percent of the respondents mentioned Informal traders as their first choice, while Meatco (a marketing agency appointed by the Government) is a close second with 30.1 percent of the nominations. Another perhaps more valid comparison of the preferences regarding the different marketing channels is based on the complete rank order and not only on the first choice. In such a comparison, based on average percentage weightings, Informal traders again emerge as the most favoured (68 percent) but by a wider margin, followed by self slaughtering and selling (55.3 percent) and private sales, with Meatco occupying the last position (37 percent). There are,

however clear indications that the preference patterns vary significantly between the regions. The findings in Fig. 4 provide evidence in this regard.

The preference of selling to neighbour farmers and Informal traders, which appear to be seen in more or less the same category if they are from within the community, seems to be based less on prices than on other considerations. Only 17 percent mentioned prices as the main reason for their choice. More than 80 percent motivated their choice by saying that neighbour farmers or Informal traders could help them in future with their problems or in times of emergency. This points at trade transactions based on reciprocating favours; something which Meatco, as a community-external organisation cannot compete with. Some farmers (about 5 percent) mentioned that they sell to Meatco, because they do not want to see their animals around after they have sold them, or if there is a choice conflict and they do not want to discriminate between neighbour farmer and Informaltrader.

### **3.5 Sale prices**

The marketing preference is bound to be influenced by the price that stock farmers are offered or are expected to receive. In an attempt to assess respondents' perception or opinion regarding comparative sale prices, they were asked to consider the price they received for the last animal they sold, and then to provide the price they would have expected from the various marketing outlets. Differences were then calculated as a percentage of the price expected or received from Meatco. According to these findings respondents expected a 25.9 percent higher price from the Informal traders, 21.9 percent higher from private sales and 42.1 percent higher in the case of self-slaughtering and selling.

These findings seem to suggest that the relative low regard that respondents in general have of Meatco as a trading partner or marketing channel is related to the perceived lower prices that Meatco pays. To test this assumption, respondents were confronted with a hypothetical situation of having been offered N\$600 for an animal by Meatco, but also by an Informaltrader and by a neighbouring farmer. They were then requested to indicate their selling preference by placing the different alternatives in rank order of choice. 70.2 percent mentioned a neighbouring farmer as their first choice, 25 percent favoured a Private trader, while only 4.8 percents indicated Meatco to be their first choice.

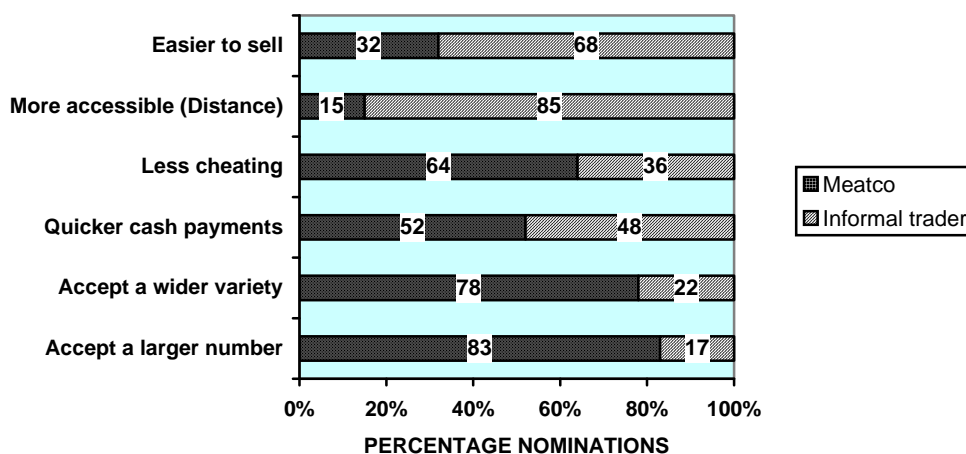


This further supports the conclusion that economic considerations, such as the price offered to the farmer, although important, is not the most important consideration when deciding to whom to sell.

### 3.6 Other perceptions regarding Meatco and informal traders

Although Meatco in general appears to be the least favoured trading partner, a comparison between it and the other major trading partners, namely the Informal traders, could give further insight into their respective strengths and weaknesses. Respondents were asked to rate Meatco and informal traders in respect of different marketing characteristics. The comparative findings are summarised in Fig. 5.

Informal traders have a clear edge over Meatco only in respect of higher accessibility (distance to selling point) and ease of selling. This means that these attributes outweigh all the others in terms of perceived importance. An alternative explanation is that there are other important attributes that have not yet been identified. However, it is more likely that they are of a socio-cultural rather than economical nature.



**Figure 5: The comparative rating of Meatco and informal traders by respondents regarding different marketing attributes**

## 4. CONCLUSION

Perceptions regarding the marketing of livestock support the notion that decision-making and behaviour is individualistic and complex and that economic incentives are not necessarily the only or main consideration. Indications are that among the communities in the northern regions of

Namibia they even tend to be overshadowed by cultural or socio-economic incentives and considerations, thus supporting the view that the farmer is not a *homo economicus* governed by singular, easily predictable motives and incentives. On the other hand, the significant differences between regions or communities is an indication of the social influence which, through community norms, can bring about a certain uniformity in perception and behaviour and provides a potential for significant change, also as far as marketing is concerned.

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