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Assessment of Entrepreneurial Skills for Smallholder Broiler Producers in Zimbabwe: A Case of Mazowe District in Mashanaland Central Province

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Abstract:

The objective of the study was to assess the marketing and financial skills of small scale broiler farmers in Mazowe District, ward 14. Sixty farmers were purposively selected to participate in the survey, which was conducted through a questionnaire. Aspects captured include; social demography, financial and marketing related issues in broilers. On the marketing skills, the data collected were market segmentation, main markets, strategies done to promote sales, ways of informing customers about the broilers and marketing constraints faced by farmers. Results showed that 45% of the farmers segmented their markets, financial skills assessed captured critical information on the type of records kept by these farmers, how the project income is spent, the cost of production per bird, how the price of broiler chickens was determined, how they enhance their business skills and the financial challenges faced by these farmers. After selling their broiler chickens, 50% of the respondents indicated that they plough back the capital and spend the profits on their needs. The observations indicated that small scale farmers have technical skills of raising broilers but lack financial and marketing skills.

Keywords: Entrepreneur, entrepreneurial skills, small scale, marketing and market segmentation, financial constraints

1. Introduction

Poultry production is gaining popularity in most developmental projects due to its role in bridging the protein malnutrition, economic empowerment of the resource poor segment of the society and because it fits well in the farming systems commonly practiced in the smallholder sector (Dolberg, 2003). Unlike for large animals, poultry can be reared on a relatively small area, for example; 0.093m² is enough to raise a single broiler bird, compared to 2-3ha needed for 1LU (Livestock Unit) in beef production.

Poultry meat production systems also do not directly contribute to land degradation; they need lower capital investments as well as less labour since one person can manage a batch of 1000 birds. Due to its short production cycle, broiler production brings quicker returns to investments. It contributes towards food security and women empowerment (Kusina and Mhlanga, 2000). However, for an effective and permanent impact, in terms of poverty reduction, there is need for the approaches taken in household poultry production to be sustainable, as sustainability is no longer an option but absolutely necessary in modern day agriculture (Olivier, 2012).

The broiler project needs to be economically viable, socially equitable and environmentally acceptable. It is generally agreeable that production systems that use inputs and resources that humans value less, to produce goods and services that humans value more are economically viable, socially acceptable, and environmentally friendly.

Approximately 1.2 billion people in the world do not have enough food to meet their daily requirements (Ali and Battcock, 2001). Most of them are from developing countries, of which Zimbabwe is no exception. Food scarcity and poverty are some of the challenges that most contemporary governments are battling to alleviate as evidenced by Millennium Development Goal Number 1, which aims at eradicating extreme poverty and hunger particularly in the third world countries (Labour and Social Welfare, 2011).

Poultry production has shown a positive growth compared to other livestock enterprises such as piggery and beef in Zimbabwe. According to Zimbabwe Poultry Producers Association (ZPPA, 2013), day old broiler chick production over the first nine months of 2013 was 6% higher than the previous years. Also production statistics from the same association indicated a continued growth of day old broiler production which was 1.2 million in 2009 and increases over 5.5 million in 2013 (Kachembere, 2013).

Being a wide spread enterprise broiler production encompasses small to large scale producers, (Mwansa, 2010). It has become an ideal venture for most small scale farmers due to low investment and small scale area required to raise broilers. In fact, according to Poultry Focus Africa, (2013), Zimbabwe's poultry sector has grown significantly in the number of small poultry farmers venturing into commercial production. However research in small scale poultry production has focused on production skills of these farmers and very little attention has been given to the assessment of the producers' marketing and financial expertise. During the past years, most Zimbabwean smallholder farmers were producing broilers mainly for household consumption and the surplus for sale. Due to escalating poverty as a result of unemployment, most farmers/households are now producing broilers at commercial basis as a way of generating income.

Marketing skills are techniques which enable farmers to have huge broiler chicken off-takes at sustainable prices leading to higher returns. Financial skills assist farmers on the best way of managing their income. Therefore, there is need to generate information on the financial and marketing capability of these farmers. In response to problems of hunger and poverty, most rural development agencies are now seeking state of the art production of underutilized food crops and livestock such as broilers.

In Zimbabwe's rural and resettlement areas, broiler production is still underdeveloped and its use as a developmental alternative to alleviate poverty and hunger that prevail in the area is being limited by lack of entrepreneurial skills. Hence the purpose of the study was therefore to establish the marketing and financial challenges facing smallholder broiler chicken farmers in Zimbabwe with particular reference to Mazowe District.

2. Statement of the Problem

Despite the increase in broiler production over the years, small scale broiler farmers lack proper entrepreneurial skills such as marketing and financial techniques. This affects the enterprise's potential in terms of realizing viable returns. This raises need to assess the farmers marketing and financial challenges and possible opportunities to revive broiler production and make it a viably rewarding and sustainable enterprise.

3. Research Objectives

- To identify factors hindering marketing of broiler chickens in smallholder farming systems of Zimbabwe's rural communities
- To establish the marketing skills possessed by smallholder broiler chicken producers in Mazowe District
- To evaluate the farmers' ability to handle income or financial accountability/ skills

4. Materials and Methods

4.1. Study Site

Ward 14 of Mazowe district is approximately 65km from Zimbabwe's capital city, Harare near Chiweshe communal lands. It is found in agro-ecological region II b. The region receives an unevenly distributed annual rainfall of 750 – 1000mm. Agricultural production in the area is therefore mostly characterized with rain fed extensive crop production which provides supplements for livestock and chicken enterprises. The ward comprises resettled farmers, where the majority is under A1 resettlement model. The study area has the highest number of smallholder farmers who are in broiler chicken production.

4.2. Population and Sampling Procedure

The area under study has 20 villages with 575 farmers. A large number of farmers (85%) in this area are into broiler production. Simple random sampling was used, to pick three farmers per each of the 20 villages in the district. This resulted in a sample size of 60 farmers who were regarded as the active participants in the study.

4.3. Data Collection, Presentation and Analysis

A questionnaire was used to generate farmers' responses. The collected data was analyzed using statistical package for social sciences, (SPSS) Version 16.0 to generate summary statistics. Frequencies and means were used to provide a detailed analysis of the findings which were presented in form of graphs, tables and pie charts.

5. Results and Discussion

5.1. Market Segmentation

Minority of the farmers (45%) segmented their markets whilst 55 % of the farmers did not. Of those farmers who segmented their markets very few (25 %) segmented on the basis of price and (15%) processing stage of the birds (live chicken and dressed birds markets). This agrees with the findings done by (Mapiye *et al*, 2008) who stated that there is some form of marketing of live birds common under small scale production and in areas where markets are a problem, farmers are forced to keep birds longer and this increases the cost of production by increasing the amount of feed required to keep the birds alive. Kwadzo, (2013) noticed that market can be segmented by consumer preferences such as the demand for chicken cuts or ready to eat chicken products such as chicken pies and also value addition such as packaging and branding, frozen or chilled chicken. In this study farmers did not employ value addition. No farmer sold chickens in form of chicken cuts and or ready to eat chicken products such as pies.

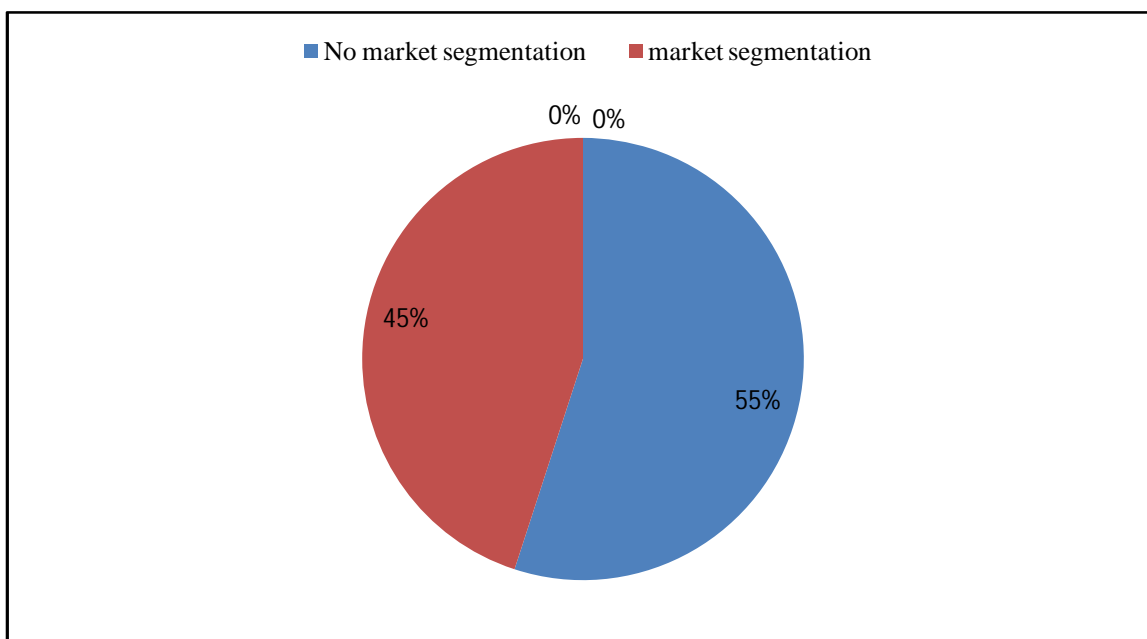


Figure 1: Farmers Market segmentation

5.2. Broiler Chicken Marketing Structures

Farmers sell their broilers to different markets which include individual households, hotels, supermarkets and canteens. A large number of the farmers (55%) sell their broilers to individual households, no farmers sell to hotels, 25% of the farmers sell to supermarkets and 20% sell to canteens. These results indicate that some farmers sell their broilers to 2, 3 or 4 markets at the same time. However, almost all farmers sell some of their broilers to individual households, meaning that it is their major market. According to (Mather, 2005) the liberalization of agricultural markets has opened few opportunities for small and medium enterprises and this is borne out by the number of emerging farmers who gain inadequate access to the agricultural market. This is supported by how these small scale farmers are struggling to get market elsewhere other than community market they heavily rely on. Therefore, there is need for these small scale farmers to fight for their market share through identifying different markets other than relying mainly on one market which is individual households market. This market promotes credit selling and there is no bulk selling hence, erratic returns which lead to low viability of the enterprise.

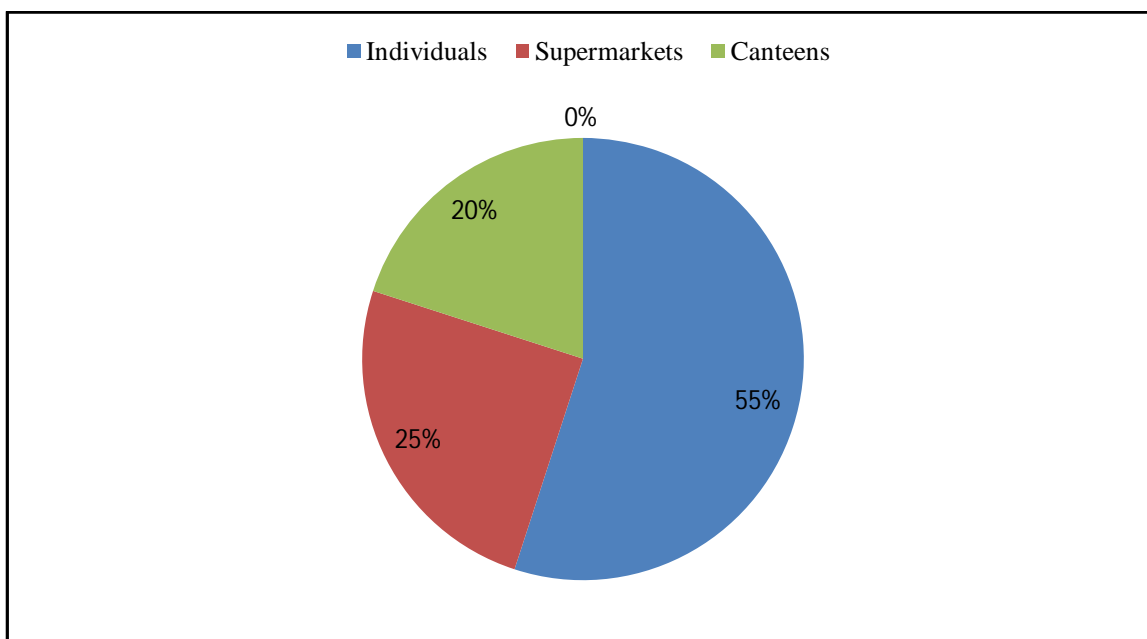


Figure 2: broiler marketing systems in the study area

5.3. Farmers' Skills on Gaining Market Shares

In order to gain market share farmers must employ different skills. Findings from the study showed that a few (25%) of the farmers use quality grading and 55% use packaging skill to gain market share. This shows that many of the farmers still lack value addition skills which enable them to gain a wide range of customers. To promote sales few (5%) of the farmers advertise their broilers and a greater percentage offer sales discount (50%) and credit facilities (45%). However, selling broilers on credit is associated with its merits and demerits. According to (Johnston, 2014) a small business needs cash to continue operating and it also needs customers who make bulk sales purchases. Therefore, as a result of offering too much credit farmers could experience cash flow problems. At the same time not offering enough credit may result in loss of customers going to those who offer credit. Hence, there is need to find the right mix between credit and cash payments for the small scale broiler business. On the lighter side, customers tend to buy more when they don't have to pay on the spot, thus moving sales volume much faster and reducing the risk of product deterioration while in the farmer's storage. However this should be accompanied by an efficient credit follow up system.

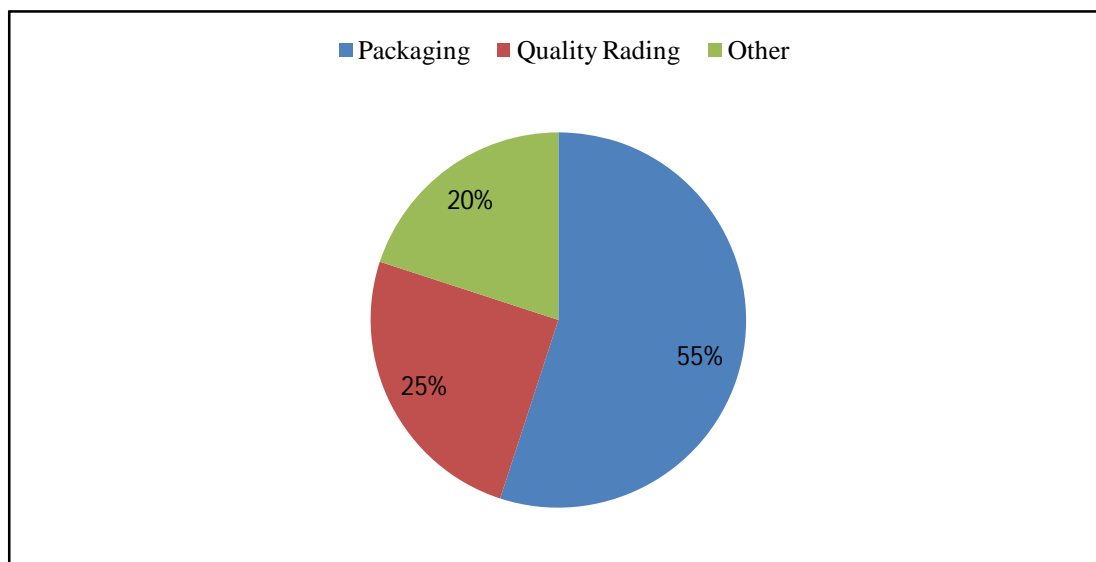


Figure 3: Farmers' skills on gaining market shares

5.4. Advertising for Boosting Market Shares

Results of this study showed that broiler farmers in the study area used different means to inform customers about their broilers, the majority 65% write posters on the major roads and areas, while 30% announce their broilers in community events such as churches, rallies and beer halls and only 5% make use of the social media none of the farmers use telephone calls to advertise. This shows that the farmers are exposed to a limited market and can only access local market with no reach to outside market. According to Osemeke, (2012) advertising is the key to a successful enterprise. However, Osemeke noted that advertisement should not be limited but must be exercised through wide spectra of media for farmers to exploit larger lucrative markets.

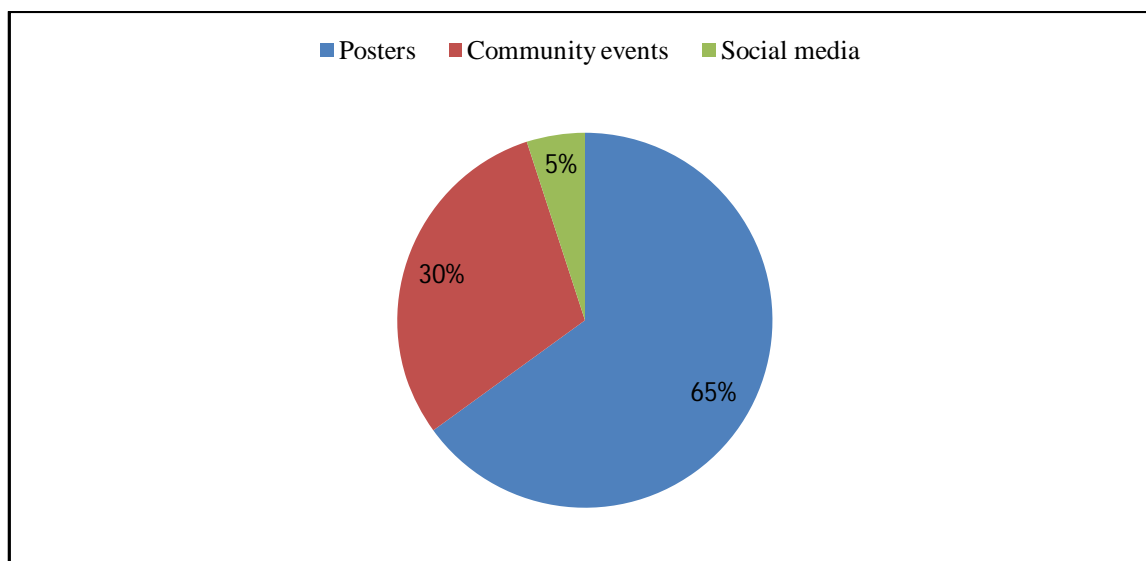


Figure 4: Different systems of broiler advertisement

5.5. Promotions

Type of promotion	Frequency	Percentage
Discount	3	5
Offering a free product	27	45
None	30	50

Table 1: Different methods used to promote broiler sales

Almost half of the farmers used a certain method to promote their broilers while the other half did not do any promotion. This showed that half of the farmers still need to be trained in employing business skills which enhance broiler sales. Of the farmers who promoted their products, 5% promoted through discounts and 45% through offering a free product. Since many of these farmers do not know their cost of production per bird, such promotions might not be cost effective. According to Mapiye, Mwale, Mupangwa, Chimonyo, Foti and Mutenje, (2008) production cost is commensurate to market price of chickens. So any pricing of chickens should take cognizance of the production cost per bird.

5.6. Factors Determining Selling Price of Broilers

On determination of broiler prices, 10% use the cost of production, 75% use market price and 15% use both cost of production and the market price to determine price of the birds. These results show that farmers use market price and cost of production to determine the price of their broilers. There are also external factors such as level of market demand, nature of market competition, competitor prices and offers, government regulations and socio-economic factors such as cost of production in pricing a given product (Mapiye *et al*, 2008).

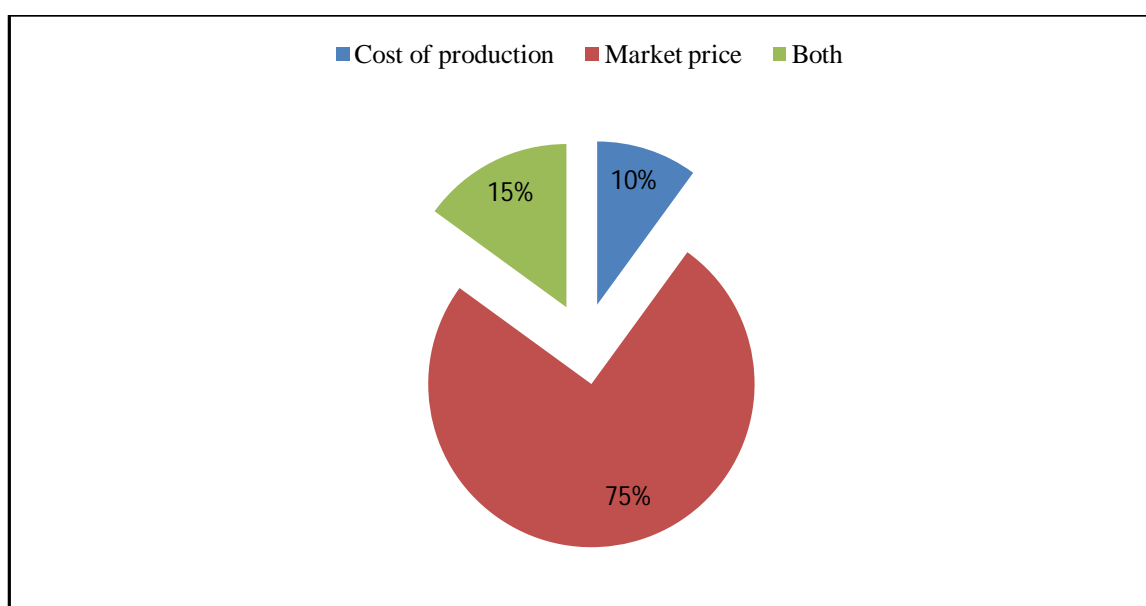


Figure 5: Factors determining broiler market price

5.7. Knowledge on Cost of Production

Majority of the farmers 90% do not know the cost of production per bird; only 10% knew and had a cost of \$3. According to (Singh *et al*, 2010) the total variable cost per bird has been reported highest on small farms, followed by medium and large farms. This is attributed mainly to transport costs since most small holder farmers stay far from service providers such as shops from which they buy stock feed.

A study done by Shroff and Kalamkar, (2006) indicated that the average net returns per bird increased with the increase in the farm size. This explains the low returns by most farmers who kept 100 birds at most and why they are failing to get the funds to expand their business. It is important to know cost of production so that farmers will be able to price their broilers accordingly.

5.8. Monitoring Cash Flow Trends

A large number of farmers (70%) were not monitoring their cash flow trends while 30% monitored their cash flow trends. Monitoring cash flow trends enables a farmer to do a cost benefit analysis of his enterprise and curb or prepare for financial challenges. The majority of farmers in ward 14 of Mazowe, due to their level of education cannot monitor cash flow trends unless they are trained. According to Kotri, (2006) cost benefit analysis should be carried out at the end of every production cycle since it determines whether one is making profit or loss. Cash flow trends are used to assess profits and losses of a broiler enterprise and also help to avoid risks of financial constraints.

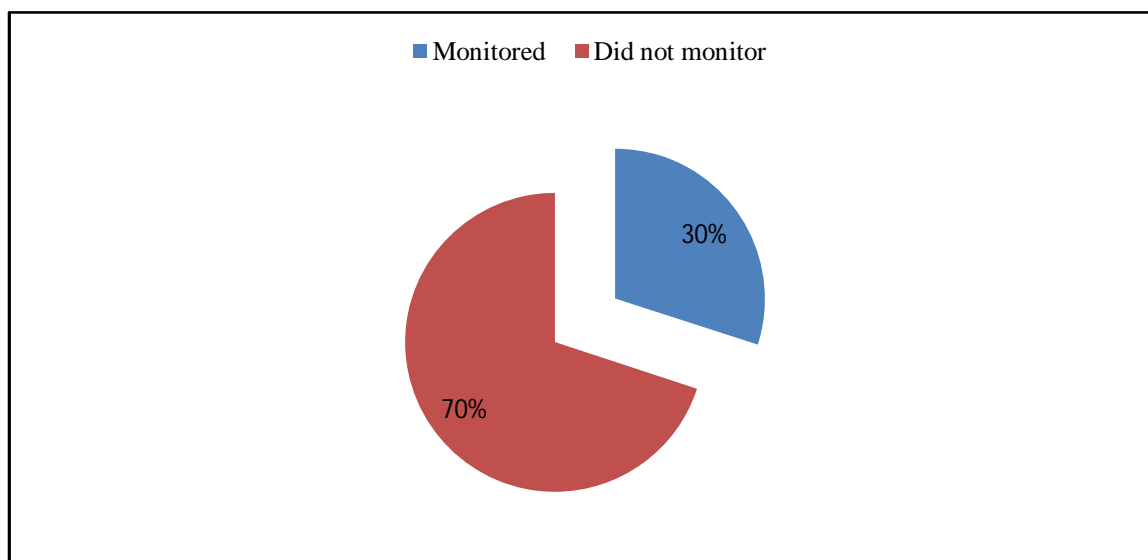


Figure 6: Farmers who monitored their cash flow trends

6. Conclusion and Recommendations

6.1. Conclusion

Small scale broiler production is a source of fast income to most farmers and also a source of supplementary income to other professionals living in the farming communities. The majority of the farmers have the technical skills of raising broilers. They know how to feed, house and take care of the broilers. However, there is lack of expansion in this business due to poor marketing and financial skills. This was evidenced by most farmers not being initiative to look for other markets other than the local market.

Majority of the farmers do not make follow up with their customers. On financial skills most farmers do not know the cost of production per bird and there is poor use of records. As such there is a lot of work to be done in equipping small scale broiler farmers with marketing and financial skills for a sustainable broiler production which will improve the standard of living of these farmers.

An opportunity for increasing contribution of small scale broiler farmers to the economy of the nation as a whole exists. Therefore, the government and other stakeholders can intervene and come up with appropriate intervention strategies which results in sustainability of small scale broiler projects at family level.

6.2. Recommendations

Appropriate legislation should be created to allow smallholder farmers to produce broilers collectively and thus enjoy the benefits of bulk purchasing of inputs and group marketing. This would cut costs of production and increase profits of the farmers. Also farmers are advised to sell cold dressed chickens this ensures that farmers do not have to keep live chickens for unnecessarily long periods of time. Furthermore, small processing, packaging and value addition plans can also be set up by farmer groups to assist during times when there are large volumes of birds. This will increase the amount of returns these farmers will get from their produce. This would assist the farmers to advertise their broilers through use of both print and electronic media.

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