

“Determine small farmers’ managerial skill needs in the Tshwane area of Gauteng, South Africa”

AUTHORS	Louise van Scheers Maite Mashego
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Louise van Scheers (South Africa), Maite Mashego (South Africa)

## Determine small farmers' managerial skill needs in the Tshwane area of Gauteng, South Africa

### Abstract

It seems that most small farmers focus on technical skills rather than on conceptual skills, as technical skills are seen to contribute most to the performance of the small farm. The need for this research came from this perception and, therefore, the aim of this article is to determine the small farmers' managerial skills level in the Tshwane area of Gauteng. A quantitative survey was conducted amongst 50 small farmers in the Tshwane area of Gauteng.

The conducted research established that most small farmers focus on technical skills rather than on conceptual skills. Small farmers also indicated that they need training in marketing and financial management which are conceptual skills.

**Keywords:** agriculture, small farmers, managerial skills, technical skills, Gauteng Tshwane area.

**JEL Classification:** M13.

### Introduction

Smallholder farmers are identified as a panacea for rural poverty and unemployment (Plaas, 2013). This article attempts to determine technical and conceptual managerial skills of small farmers in the Tshwane area of Gauteng. It is true that South African agriculture sector is dualistic in nature, as observed by Louw (2013), with two sectors existing parallel to each other, namely: small-scale farming and commercial farming sector. The small-scale farming sector is, generally, characterized by small farms that use labor intensive traditional production techniques and lack institutional capacity and support (Khumalo, 2013 and Chikazunga, 2013). In South Africa, one of the great challenges facing the agricultural sector as Roberts (2009); World Bank (2011); UNIDO, IFAD and FAO (2008); Mather (2005); DTI (2010) observe is to increase the number and variety of viable and sustainable economic agricultural small farmers. The global downturn, in the past few years, has further amplified this challenge. UNIDO, IFAD and FAO (2008) reports state that the SA Government is trying strengthening their competitiveness and promotion of small farmers to remain the cornerstones of a growth of the economy and the creation of decent work opportunities. According to UNIDO (2009), small and micro scale enterprises (SME's) contribute more than 50 percent, of employment and GDP in most African countries and also represent over 90 percent of private businesses. In Ghana, the private sector is the largest employer, accounting for two-thirds (66.7%) of employed adults, with 55.9 percent of the total workforce being self-employed, 32.1 percent into agricultural activities and 23.8 percent into non-agricultural

activities (GLSS, 2008). The Greater Accra Region is the home of many SME's involved in agribusiness, particularly in the production, processing and the marketing of agricultural products. SME's are believed to contribute about 70 percent, to Ghana's GDP and account for about 92 percent, of businesses in Ghana (Abor & Quartey, 2010).

Previous studies by Louw (2013); Kirsten and Van Zyl (2008); Roberts (2009); Staats (2010) World Bank (2011); UNIDO, IFAD and FAO (2008); Mather (2005); DTI (2010)) argue the main characteristics of production systems of smallholder farmers are of simple, outdated technologies, low returns, high seasonal labor fluctuations and women playing a vital role in production. Unfortunately, they form a small part of agricultural output in South Africa, but, despite this small farmers are pressured to actively participate in the mainstream economy, by integrating their food production into existing agro-food value chains (Lipton, 2005). It seems that limited research was conducted to determine technical and managerial skills of small farmers in South Africa, as well as in the Tshwane area. Against this background, this article aims to determine the small farmers' managerial skills level in the Tshwane area of Gauteng.

### 1. Literature review

South Africa is a net importer of processed agriculture, forestry and fisheries products. This is an opportunity for the country to explore possibilities to develop the local processing industry to be more significant both in terms of its economic contribution, as well as equity and inclusivity of previously marginalized. As the country explores opportunities to grow its agro-food processing industry, it should look at expanding the contribution of marginalized groups and rural areas, as well as small farmers. Small farmers differ in individual characteristics, farm size, resource

distribution between food and cash crops, livestock and off-farm activities, their use of external inputs and hired labor, the proportion of food crops sold and household expenditure patterns. Small farms have many different definitions which also indicate view points of where the small farms are geographical centred. There are approximately 525 million farms worldwide, as Nagayets (2005) indicates, though small farm data are only available for 470 million. Narayanan and Gulati (2002) characterize a smallholder “as a farmer (crop or livestock) practicing a mix of commercial and subsistence production or either, where the family provides the majority of labor and the farm provides the principal source of income”. In South Africa, there are 35 000 farmers which has an income of less than R300 000 and 24 000 farmers with family owned farms. These farmers are family owned and generate more than R300 000 incomes per farm (Vink and Van Rooyen, 2009). In South Africa, as suggested by previous research size is irrelevant, because almost 25% of all small farms in the commercial sector covers a land area smaller than 200 ha and almost 5% less than 10 ha. But, while these farms are small, they are considered to be “commercial”, although they make a small contribution to South Africa’s total gross farm income (Kirsten and Van Zyl, 2008). Next approximate farm size by world region, as indicated in Table 1.

Table 1. Approximate farm size by world region

Average farm size	Hectares
Africa	1.6
Asia	1.6
Latin America & Caribbean	67.0
Europe	27.0
North America	

Source: von Braun, 2005.

Note: \* Data include Western Europe only.

A significant number of small farmers are still concentrated at the low end of the enterprise size scale, even though they use DMS, and exist, primarily, as black survivalist firms with little capacity for sustained survival or growth (Business Referral and Information Network, 2003). In spite of the contribution of these firms to employment, their performance and growth have been poor. This implies that, even though direct marketing strategy provides an opportunity for agro industry’s small farmers to enhance their growth performance, it is dependent on how well it is managed. Small farmers are defined according to the Department of Agriculture, Forestry and Fisheries (July, 2012) in various ways depending on the context, country and even ecological zone. The term “small farm”, as

observed by Kirsten and Van Zyl (2008), is interchangeably used with “small-scale”, “resource poor” and sometimes “peasant farmer”. Definitions include rural land holders to small-scale commercial farmers. In some circles, the terms “smallholder farmers”, “communal farmers”, “emerging farmers” and “black farmers” are treated as synonyms ([www.plaas.org.za](http://www.plaas.org.za)). The aim of this article is to determine the small farmers’ managerial skills level in the Tshwane area of Gauteng and, therefore, different types of skills will be described.

## 2. Technical and conceptual managerial skills of small farmers

Managerial skills could be sorted into four main groups. The first group focuses on participation and human relations skills, e.g., constructive communication and team building, while the second group focuses on competitiveness and control, e.g., assertiveness, power and influence skills. A third group focuses on innovativeness and entrepreneurship, such as creative problem solving, while a fourth group focuses on maintaining order and rationality, e.g., managing time and rational decision-making. Managers require certain managerial skills to manage a business successfully, namely technical, conceptual, interpersonal, communication, analytical, decision-making, administrative and problem-solving skills.

Parmigiani and Mitchell (2010) state that most of the small farmers have focused on technical skills rather than on conceptual skills, as technical skills. Conceptual skills help in developing plans, strategizing and organizing resources effectively.

The difficulty of competing and surviving in a rapidly globalized environment requires small farmers to be skilled in all aspects of doing business including managerial and technical know-how. DAFF ([www.daff.org](http://www.daff.org), 2014) will support training programmes to small farmers’ agro-processors as part of its interventions. To run a successful business, there are certain services and skills that are essential for an entrepreneur. These include financial management, accounting, marketing management, economics, law, certification and other technical expertise.

## 3. Methodology

A quantitative survey was conducted amongst 50 small farmers in the Tshwane area of Gauteng. Data were gathered by means of a questionnaire. Content analysis, using literature as basis for common themes forthcoming from the questionnaires, was employed as the means of data analysis. The Bureau of Marketing Research of Unisa was responsible for conducting the research.

## 4. Empirical findings

### 4.1. Technical and conceptual management skills.

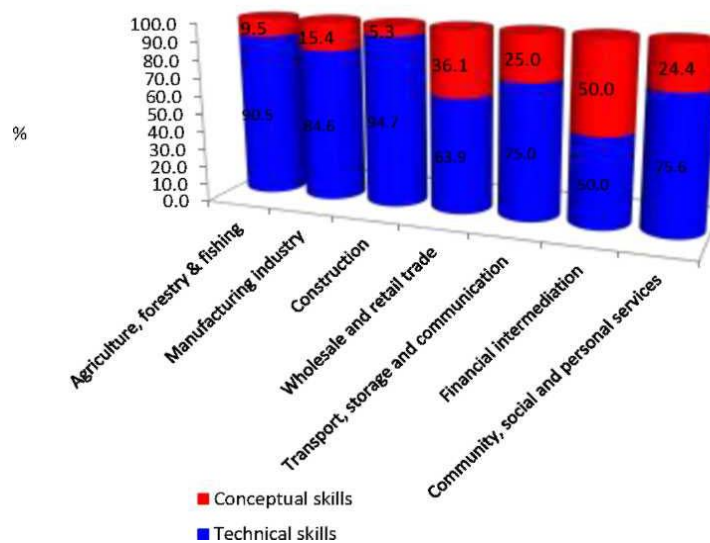


Fig. 1. Percentage distribution of industries by type of skill

The following tables comprehensively disaggregate the specific types of skills that respondents have within a particular industry. In the agricultural industry (Table 1), the majority (19.0%) are skilled in agricultural production and general work (14.3%). Very few (9.5%) of them have the required management skills to manage a farming business. Production of agricultural commodities alone does not guarantee success. There is a need to complement this with high level conceptual skills such as marketing, strategic planning, financial management, etc.

Table 1. Respondent skills

Skills	%
Agricultural production	19.0
General work	14.3
Business management	9.5
Ploughing vegetables	9.5
Secretarial & admin	9.5
Security	9.5
Biological science	4.8
Dog breeding	4.8
Farming	4.8
Law	4.8
Poultry	4.8
Soil preparation	4.8
Total	100.0

When asked as shown in Table 1, about their qualifications, a third (33.3%) of respondents within the agricultural sector indicated that their highest level of education was high school and never completed matric. Only 13.3% of them have a matric certificate. Overall, 47% of them did not study beyond high school.

Table 2. Respondent qualifications

Qualifications	%
High school	33.3
Standard 10	13.3
BSc biological science	6.7
BCom (business management)	6.7
Certificate in agriculture	6.7
Certificate in agriculture management	6.7
Certificate in office administration	6.7
Certificate in security operations management	6.7
Diploma in agriculture	6.7
Diploma in business management	6.7
Total	100.0

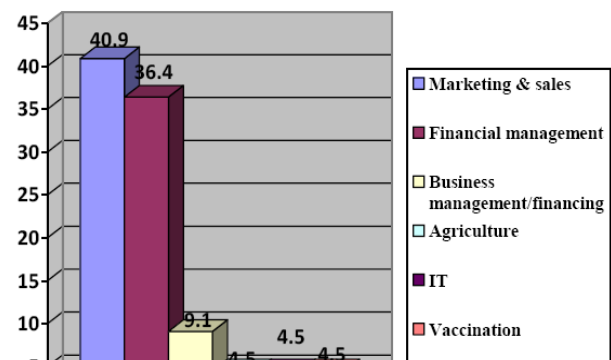


Fig. 2. Respondent training needs

When asked about the type of training they needed (Figure 2), a large percentage of them indicated that they needed training in marketing (40.9%) and financial management (36.4%). Financial management includes the need for assistance in securing funding from outside sources, such as banks, etc.

**4.2. Number of employees.** Table 3 presents the average number of employees within each industry. It is evident from this Table that manufacturing businesses are, on average, the biggest employers of full-time employees, followed by the transport, storage and communication sector. The average number of employees in these sectors is 9.00 and 7.39, respectively. The seasonality of employment in the agricultural sector is discernible in this table. This is the sector that demonstrates high prevalence of part-time employment with an average of 11 employees compared to just 1.00 in the mining and quarrying sector. The transport, storage and communication, and manufacturing industries also manifest high prevalence of part-time employment with an average of 9.08 and 7.35 part time employees, respectively.

Table 3. Average number of employees

Sector	Full time	Part time
	Mean	Mean
Agriculture, hunting, forestry and fishing	7.17	10.80
Mining and quarrying	7.33	1.00
Manufacturing industry	9.00	7.35
Electricity, gas and water supply industry	5.00	4.50
Construction	6.78	7.86
Wholesale and retail trade	6.29	7.16
Transport, storage and communication	7.39	9.08
Financial intermediation	5.82	7.09
Community, social and personal services	4.00	1.61
Total	6.53	6.27

### 4.3. Number of employees by work performed.

Most of the employees in the agricultural sector are performing general work on a daily basis. Table 4 shows that an average of 22 employees in the sector is employed as general workers. This figure is even higher for those who are employed on a part time

basis, as 27 of them are general workers only. However, this figure is not surprising, as this sector is one of the main absorbers of unskilled laborers.

Table 4. Employees by type of work performed

Work performed	Full time	Part time
	Mean	Mean
General workers	21.50	27.50
Nursery	15.00	
Cleaning	9.00	3.00
Farming	5.28	9.27
Drivers	3.00	2.00
Total	7.17	10.80

Table 4 presents the average number of employees by type of work performed in the manufacturing sector. This table shows that, on average businesses in the manufacturing sector employ, at least, nine employees on a fulltime basis, while an average of seven employees are employed on a part time basis.

### Concluding remarks

Small farmers differ in individual characteristics, farm size, resource distribution between food and cash crops, livestock and off-farm activities, their use of external inputs and hired labor, the proportion of food crops sold and household expenditure patterns. The need for this research came from this perception and therefore the aim of this article is to determine the small farmers' managerial skills level in the Tshwane area of Gauteng. The conducted research established that most small farmers focus on technical skills rather than on conceptual skills. Small farmers indicated that they need training in marketing and financial management which are conceptual skills.

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