

https://dspace.org/

Participation of previously disadvantaged people in the export of agricultural commodities

Makgale, Joas Moabi Seatile

2021
University of the Witwatersrand, Johannesburg
https://hdl.handle.net/10539/41460

Makgale, Joas Moabi Seatile . (2021). Participation of previously disadvantaged people in the export of agricultural commodities [Master's dissertation, University of the Witwatersrand, Johannesburg]. WireDSpace.

Downloaded from a DSpace repository. https://dspace.org/

Participation of previously disadvantaged people in the export of agricultural commodities

BUSINESS VENTURE

Joas Moabi Seatile Makgale

WITS Business School

Thesis presented in partial fulfilment for the degree of Master of Business Administration to the Faculty of Commerce, Law, and Management, University of the Witwatersrand

July 2021

DECLARATION

I Joas Moabi Seatile Makgale declare that this research report entitled 'Participation of previously-disadvantaged people in the export of agricultural commodities' is my own unaided work. I have acknowledged, attributed, and referenced all ideas sourced elsewhere. I am hereby submitting it in partial fulfilment of the requirements of the degree of Master of Business Administration at the University of the Witwatersrand, Johannesburg. I have not submitted this report before for any other degree or examination to any other institution.

Joas Moabi Seatile Makgale

Signed at Johannesburg on 30th April 2021

Name of candidate	**Joas Moabi Seatile Makgale**
Student number	**1930536**
Telephone numbers	**073 093 5454 / 076 063 4540**
Email address	**Seatile@icloud.com**
First year of registration	**2019**
Date of proposal submission	**15 January 2021**
Date of report submission	**02 July 2021**
Name of supervisor	Kudzaiishe Vanyoro and Kambidima Wotela

ABSTRACT

Author: Joas Moabi Seatile Makgale **Supervisor** Kudzaiishe Vanyoro

Thesis title: Participation of previously disadvantaged people in the export of agricultural commodities

South Africa's agricultural industry is dualistic in nature and has been for decades. This structure has ensured that only a few are able to enjoy the profits from the industry. The main objective of the current study is to interrogate the barriers that previously disadvantaged people face in participating in the export of agricultural commodities in South Africa's agricultural industry. This is done with a focus on grain crops and the chosen area of study of Rustenburg; a town located in Moses Kotane Local Municipality (MKLM) in the North West province. Data was collected from 30 respondents who are previously disadvantaged grain crop farmers. The data were analysed using thematic data analysis. The findings of the study indicate that there are existing barriers to entry in the export market that particularly affect previously disadvantaged groups. These barriers include lack of knowledge as well as high levels of illiteracy, which disproportionately affects aging farmers. The study finds that the major barrier to entry is the structural set-up of the value chain, which enables commercial farmers to profit from the labor of the smallholder farmers. Smallholder farmers are heavily in debt and can barely earn a profit from their farm produce. To address these challenges, the research proposes a business venture model that will ensure that smallholder farmers are included in the export markets and concurrently scale themselves up into commercial farmers. The research also proposes the establishment of shared storage infrastructure in rural communities and owning machinery and equipment throughout the municipality. This would require a facilities management company to assume a custodian role to ensure proper management and administration of the business.

Johannesburg, 02 July 2021

TABLE OF CONTENTS

1 INTRODUCTION TO THE RESEARCH 12

1.1 Background and context 12

1.2 Research conceptualisation 14

1.2.1 Stating the research problem 14

1.2.2 The research purpose (aim and objectives) 16

1.2.3 The research questions 16

1.2.3.1 Question 1: 16

1.2.3.2 Question 2: 16

1.2.3.3 Question 3: 16

1.2.3.4 Question 4: 16

1.3 Delimitations and assumptions of the research study 17

1.4 Significance of the research study 17

1.5 Structure of the research report 18

2 LITERATURE REVIEW 19

2.1 Symptoms, root causes, and consequences of dualistic nature of the agricultural sector in South Africa 19

2.2 Methods, data, findings, and conclusions of studies and South African agricultural exporting system 22

2.3 Qualitative attributes or quantitative variables key to the research 25

2.3.1 Trends of dualistic economies in MKLM 26

2.3.2 Causes of dualistic economies in MKLM 26

2.3.3 MKLM performance in exporting grain commodities 26

2.3.4 Existing barriers to entry in the agricultural export market in MKLM 27

2.4 Framework(s) for interpreting research findings and the effectiveness of South Africa's agricultural export system 27

2.4.1 Thematic Analysis 27

2.4.2 Constant Comparison Analysis 28

2.4.3 Critical Discourse Analysis 28

2.5 Summary and conclusion 29

2.5.1 Summary of literature reviewed 29

2.5.2 Proposed research strategy, design, procedure and methods arising from the literature reviewed 30

3 RESEARCH STRATEGY, DESIGN, PROCEDURE AND METHODS 31

3.1 Research strategy 31

3.2 Research design 32

3.3 Research procedure and methods 33

3.3.1 Research data and information collection instrument(s) 34
3.3.2 Research target population and selection of respondents 35
3.3.2.1 Research target population 35
3.3.2.2 Sampling or selecting respondents from the target population 36
3.3.3 Ethical considerations when collecting research data 37
3.3.4 Research data and information collection process 38
3.3.5 Research data and information processing and analysis 39
3.3.5.1 Research data and information processing 39
3.3.5.2 Research data and information analysis 39
3.3.6 Description of the research respondents 40
3.4 Research strengths—reliability and validity measures applied 40
3.5 Research weaknesses—technical and administrative limitations 41
4 PRESENTATION OF RESEARCH RESULTS 42
4.1 Precarity and survivalist farming: Consequences of dualistic economies in MKLM 43
4.2 Performance of previously disadvantaged farmers in Moses Kotane Local Municipality in exporting grain crops. 46
4.3 A summary of existing barriers to success among previously disadvantaged farmers in the MKLM agricultural export market 47
5 THE BUSINESS VENTURE PROPOSAL 49
5.1 Introduction 49
5.2 ANALYSIS 49
5.2.1 Macro-environment analysis 49
5.2.1.1 Political Environment 49
5.2.1.2 Economic Environment 50
5.2.1.3 Social and Cultural Environment 51
5.2.1.4 Technological Environment 51
5.2.1.5 Structural environment 52
5.2.1.6 Legal Environment 52
5.2.1.7 Outlook 53
5.2.2 Sector analysis 53
5.2.2.1 Threat of new entrants 53
5.2.2.2 Threat of substitutes 54
5.2.2.3 Bargaining power of customers 54
5.2.2.4 Bargaining power of suppliers 54
5.2.2.5 Industry rivalry 54
5.2.3 Market Analysis 55
5.2.3.1 Competitor analysis review 55

5.2.3.2 Supplier analysis 55
5.2.3.3 Distribution analysis 55
5.2.3.4 Customer analysis 55
5.2.3.5 Brand Reputation 56
5.2.4 SWOT analysis 56
5.2.5 Value chain analysis 58
5.3 STRATEGY PLAN 59
5.3.1 ANSOFF Analysis 59
5.3.2 Strategy development 59
5.3.3 Strategy 60
5.3.4 Proposed business model Canvas 60
5.4 MANAGEMENT AND ORGANISATION 61
5.4.1 Organisational Structure 62
5.5 MARKETING PLAN 63
5.5.1 Basic Marketing Strategy - Value Marketing Mix 63
5.6 OPERATIONAL PLAN 64
5.7 FINANCIAL PLAN 66
5.7.1 Assumption 66
5.7.2 Projection 66
6 SUMMARY, CONCLUSIONS, LIMITATIONS, AND RECOMMENDATIONS 69
6.1 Summary 69
6.2 Conclusions 71
6.3 Limitations 72
6.4 Recommendations 72
7 REFERENCES 74
8 APPENDICES 78

LIST OF TABLES

Table 1: Storage facility specification 64
Table 2 : Balance sheet 65
Table 3: Cost and profitability analysis 66
Table 4 : Cash flow 67

LIST OF FIGURES

Figure 1: Moses Kotane Local Municipality (MKLM) - Area of study (Africa Research Institute, 2013) 16

Figure 2: Empirical research as a circular process (Wodak & Meyer, 2001 p.19

ACKNOWLEDGEMENTS

I wish to express my sincere appreciation to my parents and siblings who have been very supportive of me throughout my research. I would also like to express my gratitude to my life partner Nthabiseng, who has been by my side ensuring that I am well fed during hectic nights. My greatest humble appreciation to my supervisor Kudzaiishe Vanyoro for the guidance throughout the research and affording extended time outside the working hours to ensure that I am on the right track. A token of appreciation goes to my dearest sister Boipelo Matheba for her continuous support. I would like to thank the Department of Agriculture and Rural development in Moses Kotane Local Municipality for their generosity in sharing valuable information.

DEFINITION OF KEY TERMS AND CONCEPTS

MKLM – Moses Kotane Local Municipality

GDP – Gross Domestic Product

DAFF – Department of Agriculture, Forestry and Fisheries

ARC – Agricultural Research Council

ANC – African National Congress

DARD – Department of Agriculture and Rural Development

AfCFTA – African Continental Free Trade Area

BRICS – Brazil, Russia, India, China and South Africa

1 INTRODUCTION TO THE RESEARCH

1.1 Background and context

South Africa's agricultural industry is dualistic in nature and has been for decades. This state of affairs is not only peculiar to South Africa as it is also seen in many other African history. It is not without historical precedent either. It can be traced back to the dawn of the industrial revolution in Europe which led to the establishment of colonisation (Ocheni and Nwankwo, 2012). According to Ocheni and Nwankwo (2012), the progress in agriculture in Europe had become slower due to the shifting focus from farming to the new industrial revolution, prompting Europeans to begin looking for raw material (agricultural commodities) in other countries outside Europe. Amongst other places, Europeans settled in Africa and ostensibly began industrialising the continent to farm and export produce to Europe. They took control of the African political administration and economy so that they could produce food required by their countrymen back in Europe (Ocheni and Nwankwo, 2012).

Lofchie (1975) also concurs with the aforementioned views by alluding that the structure of such production was to optimise European countries' earnings to fulfil their economic interests. This birthed what is known as the parallel economy, characterised by one end producing a chunk of the wealth of the country and also part of the global economy, while the other end is underdeveloped, marginalised, incorporating a majority of the population but contributing a small portion to the country's Gross Domestic Product (GDP) (Bojabotseha, 2011).

This economic model changed and shaped African politics, economic and social landscapes. Agriculture has become a key driver of global trading and economic relations amongst countries and continents for many years now. Yet, agriculture in Africa is renowned for its deep connection to colonialism particularly in South Africa where white European settlers took over the most fertile land while allocating barren land to Africans. This also led to a dualistic South African agricultural economy that I will now turn to.

Kirsten and Moldenhauer (2006: 62) suggest that apartheid policies created two agricultural clusters: "one largely neglected, backward and subsistence-oriented located in the former homeland areas and the other is well developed, export-oriented and well supported by government systems and located in former white South Africa". The latter was sponsored and given land and equipment for production by the then government to grow the economy, while the former was not allowed to participate in economic activities. This forms part of dualism.

Dualism in South Africa's economy is more in the agricultural sector and in the rural economy where the legacy of the apartheid system is still visible (Kirsten and Moldenhauer, 2006). This set-up created a gap between the two farming communities which is still evident today. To make matters worse, the government's interventions have proved to be poor and have not yielded the desired outcomes. Netshipale, Oosting, Raidimi, and Mashiloane (2017) highlight that 20 years into a democratic dispensation, approximately 7.4 million hectares of land has been transferred through land reform programs and only a few people were involved in using the land. In 2006, it was indicated that the number of people active in agriculture had declined by 21% in four years Tshuma (2014), and that several constraints such as lack of skills, education, capital, and infrastructure contributed to the decline (Agricultural Research Council [ARC], 2016). This provides an impetus for this research to examine whether the cause of poor participation of poor people in places like Moses Kotane Local Municipality (MKLM) is a result of structural or individual inefficacy.

This research grapples with how the dualistic agricultural economy shapes the agricultural exporting dynamics in MKLM. South Africa is a net exporter of agricultural commodities in several African and European countries, covering 42 per cent and 25 per cent of the markets respectively (Sihlobo, 2018). This shows that the country is a dominant player in the export market, particularly in agriculture. The export commodities include grain crops, fruits, grains, beverages, and other agricultural products. For the past 5 years, the agricultural export market contributed an average of R130 Billion to South Africa's economy (Trading Economics, 2020), indicating good trade relations with African and European countries.

Whales (2019) posits that North West province produces and contributes 20 per cent of maize, 15 per cent of wheat, and 33 per cent to the country's grain crops. In the MKLM, 13 per cent of the population are participating in grain crop farming and approximately 57000 hectares of land is conducive to produce crops like grain, sunflower, and sorghum; thus, bearing a great potential for farmers. Lekunze, Antwi, and Oladele (2011) suggest that there is a reduction in dry-crop farmers' income due to an increase in input costs because the existing market systems favour commercial farmers rather than subsistence or smallholder farmers. Buyers are likely to exploit small farmers and also maintain the status quo by only focusing on well-established large farmers (Raphala, 2007).

All the historical and socio-economic developments described above have ensured that only a few are able to enjoy the profits from South Africa's agricultural industry. These developments provide an impetus for this research to explore the disparities that exist because of the history of the dualistic agricultural economy in South Africa. Hence, this research interrogates the poor participation of previously disadvantaged people in the export of agricultural commodities from South Africa. In particular, the specific case that this research seeks to investigate is the existing barriers to the participation of previously disadvantaged people in exporting grain from MKLM.

1.2 Research conceptualisation

1.2.1 Stating the research problem

South Africa's economy has been performing poorly for the past 10 years. The GDP growth rate was at 3.04 per cent in 2009, 0.15 per cent in 2019 and -5.8 per cent in 2020 (due to the COVID-19 pandemic) (Plecher, South Africa GDP growth rate, 2020). The country is faced with the triple threat of high unemployment, poor economy, and high inequality. A Statistics SA (2017) report shows that South Africa has been consistently characterised as one of the most unequal countries in the world, and the roots of these disparities are colonialism and apartheid. It is in the wake of this inequality that one realises that there also exists inequality in the agricultural sector; particularly black-run economies. Hence, there is a need to research the causes and instances of inequality in the agricultural export sector in South Africa.

Amongst other sectors, agriculture has been identified as a key economic stimulator with an overall contribution of 3 per cent (Statistics SA, 2017). According to a report by Department of Agriculture, Forestry and Fisheries (DAFF) (2016), approximately 70 per cent of agricultural output is used as intermediate products, therefore, agriculture is a crucial sector and pivotal to the growth of the economy. The question here is 'who stands to benefit from this economic potential of agriculture?' Since agriculture has the potential to alleviate poverty, it would be worthwhile to examine how previously disadvantaged people have participated in the agricultural export economy. According to Fransman and Yu (201: 1):

> Since the advent of democracy in 1994, one of the key objectives of the South African government has been the reduction of poverty, disparities and imbalances stemming from the Apartheid regime. Several large-scale economic programmes were implemented, specifically aiming at the achievement of various economic goals, such as more rapid economic growth and job creation, improved service delivery, and alleviation of poverty and inequality.

26 years later, there is little improvement in some areas and others have even become worse off. This evinces that the country's past has had a detrimental impact on the current state of the country. One particular sector with great potential to stimulate economic growth is agriculture yet it remains divided and dominated by a few (Sandrey and Vink, 2008). The market conditions are not conducive for the majority.

MKLM has 107 rural villages that have several small-scale farmers involved in grain crop farming. In as much as there is farming interest from rural farmers, the economic fortunes are not lucrative to many. This might be due to the value chains and their constraints since the market is dominated by a few who have previously benefited pre-democracy. Figure 1 illustrates that MKLM is defined as an area of subsistence farming.

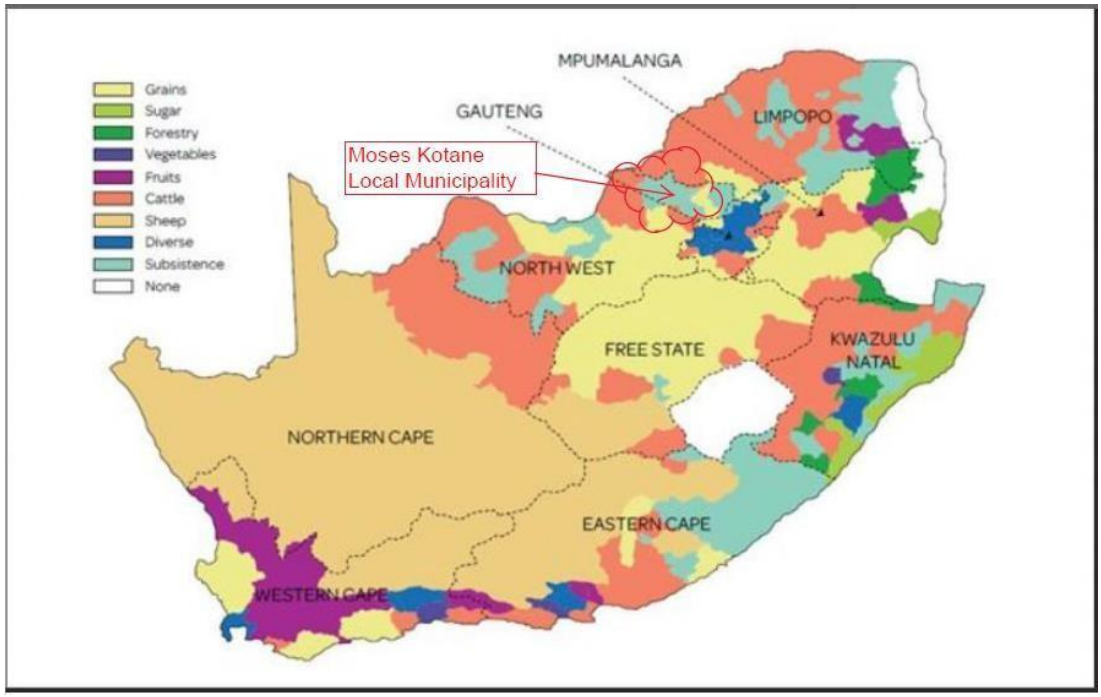


Figure 1: MKLM - Area of study (Africa Research Institute, 2013)

Subsistence farming is defined as farming produce for personal consumption, that is associated with uncertainty, risks, and low productivity (Kostov and Lingard, 2002). This evinces that there are skills and resources which enable farming in the area yet farmers only farm for their respective families to consume. Against this backdrop, the research seeks to establish how and if subsistence farmers in MKLM are active in agricultural export.

This is all on the back of Zhou, Minde, and Mtigwe's (2013: 2602) assertion that

> These conditions and the net production deficit make traditional smallholder agriculture less rewarding, hence the need for adapted approaches and market-oriented productivity revolution to meet the growing demand. The growth of supermarkets in the region's food industry also demands standards (higher quality, quantity, safety, health, and service) and smallholders need new strategies to meet them.

This reveals that less privileged farmers may be unable to meet the demand for higher quantity, quality, and safety products because they have little manpower and resources. The current study focuses on grain crop farming and these refer to maize, sunflower, grain sorghum, and wheat.

1.2.2 The research purpose (aim and objectives)

This research aims to explore the participation of previously disadvantaged people in exporting grain from MKLM, in the North West province, South Africa. It does so by exploring the nature of the agricultural sector and the underlying factors that caused its dualistic nature, observing the trends of dualistic economy, agricultural commodities export performance, and defining the causes of the dualistic economy and its effects in MKLM in particular. The study categorises grain value chain contributions according to race, age, gender, and sponsorships within the region. This will be done by consulting literature, institutional reports, available data and conducting interviews with experts, small-scale farmers and commercial farmers. In so doing, the research illustrates MKLM's performance in exporting agricultural commodities and interrogates the existing barriers to entry in exporting agricultural commodities.

1.2.3 The research questions

1.2.3.1 Question 1:

What are the trends of dualistic economies in MKLM?

1.2.3.2 Question 2:

What are the causes of dualistic economies in MKLM?

1.2.3.3 Question 3:

How have previously disadvantaged farmers in MKLM been performing in exporting grain crops?

1.2.3.4 Question 4:

Are there existing structural or individual barriers to success among previously disadvantaged farmers in the MKLM agricultural export market?

1.3 Delimitations and assumptions of the research study

South Africa is one of the African countries which was previously colonised; thereby enforcing racial segregation in the country by means of the apartheid system. White people were privileged to participate in an economic system, whilst the majority were secluded based on their skin colour. This led to dual economic activities in the country. Amongst the most reflective of these dynamics in the country was the agricultural sector. This is the key presupposition of the study.

South Africa's agricultural sector has commercial farmers and small-scale farmers. Tshuma (2014) defines small-scale farmers as those who are found in rural areas of the country, involved only in subsistence farming, and often labelled as backward and non- productive. Commercial farmers then are the opposite of small-scale farmers. The agricultural dynamics of the country have not changed since the dawn of democracy, and agricultural activities have been on a decline, as May and Meth (2007) have argued. May and Meth also supplement their argument by stating that inequality and poverty have increased in the country since 1993. It is evident that even the government's efforts to open up the market are not yielding any rewards. The grain value chain needs to be re-visited and reconfigured to enable those who were previously neglected to participate in the export market. The scope of the current study is to explore the existing barriers which are depriving those who are regarded as previously disadvantaged to actively participate beyond the borders of South Africa, with a focus only on grain farming in MKLM.

1.4 Significance of the research study

This study carries the potential to assist rural farmers and the government with knowledge about the existing barriers in the export market and establish a baseline to address them. The agricultural export value chain is still dominated by those who previously benefited prior to democracy in South Africa; therefore, it is imperative to interrogate their contribution to these barriers. The country's economy is in a dire state and requires all citizens to improve it. An open export market in rural communities could also address social ills such as lack of education, lack of income, and unemployment.

Irrespective of agriculture's small contribution to the GDP, it remains an important element in creating employment particularly in rural South Africa (DAFF, 2016). Therefore, rural communities could be able to leverage on the land at their disposal and make farming more appealing to the younger generation. The welfare system could benefit as the government would

be less burdened to provide social grants once the youth start participating in agricultural farming. It is therefore imperative for this research to undress the barriers that continue to exclude the majority of the people for their ultimate inclusion.

1.5 Structure of the research report

This report is divided into six chapters. Following this introductory chapter, Chapter 2 positions this study in relation to others by means of a literature review covering the problem, the past studies, the explanatory framework and the conceptual framework. Chapter 3 discusses the research strategy, design, procedures, reliability and validity measures as well as limitations. Chapter 4 and Chapter 5 present and discuss the findings, respectively while Chapter 6 summarises and concludes the research.

2 LITERATURE REVIEW

This chapter has three broad objectives; namely to understand the research problem, to identify the knowledge gap, and to develop a framework for interpreting the research findings. The structure of the chapter is as follows. In Section 2.1, I detail the research problem. In Section 2.2, I review literature on studies that have attempted a similar study or research. Based upon information arising from Section 2.2, I identify and detail qualitative attributes or quantitative variables that are key to this research in Section 2.3 as well as a framework that I will use to interpret the research findings in Section 2.4.

2.1 Symptoms, root causes, and consequences of dualistic nature of the agricultural sector in South Africa

Agricultural dualistic economy

Kirsten and Moldenhauer (2006) South Africa's economy is dualistic in nature, and since the dawn of democracy in 1994 the South African government has been trying to eradicate this economic situation by introducing policies that are favourable to previously disadvantaged groups in the country. The dualistic economy is also evident in the agricultural sector, where there are commercial farmers and small-scale farmers who are mostly from previously disadvantaged backgrounds. A dualistic economy is a scenario where traditional or informal agriculture is distinguished from the formal economy (Bourguignon and Morrisson, 1997). In this context, small-scale farmers are not actively participating in formal economic activities including export markets.

South Africa has consistently been part of the countries with extremely high inequality in the entire world (Maluleke, Inequality trends in South Africa, 2019). Inequality has remained prevalent within South African borders despite government efforts since 1994.

Different tools and models have been adopted to reduce the gap, with, unfortunately, no positive results (IMF, 2020). Webster (2019) argues that colonisation and subsequent apartheid are the bearers of the inequality South Africa finds itself in today. As much as efforts have been made, former Bantustan areas are still left behind. The income per capita per province indicates that only Gauteng and Western Cape are above the national average, with North West province (the study setting) seating at fourth from the bottom (IMF, 2020). Webster further argues that White South Africans are more likely to find employment and a better salary, unlike black South Africans. This attests that historical setbacks are still prevalent in the democratic dispensation

and many of these are a key feature of the agricultural sector. Be that as it may, there remains a significant dearth of research on this topic.

High Unemployment in South Africa

According to Plecher (2020), unemployment in South Africa has been on the rise since 2008 from 22 per cent to a staggering 29 per cent at the end of 2019. This is a rise of at least 7 per cent in the last 10 years. The highly affected groups are women and youth with over 55 per cent in long-term unemployment; a phenomenon which has a correlation with persons with no previous work experience. Long-term unemployment refers to being unemployed for more than 12 months (Maluleke, 2018). Maluleke further suggests that unemployed youth are twice as many as the adults. In the North West province, agriculture contributes only 5.4 per cent in employment and there has been a decline in skilled personnel since 2013 (Statista, 2020). According to statistics SA (2019), the census in 2011 revealed that the unemployment rate in MKLM was at 37.9 per cent with the youth unemployment rate of 47.4 per cent. These numbers were more across previously disadvantaged people, hence there is a connection between the lack of participation in the economy and background of disenfranchisement.

Regionalism and its connection to economic disparities in South Africa

South Africa's agriculture has regions, which are a result of the differing climate and landscape across the country. There is rain-fed agriculture, irrigated agriculture, and specialised productions such as grape and sugarcane, with only 3% of the country's soils considered fertile. Over the years, participation in agriculture has been on a decline from over 1.1 million people in 1993 to less than 770 000 people in 2016 (Paterson, 2017). Paterson further suggests that the decline is due to several factors including two major ones which are urbanisation and mining expansions. The Worldwide Fund Nature for South Africa (WWF-SA) (2015) suggests that drought is also another major factor due to the ever-changing climate, and therefore, intensified production is essential. Intensified production is expensive and most rural farmers cannot afford it. It also increases seed capital cost, thus making farming an expensive sector to commercialise. Khapayi and Celliers (2016) argue that the country's economy is another factor that discourages emerging farmers, particularly in rural areas. They suggest that there is no strong support system to assist emerging farmers. An interesting finding according to by Khapayi and Celliers (2016) is that the agricultural economy under the apartheid regime grew rapidly and flourished because it had support from the government like state subsidies and support programmes. The study was conducted in a small town of King William's Town in the Eastern Cape province. However, this

is not the case in the new dispensation. This shows that there is a need for research on this topic in an effort to gain knowledge on the impact and efforts needed for rural farmers.

The relationship between agriculture and pre-colonial African societies

According to Green (2013), in pre-colonial Africa, people were actively participating in farming with land in abundance. Ocheni and Nwankwo (2012) suggest that colonialists came to Africa to seek raw material for their industries in Europe. Their major concern was that Africans would not be able to meet their demands because of their different economic systems. This was the beginning of hostile take-over of the land and means of production, with agriculture being the primary sector. While democracy was established in 1994, South Africa is still a neo-colonial territory. Even today, Africa is the primary producer of agricultural commodities in the World. Frankema, Green, and Hillbom (2016) affirm that the settlement of European farmers in Sub-Saharan Africa is a result of agricultural commodities in the region. The settlers then introduced their western politics as a mechanism to administer their own economic system. These scholars further argued that colonialists did not only exploit Africans but in some instances were included in the production of export commodities. Wolpe (1972) highlighted that segregation was intensified in the advent of the Apartheid system in 1948, which enhanced racism and political repression. The dualistic structure in the agricultural sector is as a result of the aforementioned, where previously disadvantaged people who are the majority in South Africa are not participating in the agricultural export market. Tshuma (2014) suggests that segregation systems adopted after colonisation and subsequently during apartheid had a detrimental disadvantage with regards to those in remote areas to acquire relevant skills. Their locations contributed to the limitation of access to education and training opportunities, where whites were residing very close to the means of production, followed by Indians and coloured and lastly black. Tshuma (2014) further argues those in remote areas are not able to negotiate with stakeholders for prices, technology, and make use of telecommunication systems effectively. This leads to farmers continuing the practicing of old ways of farming and thus hindering growth and production. Myeni, Moeletsi, Thavhana, Randela, and Mokoena (2019) allude that new technological advancement and information demand formal training or education. Only 4 per cent of farmers have tertiary education, thus confirming that rural-based farmers have limited education, resulting in less effective production. Even though agriculture has great opportunities to support economic growth, there is a high scarcity of technologically inclined human resources that can support production, particularly in rural farming areas (Musvoto, Nortje, de Wet, Mahumani, and Nahman, 2014).

Economic trends show that in the 1950s, agriculture contributed about 15 per cent of the GDP, in the 1960's it contributed about 10 per cent, but in the last decade it has been contributing less than 3 per cent (Greyling, 2015). In 2020 the agricultural sector recorded a contribution of 15.1 per cent; however, this was during the country's hard lockdown period where most of the means of production were not in operation due to the COVID-19 pandemic (Tempia, Matebeni, Njunjana, and Dempers, 2020). This suggests that agriculture has been on a decline in terms of contributing to the economy, yet it remains an integral sector of the country's economy (Musvoto, Nortje, de Wet, Mahumani, and Nahman, 2014).

Gaps

The literature highlights the historical events that have shaped the state of the agricultural sector in democratic South Africa. While government interventions are noted, they have, however, proven to be inadequate to resolve the current challenges. The limitations go back to the Native Land Act of 1913 which only designated 8 per cent of the farmlands to Africans in an effort to ensure that there was enough labour for the growing mining sector and white-owned farms. In addition, white farmers enjoyed government support in a form of grants, subsidies and other means. Parliament of that time passed over 80 Acts to render assistance to the commercial farmers. Amongst others was the establishment of the Agricultural Credit Board to give loans to unqualified white farmers who could not get loans from bank institutions.

In a responsive attempt to restore the dignity of the previously disadvantaged farmers, the democratic government initiated a land restitution programme to return the land to its rightful owners. In 1996 the marketing of Agricultural Products Act 47 of 1996 was passed to pave ways for participation of all enterprises in both the domestic and export markets. The democratic government has also launched the South African Grain Information Service to regulate the pricing regarding import and export markets. The Government efforts have not seemingly yielded significant results, hence there is a need to research the nature of the agricultural market.

2.2 Methods, data, findings, and conclusions of studies and South African agricultural exporting system

This section identifies and analyses the knowledge gap in the exporting system. There are certain small-scale farmers excluded from participating in the exporting of agricultural commodities. In 2005, the South African government introduced Land Reform Programmes intending to develop and support the small-scale farmers developing from the land reform

process in rural areas. The progress has been slow with an almost 90 per cent failure rate, reducing agricultural output in some areas (WWF-SA, 2015). This poor performance is because of several factors, including the lack of participation in exporting agricultural commodities.

Bulagi, Hlongwane, and Belete (2014) conducted a study that examined the relationship between agricultural exports and their share of GDP in South Africa. The study focused on apple, avocado, orange, and mango commodities in southern Africa's poor and rural regions. A bivariate linear model was used to specify the hypothesis. The results suggest that agricultural exports have a significant role in the share of GDP, therefore, the country's GDP is expected to increase when agricultural exports are increased. The paper did not cover grain crops, which are traditionally known as the agriculture economic drivers (Field crops in South Africa, 2020). Therefore, the current study focuses on grain agricultural dynamics. The results are corroborated by Idsardi's (2010) study where the author explored the determinants of agricultural export growth in South Africa utilising an ex-post analysis approach that is using a gravity model. The objective was to gain knowledge and provide guidelines for export opportunities in the future. The results suggest that economic and physical market size contributes to agricultural export growth and that economic growth increases agricultural export growth. The paper suggests that small-scale farmers do not participate in the staple food grains market. It would therefore be important to find out the nature of export among previously disadvantaged people in MKLM.

Khapayi and Celliers (2016) conducted a study to investigate the challenges that prevent small-scale and emerging farmers from moving from subsistence to commercial farming. The focus of the study was on King William's Town in the Eastern Cape province. The adopted approach of the study included all elements of the research process which are covered under the methodology heading which included the research design, data collection method and data analysis. The study used a sample of 50 farmers only. Most farmers in rural areas could not be included in the research because they were not appearing on the data presented by the provincial government and this challenge made the research slightly inaccurate according to Khapayi and Celliers. Data were collected through interviews and processed through SPSSx and Statistical software. The results suggest that 72 per cent of emerging farmers have less than 10 hectares of land, indicating that unavailability of land hinders progress and sustainability. At least seven challenges were identified, including lack of skills, low education level, poor management skills, inadequate market information, high logistics costs, lack of support from the government, and

low benefits from participating in marketing channels. This research seeks to discover if these challenges are also experienced by the grain farmers in MKLM.

Zhou, Minde, and Mtingwe (2013) reiterate the need to shift from subsistence to commercial farming. Their paper argues that rural people in South Africa are dependent on agriculture and that the shift will increase profits, eradicate poverty, and contribute to economic growth. The results are similar to Khapayi and Celliers (2016) who find that barriers, amongst others, are lack of skills, lack of market access, and socio-economic factors. The paper suggests that commercialisation will enable employment, economic growth, improve livelihoods, and eradicate poverty. Tshuma (2014) highlights that commercialisation assists in the reduction of product prices and therefore contributes immensely to the growth of the rural economy. The current study aims to find ways to improve the participation of the previously disadvantaged people in exporting agricultural commodities with a focus on grain crops, so that rural farmers have a platform to participate in the economic growth of the country. The African Continental Free Trade Area (ACfTA) will give a platform to broaden the agricultural market in the continent.

Myeni, Moeletsi, Thavhana, Randela, and Mokoena (2019) suggest that there are existing barriers that are affecting smallholder farmers' productivity. The study was conducted in the eastern region of the Free State province. The collection of data was done by means of a pretested structured questionnaires survey by the Agricultural Research Council. A systematic random sampling procedure was used to target smallholder farmers for primary data. 359 farmers were identified and interviewed to examine factors affecting sustainable agricultural production in the area. Descriptive statistics were used to analyse demographics and SPSS was used to process data and statistical analysis. The results suggest that 41 per cent of farmers are above the age of 52 years and only 8 per cent are below the age of 35 years. According to Statistics SA (2011) census data, in the MKLM area, 31 per cent of farmers were over the age of 65 years and only 10 per cent are youth. This is an indication that farming skills are slowly fading in the region. This implies that the youth do not participate in the agricultural economy.

The findings of the above study also include illiteracy and lack of skills amongst others as barriers to participation. The paper argues that even after some research has been conducted by the government and other stakeholders, smallholder farmers do not produce to the land capacity. This is a result of limited water, degraded soil, and nutrient availability including inefficient farming practices. It is paramount for the current study to formulate a way to appeal to the

younger generation to participate in agriculture by broadening the market and finding alternatives to equip smallholder farmers.

Visser, Jumare and Brick (2019) conducted a study to examine the role of access to credit and insurance for smallholder farmers. Cumulative Prospect Theory was used to test the impacts of credit and insurance qualifiers concerning risk preferences. The sample comprised 125 farmers from the small towns in Matzikama municipality in the Western Cape province. It covered vegetables, livestock, citrus fruits, and viniculture production. Data was collected through surveys and the use of simulation games which the farmers participated on. Tanaka, Camerer, and Nguyen methods were used for the outcome probabilities which are unlinked to the real world. The results suggest that a lack of credit and insurance curb investment in agricultural technology amongst smallholder farmers. This is due to the unavailability of funds to sponsor innovative technologies to test if they will work or not. This study tends to give primacy to the importance of having enough capital to be able to keep up with the well-established farmers.

Looking into all these studies, there has been a lot of research and interventions performed by government and agricultural institutions in South Africa. However, there is little positive progress made in shifting subsistence farming to commercial farming for smallholder farmers. Some challenges have been identified; however, they remain persistent and unresolved. These challenges include lack of access to finance, education, skills, and aging farmers. There is a need for an inclusive approach to pave ways to access foreign markets and ensure that smallholder farmers are active participants through an established business model relevant to South Africa's socio-economic base.

2.3 Qualitative attributes or quantitative variables key to the research

This research relied on data collection by conducting interviews and available academic peer-reviewed literature obtained from different sources, institutional reports from DAFF, African Farmers' Association of South Africa (AFASA), WWF-SA, Statistics South Africa (StatsSA) and DARD in MKLM and many others. These institutions helped with secondary data ranging from the agricultural landscape of the country, the past, and present trends in the field of agriculture.; enabling the researcher to find out about the dualistic agricultural economy and unpack its dominating side.

2.3.1 Trends of dualistic economies in MKLM

The study looks into the trends of dualistic economies in MKLM and these date from early 1900. It looks into the demographics of both the commercial and small-scale farming, access to local market and export market. It also looks into the available infrastructure, capital, and distribution channels. This is to done to reveal the diminishing effects or a rise in dualism in the area. The study gives insights on what could be the problem or what is being done correctly to remedy the past. The study also evaluates the efforts taken by the municipality to remedy the past and their performance since their responsibility is to provide a conducive business environment with specific reference to addressing the past.

2.3.2 Causes of dualistic economies in MKLM

Problems cannot be resolved without knowing their causes. It is therefore imperative to identify and unpack the causes and impacts of dualism evident in the chosen area of study to aid in realising a desired future characterised by levelled economic participation. This will also enable us to have an idea of where and what needs to be changed. These changes might be as a result of government policy changes, amendments, or changes in behaviour by individual farmers. The government, particularly agricultural departments, have a role to play in the betterment of the sector. Their policies need to be interrogated in an effort to ensure that they do not maintain or reinvent the status quo.

2.3.3 MKLM performance in exporting grain commodities

The research explores MKLM's performance and contribution to the country's exporting market. It looks into the contribution made by grain, challenges faced, and available distribution channels. It further looks into the proportional contribution by small-scale farmers in the sector. The reviewed literature includes farming trends and patterns before, during and after the apartheid era in the MKLM area. It also includes agricultural exporting trends and patterns since the advent of democracy in South Africa with specifics to the relative number of small-scale farmers in comparison to a relative number of big commercial farmers. Existing channels to export and how they operate form part of the research. The study also focuses on the types of grain which are mostly exported, those that show great potential, and those that have failed to survive in the export market.

2.3.4 Existing barriers to entry in the agricultural export market in MKLM

The study also looks into the value chain starting from raw material up until exporting. This gives an overview and visibility to constraints and bottlenecks which are experienced throughout the process. The study looks into the existing distribution channels with the same lens as with the value chain. It also looks into the government's involvement throughout the value chain and distribution channels to verify if their policies seek to address the past and if there has been any improvement since the dawn of democracy.

2.4 Framework(s) for interpreting research findings and the effectiveness of South Africa's agricultural export system

2.4.1 Thematic Analysis

Various data analysis methods are used to interpret various forms of relationships. Qualitative methods are often used as components of a small sample, cases, and large interventions (Johnson, 2006). A qualitative approach is most useful when gathering insights into experiences and attaching meaning to those experiences of chosen individuals (Leech and Onwuegbuzie, 2007). Smith and Firth (2011) share three approaches that may be adopted on qualitative data analysis, namely:

- Socio-linguistic method
- Developing theory methods
- Methods that describe and interpret participants' views including thematic and content analysis

Smith and Firth (2011) argue that data is obtained through interviews and subsequently, the analysis is based on principles. These principles include starting with interviews, synthesising data, developing a coding system then developing a theory.

Thematic data analysis is an interpretive process where data is searched systematically to spot patterns and provide a valuable and in-depth understanding of complex observations (Smith and Firth, 2011). It is flexible, accessible, and a popular data analysis method that enables the researcher to observe and make sense of shared and collective experiences and meanings (Braun & Clarke, 2012). Braun and Clarke further list six steps to approach Thematic Analysis namely:

1. Familiarising yourself with the data
2. Generating initial codes
3. Searching for themes
4. Reviewing potential themes
5. Defining and naming themes
6. Producing the report

Because of its convenience, flexibility, accessibility and popularity in analysing data, this method may be deemed appropriate for the current study.

2.4.2 Constant Comparison Analysis

According to Leech and Onwuegbuzie (2007), the most used qualitative data analysis method is the constant comparison analysis method. It leads to theoretical sampling, including peoples, events, groups, activities, incidents, documents to identify meaningful conceptual boundaries. It is an inductive and iterative process for data reduction through coding (Fram, 2013). It is a method used to compare and contrast intellectual tasks when analysing by forming, establishing boundaries, segmenting, summarising, and finding negative evidence (Boeije, 2002). Boeije further shared five steps for approaching constant comparison namely:-

1. Comparison within a single interview
2. Comparison between interviews within the same group
3. Comparison of interviews from different groups
4. Comparison in pairs at the level of the couple
5. Comparing couples

2.4.3 Critical Discourse Analysis

Fairclough (2012) suggests that Critical Discourse Analysis is commonly useful when working in a transdisciplinary manner through interactions with other disciplines and theories that address contemporary processes of social change. It is a technique used to analysis both transparent and non-transparent structural social relationships such as discriminations,

dominance, control and power, investigating inequality expressed, constituted, signalled, or legitimised through language (Wodak and Meyer, 2001).

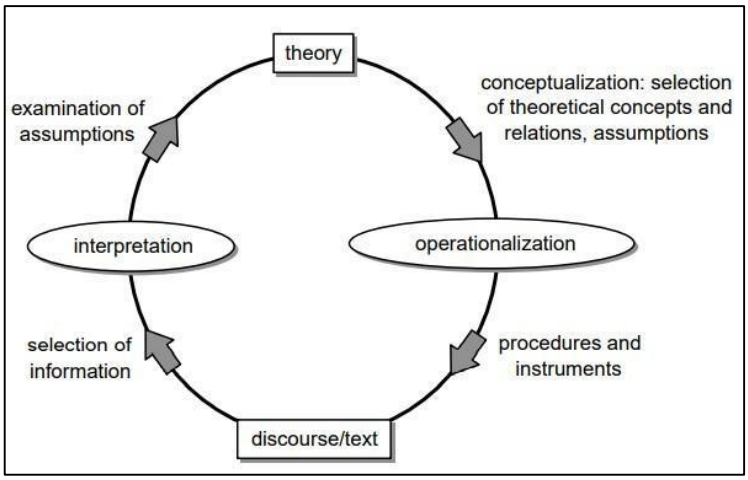


Figure 2: Empirical research as a circular process (Adapted from Wodak and Meyer, 2001: 19)

Figure 2 illustrates the relationship between discourse and theory described in a model for methodological and theoretical research procedures. The chosen framework for the current study is thematic analysis.

2.5 Summary and conclusion

2.5.1 Summary of literature reviewed

The reviewed literature has shown that there is a gap that needs to be addressed to enable inclusive participation in South Africa's agricultural export market. The dualistic nature of the agricultural sector may be one of the factors that delay progress in the sector. Amongst others are lack of skills and low levels of formal education which are linked to the age factor. According to the literature, most farmers are nearing or over the retirement age of 65 years. The youth's participation is minimal. Support from the government is also a concern seeing as it is that an enabling environment is pivotal to the success of any business. The literature also suggests that lack of finance and low profit margins hinder progress and sustainability.

All these attributes are interlinked to each other and they do confirm that dualism in the agricultural sector is not in favour of previously disadvantaged groups as it continues to suppress them and maintain the status quo.

2.5.2 Proposed research strategy, design, procedure and methods arising from the literature reviewed

Earlier studies have used quantitative research methods to address their questions. However, different methods of collecting, screening, and analysing data may be used, and this presents a methodological gap. The current study thus uses qualitative research method by using a random sampling method to select respondents. The respondents are then asked to participate in a one-one interview session. Data are then analysed using thematic data analysis. The next chapter will provide more details on these methodological considerations.

3 RESEARCH STRATEGY, DESIGN, PROCEDURE AND METHODS

In Section 1.2.3, I have posed four questions that this research proposal intends to answer—that is, 'what are the trends of dualistic economies in MKLM?', 'How has MKLM been performing in exporting agricultural commodities?', 'causes and impacts of the dualistic agricultural sector in MKLM?', and 'existing barriers to the participation of previously-disadvantaged people in exporting agricultural commodities from MKLM?' I have since reviewed literature and developed an interpretative as well as a conceptual framework that will guide the choices of the research techniques I will use. This chapter identifies and describes the research approach, design as well as procedure, and methods that I employ in this research to collect, process, and analyse empirical evidence. Broadly, it has three objectives; namely, to identify and describe the research strategy (Section 3.1), the research design (Section 3.2), as well as the procedure and methods (Section 3.3). The chapter also describes the reliability and validity measures (Section 3.4) that this research applies to make it credible as well as the technical and administrative limitations of the choices I made (Section 3.5).

3.1 Research strategy

Research strategy (also known as a research approach or a research paradigm) is defined as the procedure followed to collect and interpret data with a clear objective to answer a research question (Rahi, 2017). A research strategy is selected based on the nature and the current knowledge of the topic (Benbasat, Goldstein and Mead, 1987) and also identifies the methodology to be used (Cuervo-Cazurra et al., 2017). It has three forms which are qualitative, quantitative, and mixed.

The current study will utilise a qualitative research approach. Fossey et al. (2002) suggest that qualitative research aims to address questions whilst developing meaning and experience to our understanding of society and people's lives. Qualitative research is a general term that describes and explains a person's behaviour, experience, social contexts, and interactions without using quantification or statistical procedures. It is more explorative to obtain unexpected data when developing clearer concepts, prioritising, defining, and improving research design (Blumberg, Cooper and Schindler, 2014).

Qualitative research relies on various data collection methods such as, interviews, questionnaires, and written or oral surveys (Kostere and Kostere, 2015) that increase literature (Sandeloeski, 2004). These characteristics of qualitative research will assist with in-depth knowledge; hence why it has been chosen in this research exercise. Previous studies have largely been using quantitative research techniques to derive their answers to similar question.

There are existing barriers that are affecting smallholder farmers' productivity. The majority of farmers are above the age of 50 years and only a few are below the age of 35 years. This implies that the youth do not participate in the agricultural economy and is relative to the levels of illiteracy and lack of skills amongst others. Even after significant research has been conducted by the government and other stakeholders, smallholder farmers do not produce to the land capacity.

The benefit of the chosen data collection strategy is that it has not been used by others before and that it can gain unexpected thick, descriptive data that cannot be gained when using other methods. NVivo a qualitative data analysis software will be used to analyse and process data. This is a software that discovers tendencies, identifies themes and derives conclusions from the interview transcripts.

3.2 Research design

The research design refers to a structured plan of investigations designed to address the research question to get the required answers, when the plan is the entire program of research, including what the research will do until the final analysis (Blumberg, Cooper and Schindler, 2014). It expresses the plan and the structure of the problem to find empirical evidence relating to the problem (Blumberg et al., 2014). It gives freedom to decide how to answer questions in a valid, objective, accurate and economic manner (Kumar, 2011).

A research design is a way that a researcher collects data. Bryman (2012) offers five generic research designs: cross-sectional, longitudinal, case study, comparative, and experimental. The current study will use a case study design. Kumar (2011) defines a case study as a method that is a typical and a bounded system that selects a case holistically, thoroughly, and accompanied by an in-depth exploration of questions. It

investigates situations in real-life contexts through combined methods including interviews, surveys, and observations (Blumberg et al., 2014). This method is chosen for this study because the case includes individuals, communities, or a group of the population in MKLM. The focus is to seek information from the external environment from representative samples about their experiences, events, or processes. In a case design, interviews are commonly used to collect data and are usually unstructured to allow participants the freedom to share valuable information (Blumberg et al., 2014). For the current study, the observation method to collect data will not be applicable as it focuses on tacit information (Mitchell and Jolley, 2010). The study will be more reliant on interviews and available data; therefore, the case study design is most suitable and fit-for-purpose. The similar approach by Khapayi and Celliers is best suited for the current study.

Khapayi and Celliers (2016) conducted a study to investigate the challenges that prevent small-scale and emerging farmers from moving from subsistence to commercial farming. The focus of the study was on King William's Town in the Eastern Cape province. The adopted approach of the study included all elements of the research process which are covered under the methodology heading. The study used a sample of 50 farmers only. Most farmers in rural areas could not be included in the research because they were not appearing on the data presented by the provincial government. This challenge made the research slightly inaccurate. Data was collected through interviews and processed through SPSSx and Statistical software.

The current study aims to investigate the past and current agricultural economic outlook in the chosen area of study. The sample population will give a variant of demographics including the distinction between the rural and commercial farmers. The data collection process will not limit the participants' interaction, to enable broader coverage of data. The case study design is best suited to provide required outcomes accordingly.

3.3 Research procedure and methods

This section documents the actual procedure and the methods employed in this research to collect, collate, process, and analyse empirical evidence. Broadly, I detail the data and information collection instruments (Section 3.3.1), the target population and sampling of respondents (Section 3.3.2), the ethical considerations during the research process

(Section 3.3.3), data and information collection process and storage (Section 3.3.4), data and information processing and analysis (Section 3.3.5) as well as the background description of the respondents who provided empirical evidence for this research study (Section 3.3.6).

3.3.1 Research data and information collection instrument(s)

Research data collection instruments in qualitative research enable the researcher to gather information about a person, situation, phenomenon, or problem (Kumar, 2011). Below listed are six purposes to be considered when developing a data collection instrument outlined by (Zaza et al., 2000).

- Track article review process. It collects required information to monitor screening, reviewing, and summarising articles by several reviewers.
- Formulate a table that summarises evidence. It captures descriptive data with regards to intervention and evaluation. Then data develop evidence tables for all interventions.
- Categorise key characteristics of intervention and evaluation. More descriptive data is collected to develop a database that should be available for intervention researchers.
- Assess the quality of the research. The reviewer identifies and records the threats against the validity of each research due to wrong implementation or bad measurement. Data is then used for ongoing inclusion of the research in the body of evidence for an intervention.
- Identify pertinent data. It captures the required data about the applicable intervention in settings and populations.
- Identify more studies that need to be reviewed. To assist and ensure no studies are disregarded, reviewers read bibliographies in each study reviewed and identify relevant articles for inclusion in the review process.

Kumar (2011) suggests that the socioeconomic and demographic characteristics of the population are instrumental when selecting the best method for data collection. Characteristics such as age structure, educational level, ethnic background, and

socioeconomic status should be known as much as possible. Participants must be made to feel comfortable with the method of collecting data and that the purpose of the study is thoroughly explained to them to ensure the quality of the responses is maintained.

Data were collected through descriptive qualitative face-to-face interviews with rural and commercial farmers around MKLM. This was done to provide reliable and valid measurements of concepts. There were investigative, predefined, and structured questions that guided the interviews in relation to the intended outcome of respective stakeholders. Interviews were deemed the best option because the focus area is rural and had a number of illiterate participants who may need a level of assistance to understand the questions in their own language. They gave good cooperation from the participants and also gave the interviewer an opportunity to scan and determine if the respondent was relevant to the study. Obvious challenges included time consumption, associated costs, and non-responsive participants due to being uncomfortable with strangers.

The current study utilised the semi-structured interview method. Here, the questions are be pre-structured in accordance with the researcher's pre-knowledge to ensure that respondents are guided throughout the interviews and also to maintain uniformity. The structure also allowed the respondent to elaborate more where necessary (Percy, K. Kostere, and S. Kostere, 2015). A semi-structured method was most suitable for the current study because it solicited additional information from the participants as the questions remained open. Earlier studies have used pretested structured surveys to collect data. The current study however took a different approach to ensure that required data is attained. The semi-structured interview questions were derived from the research questions in a more detailed manner. The interview questions remained open to enable the participant to give their perception in an organic way.

3.3.2 Research target population and selection of respondents

3.3.2.1 Research target population

The target population refers to the total combination of elements about which the researcher wishes to make some inferences (Blumberg et al., 2014). It is an area where

the researcher aims to find answers to their research question, and where the sample is selected (Kumar, 2011).

To ensure that the interviews are properly addressing the research problem, the researcher requested an available list of potential participants from the DARD database in MKLM. The researcher also engaged with the tribal authorities to ensure that rural farmers who are not in the DARD database were also reached. MKLM has 107 villages and subsistence farmers from 10 villages made a sample of the study in addition to the listed participants from the DARD database. The characteristics such as age, gender, education, target market, access to land, and productivity were addressed. A similar approach was taken by an earlier study by Khapayi and Celliers (2016); however, the desired population could not be reached due to limitation and that resulted in inaccurate results. The selected population was easy to reach with the assistance of DARD, MKLM, and tribal councils in the area.

3.3.2.2 Sampling or selecting respondents from the target population

Sampling is referred to as an element of the population which is feasible mostly when the population is small and with a variety of elements (Blumberg et al., 2014). It is performed by the non-random selection method, either conscious or unconscious (Kumar, 2011). The current study used a random/probability sampling method to ensure that the samples were not influenced by personal preferences. The choice of an element was independent of others, therefore, affording the researcher to work with what is available. Kumar (2011) shares two advantages of this sampling method below:

- The inferences deduced from samples may be generalised to the entire sampling population.
- A statistical test can only be applied to collected data from random samples.

Myeni, Moeletsi, Thavhana, Randela, and Mokoena (2019) suggest that there are existing barriers that are affecting smallholder farmers' productivity. The study was conducted in the eastern region of the Free State province. The collection of data was through a pretested structured questionnaires survey by the Agricultural Research Council. A systematic random sampling procedure was used to target smallholder farmers for

primary data. 359 farmers were identified and interviewed in an effort to examine factors affecting sustainable agricultural production in the area. Descriptive statistics were used to analyse demographics and SPSS was used to process data and statistical analysis. This kind of sampling method will also allow this researcher liberty to work with the available sample if 100 per cent coverage cannot be reached.

A sample of 30 respondents was used for the current study selected from the DARD database. The targeted number of respondents was 60, with a view to obtain the required sample size of 30 of clean data. It is envisaged that the sample size is sufficient for the current study. The list from DARD was in no particular order. I allocated numbers to each listed person, then wrote numbers to pieces of paper, folded them, put them in non-transparent container and made a raffle by randomly picking numbers until I reached the 30th respondent.

3.3.3 Ethical considerations when collecting research data

Ethics is defined as moral standards, norms, and principles of behaviour that guide the choices we make about relationships and behaviour with others (Blumberg et al., 2014). Ethical dilemmas may occur, which may lead to adjusting research design, procedures, and protocols before the implementation stage (Blumberg et al., 2014). Ethical behaviour was paramount to the success of the study and was adhered to throughout the research. As a researcher, it was my responsibility to find common and conducive ground with the respondents guided by ethics.

My interests were solemnly for academic purposes in a concerted bid to complete my Master's degree. There were no external sponsors for my study thus no conflicts of interest as neither myself nor an organisation in any form stood to draw any direct benefits from the study. The interviews were conducted only after obtaining ethical clearance. Ethical clearance protocol number WBS/BA1930536/332 was obtained from Professor Anthony Stacey. I did not deceive or lie to the respondents in any way, conducting myself in high esteem, maintaining transparency, and establishing a conducive relationship with them. My information and the aim of the study was shared before the interviews. Respondents were asked for consent by completing and signing a consent form for the interviews without duress, stating that their data would be treated as confidential and participation in the interviews would be voluntary. The respondents

were informed that they could cancel or stop the interview at any given time, and I would respect their decision and not intimidate them. I had a strict confidentiality agreement with each respondent. I committed to ensuring that the results would not be misleading as they can be used by others in the near future.

The respondents were notified and made aware of any negative and positive aspects of the participants to ensure that there were no potential consequences for respondents. The data was not fiddled and manipulated to suit a particular outcome as I upheld a high standard of accuracy and honesty throughout the research process, guided by the Wits research integrity policy. The interviews were conducted only after the participants has understood and consented to proceed. The researcher also asked the participants if he could record the interview prior to the commencement of interviews.

3.3.4 Research data and information collection process

Research data collection involves gathering information known as raw data (Kumar, 2011). Data must then be cleaned to ensure that it does not have any form of incompleteness and inconsistencies (Kumar, 2011). There are three considerations when acquiring data; first is whether the data is primary or secondary, the second dimension is the type of data being collected, either quantitative or qualitative, and lastly, is the communication or observation approach (Blumberg et al., 2014). Also, there are four modes of research data collection mainly participant observation or ethnography, interviews (face-to-face, telephone, or internet-based), focus group discussion and documents.

From these, interviews were utilised as the mode of collecting data for the current study. These were done at the most convenient method for a respondent at that time as either face-to- face, internet-based or telephonically, taking into consideration strict COVID-19 pandemic protocols and regulations. At times, it was difficult to reach some respondents, then resorted to telephone interviews. The most ideal format remained the face-to-face interviews because it allows the interviewer to pre-screen respondents in person and the use of computer-aided personal interviewing can assist with capturing responses to reduce errors (Blumberg et al., 2014). The chosen mode for the current study was the most effective because the respondents needed clarity on some of the questions. All responses were saved electronically, and the files were encrypted to ensure nobody had access to them.

3.3.5 Research data and information processing and analysis

3.3.5.1 Research data and information processing

Research data processing refers to scrutinising and cleaning raw data to identify and reduce errors, misclassification, incompleteness, and gaps from the respondents (Kumar, 2011). Transcribing is one aspect of processing data. It is a labour-intensive process of transforming interview recordings into a written account (Blumberg et al., 2014). It is the first step of analysis that requires attentive listening and observation of data (Bailey, 2008). Bailey suggests that it is better to use equipment rather than taking notes by hand and that digital audio is the most suited equipment. As such, an audio recording device was used in the current study to capture the conversations and to be able to replay them again.

Percy et al. (2015) term thematic analysis a process of conducting analysis of qualitative data. It is compatible and flexible with different approaches to qualitative research and mixed methodologies. This method was used to analyse responses using constant comparison. The first respondent data was compared with the following data, and all was compared with the previously analysed data.

3.3.5.2 Research data and information analysis

Research data analysis is the most mysterious and complex of all the sections of qualitative research and it is dependent on inductive reasoning processes when interpreting and structuring the meanings derived from data (Stuckey, 2014). There are a number of qualitative approaches including content analysis, narrative analysis, ethnographic studies, action research, and grounded theory (Blumberg et al., 2014). The current study used a narrative analysis approach. It is most useful for an in-depth investigation that recapitulates previous experiences by matching a current sequence of events to verbal sequences of clauses (Blumberg et al., 2014). It assisted with getting insight information from the respondents' perspective.

3.3.6 Description of the research respondents

The description of respondents included characteristics such as the following:

- Demographic (age, sex, education),
- Grain farmer
- Residential area
- Land capacity

The researcher focused on the above characteristics to pursue interviews

3.4 Research strengths—reliability and validity measures applied

The instrument's ability to perform its duties repeatedly without errors is known to have reliability and validity (Kumar, 2011). They ensure that the research has sound measurements by giving reliable and consistent results (Blumberg et al., 2014). Both reliability and validity are essential for the accuracy of the research. Blumberg et al. (2014) suggest that reliability focuses on the measure of the degree to which measurement does not have an unstable or random error. It gives confidence that situational and transient factors are not distracting. Reliable instruments are efficient to work in any condition. In the current study, to ensure reliability, the researcher minimised external sources of variation and tried to maintain conditions in which measurements occurred. This was done through conducting structured interviews using same set of questionnaires to all participants.

Validity may be applied to all aspects of the research process; it refers to the correctness of the individual steps taken to find out what is needed to be done and the instrument's ability to measure accurately (Kumar, 2011). There are four main types of validating research—that is, credibility, dependability, transferability, and conformability for a qualitative research strategy. The chosen validity measure was confirmability. Confirmability is defined as the demonstration by the researcher that the responses from the participants represent them and are not biased or of the researcher's viewpoint (Cope, 2014). The structured questionnaires ensured that the views of the participants are clearly captured and does represent them. To ascertain confirmability, the researcher describes

how conclusions and interpretations are established and indicates that the findings are directly from the data.

3.5 Research weaknesses—technical and administrative limitations

Technical limitations

The chosen research design mostly relies on interviews. This presented challenges in terms of the corpus time needed to reach out to all participants while conducting research under severe time constraints. The study is also using English as a medium, which presents challenges related to translation to and from vernacular languages. An interpreter could not be used due to lack of funds and time constraints afforded to the research.

Administrative limitations

Access to respondents was based on the DARD list of farmers in the MKLM area. Therefore, some were not contactable or reached for an appointment because they had changed their contact details.

The accessibility of participants under a restricted research timeframe was also limiting as the respondents were based in MKLM and in different villages where road infrastructure was a challenge. Accessing these spaces is taxing on time, meaning that available time might was a challenge to complete the study by February 2021. This was compounded by the COVID-19 protocols and regulations that places limits on interactions with respondents.

4 PRESENTATION OF RESEARCH RESULTS

This chapter presents the findings from all the procedures and processes described in the previous chapter. The generated and collected data is an important part of the study. This data was gathered by following the university's guiding procedures and requirements prescribed for engaging with relevant respondents. The study was conducted at MKLM, a municipality situated in the Bojanala district in the North West province. In addition to interviews, some secondary data was collected and subjected to an analysis in comparison to the primary data gathered through interviews. The latter were obtained through interviews with expert respondents and farmers with several years of experience in the sector both as small-scale and commercial farmers.

Selection and demographics of participants

In addition to these respondents, an appointment was set with DARD in MKLM with the branch Head and grain crop advisors and technicians. The intended purpose of the study was presented to DARD and an ethics clearance certificate was also presented to them. I also shared a questionnaire which I had developed for the study with them. A list of grain farmers was obtained from DARD and a random sampling method was utilized to select 30 farmers out of 57 farmers on the list. These farmers were each contacted to secure an appointment. The farmers are not located in the same area and some areas do not have proper road infrastructure hence it was hard to access them. Therefore, while most interviews were conducted physically at the farms one of the interviews had to be done telephonically. The farmers were welcoming and allowed me to record and take notes during interviews.

This included demographics and questions relating to the socioeconomics of the agricultural sector. The selected participants were sampled based on their specialisation in grain crop farming, their residence in MKLM and lastly their identification as a previously disadvantaged person through age, race, education, class, gender, and geographical standards. Hence,10 per cent of the respondents were women, 13 per cent identified as youth. Only 33 per cent of the respondents had a Grade 12 certificate. Of that 33 per cent, only 1 respondent had post matric qualifications in the form of a national diploma in Marketing management from TVET college in MKLM. All farmers had planted sunflower seeds in the current cycle and 90 per cent confirmed that this was not their personal choice because the government had only issued sunflower seeds. This shows the government's influence in determining the crops that these

farmers farm. The farmers have been farming for an average period of 15 years, ranging from 3 years to 40 years' experience.

4.1 Precarity and survivalist farming: Consequences of dualistic economies in MKLM

The research found that dualism in the MKLM agricultural sector is still prevalent. This was seen through the smallholder farmers' indication that they are reliant on the commercial farmers for infrastructure and machinery. They are therefore continuously indebted to commercial farmers to ensure that they harvest at the end of the cycle. To their detriment sometimes smallholder farmers do not make profits due to the high production costs associated with this 'hiring' and 'borrowing'.

All respondents stated that they use communal land in the former homeland for farming. The use of communal land has its pros and cons. While they have access to land a few farmers mentioned that they find it difficult to acquire loans because financial institutions use land as collateral. These loans are a prerequisite for farmers to pay for the purchase of farming seeds, fuel for planting, equipment and labour. This is a major setback that leaves farmers with no other alternatives but to wait for government assistance. One farmer shared that at some point he had to ask his wife to acquire a loan on his behalf since she is a government employee. The participant added that he 'used the loan for cultivation and planting'. Fortunately, he made reasonable returns after harvesting but eventually had to repay the loan.

All farmer participants indicated that they hire farming equipment from commercial farmers on a yearly basis, including tractors, planting machinery, harvesting machinery and trucks to transport their agricultural produce to the nearest buyer. A farmer with 120 Ha of land pays approximately R1300 per hectare worked. This equates to almost 24 per cent of the total revenue excluding labour costs. Even though this is an expensive exercise, farmers only pay for the equipment hire after they have sold their produce. One farmer said that 'if they are lucky', they make a bit of profit out of this trade. Because the farmers follow this routine on a yearly basis it does not improve their lives due to the persisting debts incurred from the production costs. The less than 10 percent of the respondents who indicated that they have their own second-hand tractors for cultivating and planting, also added that these were not reliable to work the entire farm. On the other hand, commercial farmers are privileged with highly efficient machinery that gives them a competitive edge. Smallholder farmers are therefore obliged to hire this machinery to enable them to plant on the entire farm.

Farmers also indicated that they sell their produce immediately after harvesting because they do not have storage facilities or the financial muscle to shoulder the storage costs. They also stated that they prefer using different buyers closest to them to curb transport costs. These buyers include NWK Limited located in the small town of Swartruggens, in the south-west of MKLM and Afgri Agri Services and Obaro both located in the small town of Northam in Limpopo province north of MKLM. One farmer mentioned that lack of storage puts them at a disadvantage when it came to the selling price. They are forced to sell their produce early and often when the supply is high, demand is low, and the selling prices are significantly low.

Furthermore, smallholder farmers have no other option but to sell their produce prematurely when the demand and subsequent prices are very low, 'we have no options, but to sell immediately' said one of the farmers. This is because they do not have storage facilities and lack of knowledge regarding agricultural economics. Commercial farmers (the buyers) buy sunflower at a relatively low price, store it until the market demand and price increase and then sell it to the global markets. The collapse of the state's marketing board and deregulation of the sector post 1994 creates problems for previously disadvantaged farmers because they would be actively participating in the market system (Khapayi and Celliers, 2016). This situation ensures that commercial farmers continue to benefit from the profits of the dualistic nature in the sector. Assessing from the farmers' perspective, the government is failing in dismantling agricultural dualism in MKLM. These experiences bear witness to the enduring and ongoing effects of dualistic agricultural economies. These are indeed experiences of precarity and survivalism.

Drawing from Grobler's (2014) definition of dualism in agriculture, this research found that all the interviewed farmers may be classified as smallholder or subsistence farmers. Grobler (2014) classifies the dualist nature of the agricultural sector into two sectors namely, the commercial sector and the smallholder and subsistence sector. He further elaborates that the commercial sector is predominantly white-owned, producing agricultural commodities on freehold land, with an open and competitive market system which is exposed to the global market that ensures business sustainability. On the other side, the smallholder or subsistence sector is predominantly black owned, located in homeland areas with complex agricultural conditions that include poor infrastructure, degeneration of land, lack of proper security, lack of finance, limited access to market and technology. These polarised experiences capture some of the disadvantages associated with underprivileged, smallholder or subsistence forms of farming.

The enforcement of dualism through a lack of proper government intervention

Grobler (2014) suggests that dualism was created through policy interventions where people were deliberately segregated with the intention to benefit only a white and/or middle-class minority. Dualism is rooted in the legacy of apartheid South Africa where geographies were classified by race, and indigenous African majority population were forced to live in ethnic homelands (Beret, 2014). These conditions as alluded by both Grober and Beret are still evident today. The current government has sought to undo the past by developing and implementing policies and programmes including an increase in the budget on agriculture to support emerging farmers (Khapayi and Celliers, 2016). However, this has been of insignificant impact with approximately 60 per cent of the farmers attesting to having received once-off assistance from the government. This assistance includes fuel and seeds. A majority of them complained that the government has set them up for failure. For example, those who have been assisted by the government more than once, complained that the government is supplying the same seeds all the time. As a result, the farmers are not rotating products, to ensure the soil remains fertile and conducive for farming. Indeed, this lack of properly planned government interventions hinder the success of these smallholder farmers.

The farming cycle in MKLM area starts in August/September and begins with soil preparation that takes place before the rain season starts. Soil preparation requires fuel, but the government normally supplies seeds in February and diesel in March and this is to an extent, too late for farmers to start farming. Khapayi and Celliers (2016) argue that government programmes are not bearing any fruits but worsen the situation for emerging farmers. To avoid delays, farmers resort to hiring of equipment from the commercial white farmers and are subjected to pay exorbitant amounts of money for those services.

Farmers insist that 'government officials do not understand their frustration because they rarely visit farms and at times are suspected engaging in corrupt activities'. The participants stated that there is an element of corruption based favoritism that leads to the neglection of the specific needs of each farmer. One farmer narrated how one of the government officials told him that he will only assist him when 'he buys' something for them, a requirement he felt was a bribe to get assistance. Some respondents went as far as to question the agricultural knowledge and skills of the officials.

Farm inheritance within families also lead to unskilled and unpassionate forms of farming by those left with a farmer's land. At least 80 per cent of the farmers inherited their farms from their forefathers. They produce only for self-sustenance and not for commercial purposes. Where current farmers grew up farming with their fathers and later on inherited the farming operations there is also an uncritical use of old farming methods used by respondents' fathers' years back. These farmers also apply similar ways of engaging with the agricultural value chain process. 30 per cent of the respondents are employed elsewhere, a clear indication that farming alone does not meet their living standards.

Overall, farmers confessed to being mostly reliant on government interventions and assistance with farming necessities on a yearly basis. There is therefore an element of dependency that might be attributed to the lack of commercial and administrative knowledge.

4.2 Performance of previously disadvantaged farmers in Moses Kotane Local Municipality in exporting grain crops.

The study found that only two farmers had knowledge of the export market and one of them is currently supplying the Asian market. The rest of the farmers initially exhibited limited knowledge of the export markets. However, after the researcher shed some light on the topic, 45 per cent of the farmers stated that they were keen to directly participate in the export market, and the rest were unsure.

The research established that the respondents have a combined 2345 hectares of land with a possible 130 tons per hectare of sunflower produced per cycle. These findings confirm that there is ample land available for farm production. These contributions form part of the 32 per cent the North West province is contributing to the national production (Agribook digital, 2019). However, as much as these farmers are producing substantial quantities of grains, lack of skills, knowledge and finance hinders farmers from becoming fully integrated into the market system.

A farmer alluded that 'Drought, lack of rain and adverse weather conditions are a continuous challenge'. In addition, none of the farmers have irrigation systems or the capability to buy fertilizers. Instead, they only depend on the rain and favourable weather, with no systems in place to deal with adverse weather conditions. Hence, while some are accumulating debt to hire machinery for soil preparation, planting and pest control a good harvest is not guaranteed. This hinders the quality of the produce and subsequent weight and selling price per ton as

alluded by one farmer. Paterson (2017) opines that in times of drought only commercial farmers are likely to survive. This shows that subsistence farmers are likely to remain indebted to those with financial muscles and equipment.

When asked why he is farming some of the farmers expressed a sense of loyalty towards farming because 'it's something that they were drawn to.' One of the participants said: "Unfortunately farming is part of my DNA, I cannot leave even though I am not making any reasonable profits." His commitment ignores the fact that overall performance is very low and insignificant due to the constraints and challenge.

4.3 A summary of existing barriers to success among previously disadvantaged farmers in the MKLM agricultural export market

The current study has revealed that there are existing barriers to the success of the previously disadvantaged farmers in the export market. These barriers are partly because of the structural composition of the agricultural sector. Farmers are committed to the traditional way of farming that was predominantly practiced before the democratic dispensation. Hence, as much as they have issues with how the current value chain is set-up, they are not necessarily exposed to alternatives. The fact that only one farmer had knowledge of the export market, shows that little has been done to emancipate and educate these farmers. Indeed, the lack of entrepreneurial skills is a set-back to transforming from subsistence to commercial farming.

As alluded to earlier, a major disadvantage of communal land is that it cannot be used as collateral for the access of loans from financial institutions. Therefore, farmers are unable to invest properly through purchasing their own equipment. 65 per cent complained that the hired equipment often comes later because the owner might be busy with their own farm when the cycle starts, or they might have several bookings.

None of the farmers have their own storage facilities. They all rely on the commercial farmers' infrastructure. However, they opt to sell their produce immediately after harvesting to avoid storage costs. This limits their profit margin because they are forced to sell their produce prematurely. The absence of facilities also forces the farmers to travel long distances to sell their produce and sometimes they have no other choice to cover those costs. 78 per cent of the farmers said they sell their produce at Northam in Limpopo province with an average

distance of 150Km. Others sell their produce at Swartruggens in North West province with an average distance of 180Km.

This a structural set-up which was done pre-democracy and was not designed to cater for those who are in the former homelands but to disadvantage them because the Land Act of 1913 barred black people from owning land in towns and outside the reserves. Khapayi and Celliers (2016) add that lack of access to legal resources and social capital contribute to the barriers of entry and therefore, smallholder farmers have no option but are subjected to operate within the given market.

Further, the study has established that the government has advised farmers to form cooperatives to ensure that they are provided with necessities in groups. However, 65 per cent of the cooperatives are not well integrated and most farmers are operating individually and only use the cooperative to source assistance from the government.

5 THE BUSINESS VENTURE PROPOSAL

5.1 Introduction

This chapter will address the findings as stipulated in the previous chapter taking into consideration the dynamics of the South African environment and its history. These findings will be addressed through the business venture model. The model is tailored to suite South Africa's context with a deep focus in rural social and economic development. Business venture is closely related to the corporate shared value business model, where the corporate expands and at the same time lifts its employees and the community through shared value. Eradicating poverty and inequality can be attained through a shared value principle driven by this initiative.

Small-scale farming in rural areas of the country has great potential to improve and contribute immensely to the economy of the country. But for this to occur, there first needs to be ways to overcome the challenges and barriers to entry in participating in the mainstream of the economy. The proposal seeks to device solutions and provide project management executive with a long-term strategy. It also seeks provides a blueprint of expertise and financial assistance in addressing the bottlenecks to grow the sector. Lastly, this proposal seeks to contribute to job creation and economic growth in the rural areas and the country.

5.2 ANALYSIS

Every project is unique in nature, it is exposed to different challenges and benefits depending on the environment it is subjected under. It is important to identify external risks to the project to measure if the project is worth persuading. The researcher has chosen a PESTLE technique to identify the risks of this project. PESTLE is a well-known and used technique that works as a risk management process in a project space (Rastogi & Trivedi, 2016). PESTLE stand for Politics, Economy, Social, Technology Legal and Environment.

5.2.1 Macro-environment analysis

5.2.1.1 Political Environment

There is a need to recognise the political environment in South Africa. The South African government has paved ways for farmers to export their produce and South Africa is the largest grain exporter in Africa (Agri Orbit, 2020). The ruling party, the African National Congress (ANC), has drafted an economic policy called Reconstruction, Growth and Transformation inclusive economy to undo the effects of COVID-19. These include decline in economic growth

and increase in unemployment. In this regard, agriculture and land reform are amongst the identified sectors to grow the economy of the country.

The Reconstruction, Growth and Transformation policy intends to expand agriculture and strengthen participation of previously disadvantaged people in all sections of the value chain by improving rural infrastructure (ANC, 2020, p. 14). Therefore, from a political point of view the position of government towards agriculture is friendly towards farmers from disadvantaged backgrounds.

Also, South Africa is part of the AfCFTA to foster development in the African continent. Trading started on 1 January 2021 with 54 member states of AU having signed the agreement (African Union, 2021). South Africa also has solid trade relations with BRICS countries, enabling potential import and exports (South African Government, 2021). Amongst BRICS countries, China accounts for 68 per cent, followed by Russia at 14 per cent, then India at 10 per cent, Brazil with 5 per cent and lastly South Africa with 3 per cent of the BRICS agriculture imports (Sihlobo and Baskaran, 2021). The Government is open to international trades and is continuously engaged in individual country's trade agreements. The interventions will positively impact on the new business venture.

5.2.1.2 Economic Environment

A brief account of South Africa's economic environment is also important. South Africa's economy has been in limbo in recent times. In 2020, the decline in most of the economic sectors led to the contraction of the GDP by 8.2 per cent. However, the country managed to attain a 1 per cent surplus in late 2020 because of increased exports in agriculture and high gold prices exported (African Development Bank Group, 2021). Further, the economic growth is projected to rise by 1.6 per cent in 2022. This slow growth is linked to a high unemployment rate of over 30 per cent in 2020 (Focus Economic, 2020).

The country has reduced rates and kept its repo rate at 3.5 per cent to attract investments. Agriculture contributed 13.1 per cent to the GDP in 2020, despite COVID-19 restrictions (Wasserman, 2021), with export value of USD10,2 billion in 2020 of which 18.7million tons were grains (Sihlobo,2021). The global economy is expected to grow by 6 per cent in 2021 and stabilize to 4.4 per cent in 2022 (IMF, 2021). Agriculture occupies a big part of the world's economy because agriculture accounts for over 25 per cent of the global GDP (The World Bank, 2020).

The economic outlook is therefore appetising to venture into agricultural export and contribute positively to the South African economy.

According to (Sihlobo and Kupaya, 2015, p. 3), 30 per cent of African countries are amongst global importers of sorghum. China, Japan, Colombia and Mexico constitute 73 per cent of the global demand. Sihlobo (2018) There is great appetite for exporting into Africa and Europe, both constituting 67 per cent of agricultural exports in 2017.

5.2.1.3 Social and Cultural Environment

The socio-cultural environment is also important to the business venture. The current study has established that less than 13 per cent of the farmers in former homelands are youth between ages of 18 and 35 and only 10 per cent of the farmers are women. 33 per cent have matriculated and only 3 per cent have post matric qualification. This is despite the fact that there is a world class college of agriculture in the North West province that should be utilised to breed the country's farmers.

Agriculture is an important sector to eradicate poverty, boost economy and to feed people (The World Bank, 2020). Approximately 8.9 per cent of the global population are hungry. The world population is estimated to 7.7 billion and the supply of food has tripled from 1970 (van der Rheede, 2020: 2). These is continuous growth for food demand globally, therefore, there is space for rural farmers to participate in international markets.

While the agricultural space is ripe for economic exploitation it is a violent area in South Africa. In South Africa, there is growing concern around the killing of farming communities, making the environment unpleasant for aspiring farmers. The business venture will have to be very sceptical of the possible dangers and ensure that facilities are always secured.

5.2.1.4 Technological Environment

Approximately 60 per cent of the population in South Africa have access to the internet (Johnson, 2021), and approximately 40 per cent use smartphones (O'Dea, 2020). Globally, there are 57 per cent of internet users (Pensworth, 2020). This is an opportunity for farmers to utilise the internet for effective communication with potential global trade partners.

Further, technological advancements also facilitate efficient payment systems for farmers. The introduction of block chain, crypto currency and other technologies enables farming and

subsequent exporting to be more efficient. For example, a client in Asia can inspect and track the growth of the product in real time through technology. The business venture will ensure that farmers are assisted to understand the use of these technologies through training and skills development.

5.2.1.5 Structural environment

In the current study, the respondents are farming full capacity of land. However, they are faced with enormous amounts of challenges as stipulated in the preceding chapter. For instance, the agricultural sector is dualistic in nature where a few commercial farmers are dominant against the large number of smallholder farmers.

The Land reform policy, lack of infrastructure and droughts are challenges that hinder the expansion of agriculture in South Africa (Sihlobo and Baskaran, 2021). Land reform programme continues to be slow in implementation and is somewhat clouded by corruption and failed farming activities. Sihlobo and Baskaran further add that fuel accounts for approximately 13 per cent of grain production cost, therefore, the rise in fuel costs is hindering the farming capacity and subsequent yields and profits.

The World Bank (2020) suggests that climate change has a major impact on crop yields and that mitigations are essential. The port of Durban is the largest harbour in the Southern hemisphere and is set to expand to attract more exporting and importing activities (The Citizen, 2021). These findings are revealing that there is great potential in the export market. Government interventions in expanding the port of Durban will increase efficiency and give great competitive advantage against other countries.

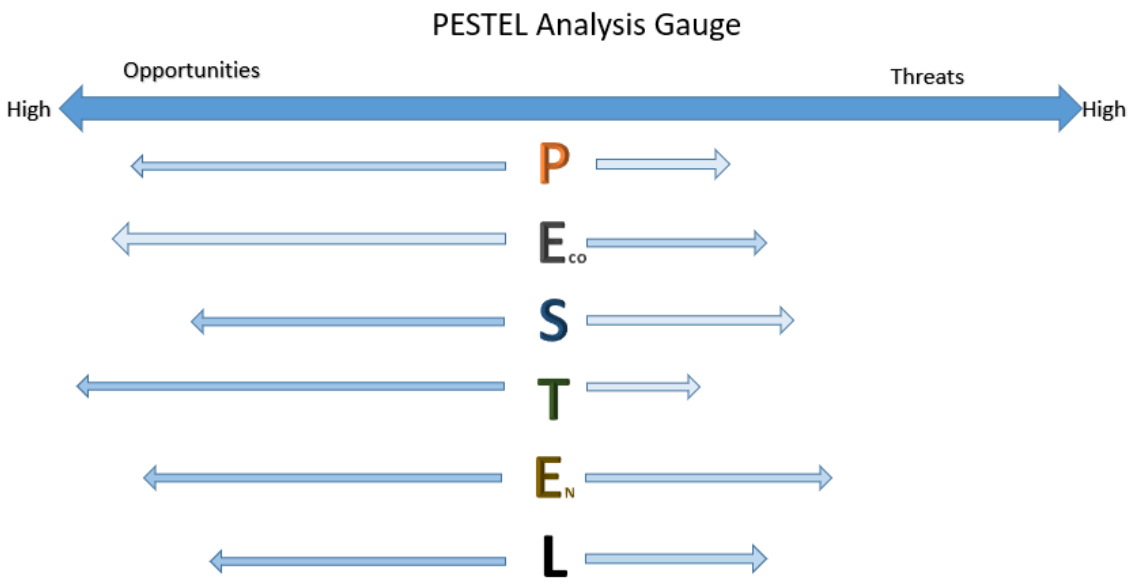
5.2.1.6 Legal Environment

There are regulations that are guiding in terms of doing business with and abroad such as the Marketing of Agricultural Products Act (Act No. 47 of 1996) that assists in promoting marketing abroad to increase export earnings. Also, the market-based land redistribution programme seeks to correct the past, by enabling those who want to purchase land to do so without significant challenges.

As aforementioned South Africa is part of the World Trade Organisation (WTO), with over 164 member states since 2016 (WTO, 2021). It has been a member of the BRICS since 2010 (South African Government, 2021) and the recently launched AfCFTA in January 2021. These trade

agreements ensure that countries are trading with the legal frameworks to ensure that there are mutual gains and good relations amongst countries.

5.2.1.7 Outlook



Overall, the Pestel analysis has indicated that the macro-environment is favourable to this business venture because there are more opportunities than threats as illustrated above.

5.2.2 Sector analysis

This section will provide an analysis of the sector. This is done using Porters five forces framework. The framework is best suited for sector and industry analysis focusing more on the behavioral patterns of competitors, customers and clients in the sector. Porters five forces include Competitive rivalry, threat of entry, threat of substitutes, bargaining power of buyers and lastly bargaining power of suppliers.

5.2.2.1 Threat of new entrants

There are generally medium to high barriers to entry into the agriculture sector. Challenges that are mostly faced are high seed capital and high input production costs. In the South African context, the dualistic nature of the sector, access to land and capital are increasing barriers to entry. This sector can be labelled as a conglomerate because it is lacking in diversity, particularly in the commercial sector.

As much as there are a lot of the smallholder farmers in the country, the entire value chain is controlled by those with infrastructure. This has been the status quo for decades. The introduction of technology can enable smallholder farmers to market their produce in the international markets in real time. This will level the playing field between commercial farmers and smallholder farmers. That way smallholder farmers can source investments and partnership in foreign lands.

5.2.2.2 Threat of substitutes

The food industry is developing alternatives particularly in the grain sector. In these modern times consumers are shying away from non-grain products because of the need for digestive health and dietary diversification. Grain is also used for animal food production, oils, cosmetics, fuel, and alcohol which is amongst the biggest consumed drinks globally. Therefore, the threat of substitutes is relatively low.

5.2.2.3 Bargaining power of customers

The agricultural industry is undifferentiated, customers have alternatives and are not constrained from changing from one supplier to other. However, the grain sector is seasonal, therefore prices fluctuate relative to the demand. Suppliers can withhold their products in an effort to increase demand in the market and release when the selling prices are relatively high. The bargaining power of customers is very low since the prices are controlled by the market.

5.2.2.4 Bargaining power of suppliers

As aforementioned, suppliers can control the prices of their products by withholding them for some time to increase demand in the market. In addition, their produce is seasonal therefore suppliers can withhold their produce. Smallholder farms can cut the intermediate buyers and directly sell to the foreign markets if they can establish their own infrastructure or be afforded such a platform.

5.2.2.5 Industry rivalry

The grain sector is more conglomerate, undiversified, and dualistic in nature. There are few commercial farmers who are dominant and many smallholder farmers who are trying to make a living. The nature of the sector makes it difficult for smallholder farmers to become commercial farmers due to existing barriers to entry into the market. These barriers include lack of

infrastructure, lack of access to land, lack of access to finance, limited skills, and knowledge, and lastly lack of participation in both the domestic and export markets. The rivalry is very high amongst competitors.

5.2.3 Market Analysis

This section focuses on what is currently happening in the agricultural space. The focus is on competitor analysis, supplier analysis, distribution analysis, customer analysis and brand reputation.

5.2.3.1 Competitor analysis review

There are big players in the local market within the MKLM such as NWK Limited, Obaro, Afgri SA dominating the market. They have been in the market for decades and have established relationships with international markets. They have a combined revenue value of approximately R7 billion and a footprint in Africa and Australia. These local players are diversified and offer products such as grain management, machinery, financing and retail amongst others. Other competitors are found in Africa, USA and South America.

5.2.3.2 Supplier analysis

The suppliers are the smallholder farmers within MKLM and neighbouring Municipalities and provinces. These farmers have years of experience in the field; however, they have enormous challenges that hinder their progress and profits. The new establishment will use a vertical integration strategy and partner with these farmers to ensure consistent and good quality of produce.

5.2.3.3 Distribution analysis

The proposed establishment will be an intermediary storage, where farmers will deliver to the storage then deliver to customers when the market is favourable. There will be company branded trucks and an option for third party assistance where necessary.

5.2.3.4 Customer analysis

Customer 6W analysis	**Analysis**
Who - are our customers?	Local and international customers who produce food products, oil, fuel, alcohol

	and other related products.
What - do the customers do with the product?	They produce a variety of products such as food, oils, fuel and alcohol.
When - do they buy the product?	They buy our product on annual and seasonal basis
Why - do they buy?	To process and produce the desired products
Where - do they buy the product?	Through trade relations established with other countries and our business.
Why - will they not buy?	❖ Preferences ❖ Loyalty to their current suppliers

5.2.3.5 Brand Reputation

As with any other new product our proposed brand will not be known at the time of inception. Hence investment in brand awareness will strategically increase profitability. Brand awareness will enable us to engage and grow our customer base. This will be an aggressive short to medium term strategy.

The immediate challenge would be the lack of a sufficient budget for brand awareness. The use of technology and the internet will be used to make a mark in the international arena. A loyalty program will be established to serve customers. The existing marketing services offered by the South African government will be fully utilised to promote BBBEE program.

5.2.4 SWOT analysis

In this section, the focus is on the internal affairs of the business venture, identifying and recognising the strengths, weaknesses, opportunities and threats available. This framework gives an opportunity to discuss future choices and strategies the business venture could explore to make the business a success.

Strengths

- There is underused communal land available in rural areas.
- Government and agricultural policies favour the previously disadvantaged people to uplift them.
- South Africa has agricultural schools that produce skilled graduates that can assist and advise smallholder farmers.
- There are more smallholder farmers than commercial farmers.

Weaknesses

- Lack of access to finance
- Lack of knowledge and skills
- Lack of resources and infrastructure
- Located far from towns where storage facilities and buyers are.
- Aging farmers

Opportunities

- Existing government support
- eCommerce opportunities both locally and internationally
- Global trade agreements with other countries
- Improving the country's food security index
- make use of existing research institutions and industry bodies to gain knowledge about the current and future trends.

Threats

- Global warming and adverse weather conditions impacting on the yields.
- Growing international competition

5.2.5 Value chain analysis

This assist regarding building a competitive edge against competitors. It outlines how the product may be sold and generating a profit margin. Efficiently run processes ensures that customers become loyal to the business and subsequent returns grow.

SUPPORT ACTIVITIES	**Infrastructure**	Obtain funding through investments to establish mini storage plants and to carry out administration costs				
	Human Resource Management	Develop effective systems to cater for plant operations	Supervise planting, nurturing and harvesting of grains throughout the cycle.	Formulate cost effective production and storage process that will be utilised	Supervise sales and advertising personnel	Encourage high levels of employee job satisfaction,with skills development and supervision
	Technology Development	Transportation of produce from farmers with reliable means of transport	Using suitable storage facilities, planting,irrigation and harvesting systems that are easily operational.	Use reliable transportation to deliver produce to the harbour without challenges.	Use modern selling methods such as online sales and crypto.	Adhere to regulations, International Organisation for Standard (ISO) and other relevant requirements.
	Procurement	Procurement of plant and necessary equipment to assist farmers	Ensure that all produces pass all quality checks before storage/ purchasing.	Procurement of software systems that will enable data capturing and analysis as well as communication equipment.	Hire marketing manager and make use of technology such as social media platform to advertise.	High plant manager and invest in agriculture graduates to become technicians and assist farmers and also see through the entire process.
PRIMARY ACTIVITIES		Plant operation, transportation and farming equipment producing high quality work.	Use state of the art storage facility, planting, irrigation and harvesting equipment delivering efficiently. Deploy global Accounting standards and adhering to Quality Management Systems applicable in the sector.	Storage of farm produce in silos to maintain high quality products. Transport he products to the designated locations in a safe manner.	Conduct market research annually, advertise the potential yields and invest in brand equity to become reputable and wellknown.	Have product tracebility system for customer feedback on improving products and services
		Inbound logistics	**Operations**	**Outbound logistics**	**Marketing/ sales**	**Services**

5.3 STRATEGY PLAN

5.3.1 ANSOFF Analysis

This framework is used to plan strategic growth of the business in the near future. It gives direction on how formulating and implanting strategy for the betterment of the business.

	Existing Products	New Products
Existing Markets	**Market Penetration** Supply of grain produce such as • wheat • maize • sunflower • barley • soyabeans	**Product Development** • Venture into rabbit export market • Venture into macademia nuts
New Markets	**Market Development** • Animal feed to local livestock farmers • Agri-processing to produce products for local consumption	**Diversification** • An online vegetable farming platform where prospective farmers can track progress on realtime without being physically at the farm

5.3.2 Strategy development

Major strategies include**:**

- Establishing reliable and effective distribution channels
- Make use of innovative and technological capabilities to develop and grow our business.
- Establish R&D to enter new markets.
- Enhance marketing and sales skills to be competitive in the market.
- Enhance farming skills to ensure good quality products to customers.
- Diversify product line to attract and enter in untapped markets.
- Establish a unique strategy that will be difficult for competitors to match.

5.3.3 Strategy

The core of our business is to assist previously disadvantaged farmers to participate in the export market. Our aim is to identify four locations across the MKLM and establish storage facilities to be used by farmers after harvesting. Furthermore, those four areas will accommodate farming equipment that will be used by the farmers when necessary.

The infrastructure and machinery will be acquired through government funding and private investors. Each site will have its core team, consisting of a plant supervisor, agricultural technician/advisor, logistics department and plant operators. The entire set-up will generate 50 direct and 150 indirect jobs for the MKLM communities. This will also give students a platform to gain experience in the field.

We are adopting a vertical integration approach by partnering with the farmers to ensure that quality products are produced and distributed at minimum costs. This strategy will be combined with market penetration strategy to intensify our marketing in foreign markets and preach the goodwill of inclusivity in the export market to undo the legacy of colonisation.

Our focus will be in foreign markets, taking advantage of the trading opportunities at our disposal. We differentiate ourselves from our competitors by transforming smallholder farmers to commercial farmers. This approach will not only increase their profits, but also encourage the youth to become farmers as well.

5.3.4 Proposed business model Canvas

<table>
<tr>
<td rowspan="2">Key Partners

• Smallholder farmers
• Dept of Agriculture and Rural Development
• Dept of Agriculture, Forestry and Fishing
• MKLM
• DTI
• Funding institutions(IDC)</td>
<td>Key Activities

• Up skill farmers
• Provide machinery to farmers
• Provide storage facilities and create market opportunities for the produce</td>
<td rowspan="2">Value Proposition

• Storing of grain to such time that demand is high and the selling prices are high
• Fleet management services on behalf of the government for the machinery and required skills necessary to tranform smallholder farmers to commercial farmers</td>
<td>Customer Relations

• Foreign markets
• Government
• Local Companies</td>
<td rowspan="2">Customer Segments

• B2B - business</td>
</tr>
<tr>
<td>Key Resources

• Seeds
• Planting, nurturing and harvesting equipment
• Farm produce to storage plant
• Technical and administration skills</td>
<td>Channels

• Road transport
• Rail transport
• Sea Transport</td>
</tr>
<tr>
<td colspan="3">Cost Structure

• Salaries
• Operations and maintenance costs
• Distribution Costs</td>
<td colspan="2">Revenue streams

• Grain sales to foreign markets
• Grain sales to local market
• Sales from agro processed products for livestock consumption</td>
</tr>
</table>

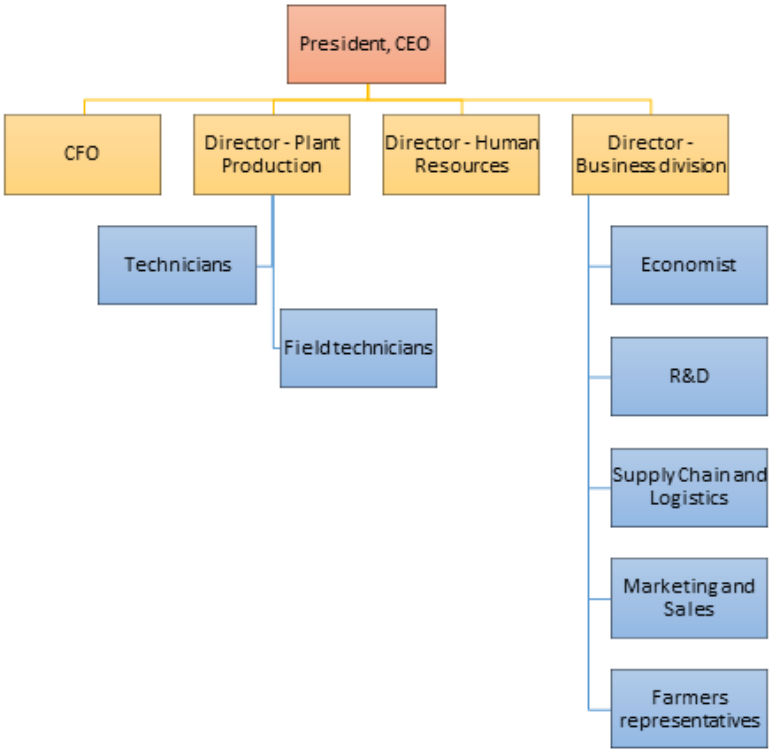
Our revenue streams will include selling of grain to foreign and local markets and sales of livestock food. Prices are dictated by the market dynamics and will vary on an annual basis depending on the market demands. From the current study with 30 respondents, an estimate of selling sunflowers to foreign markets with a 2020 price per ton of R9040, leads to almost R40 million in revenue.

Operation costs will be relatively low considering that we are using smaller but effective storage facilities and the proximity of the farms to the sites. Major costs are expected in input costs driven by the fuel price and seedling amongst others. The project cost to build storage facilities is approximated at R18 millions. The success of this project depends on the buy-in and integration of all stakeholders including approval of funding and attaining investments.

5.4 MANAGEMENT AND ORGANISATION

Our management team consists of members with vast experience in business administration and strategy. We have a Chief Financial Officer and 3 directors that are reporting to the Chief Executive Officer and President. There is a marketing manager that handles the marketing and sales department. The company will subscribe to the services of an experienced agricultural economist that will give insight regarding current and future trends of the macro and microenvironment. It also comprises technical personnel with skills in agricultural processes and logistics. These technicians will work with the farmers to ensure that they produce outputs relevant to the international standards with an ability to compete on a global scale. Farmers will be represented by 3 personnel who are the custodians of their partnership agreement with the company.

5.4.1 Organisational Structure



5.5 MARKETING PLAN

The marketing plan objectives include the following:

- To introduce and promote the business to its potential customers
- To aggressively penetrate grain products foreign markets
- To transform smallholder farmers to commercial farmers

5.5.1 Basic Marketing Strategy - Value Marketing Mix

❑ Target Market Identification

Our company's main target is grain buyers in the foreign markets through the South African export system.

❑ Positioning Strategy

To acquire market share in the global market and create a platform for previously disadvantaged people to participate in that export market.

❑ Marketing Mix Strategy

Product decisions

The grain harvested from the farms will be stored until the demand and selling prices for that grain is high. Products that are produced in-house such as livestock food will be sold to local markets. The company will create employment opportunities for the youth and public in rural villages.

Pricing decisions

Our prices are determined by the market demand; however, the business will ensure that operations costs are relatively low to ensure that maximum profits are realized. Livestock food products will compete with the local market prices, but they will be a bit lower to attract customers and penetrate the market effectively.

Distribution decisions

Our distribution strategy will be based on reliability, efficiency and affordable services. The storage facilities will be strategically located within 30Km radius of the farms/villages to ensure minimal cost of transport and day-to-day operation of the activities and at the farms. The government incentivised fleet and machinery will be managed and utilised effectively to ensure farmers are well catered for in a fair and transparent manner. At least 8 trucks, 4 planting machines, 2 spray machines, 4 harvesting machines and 10 tractors are required for efficient outcomes. This machinery will be acquired through partnerships with government and investors.

Promotion Decisions

Promotions will be done in conjunction with the government's interrelations affairs with respective countries and prospective customers. In addition, we will use social media platforms and internet services such as websites and online newspapers. We will become a member of Grain SA to gain marketing platforms.

5.6 OPERATIONAL PLAN

At the beginning of the cycle, soil preparations will be done on all farms by farmers using our equipment and diesel, followed by planting, nurturing, and lastly harvesting. Grains will then take to the storage area where they will be dried up, screened, and stored for a period. When the market prices are lucrative, the products will be sold to foreign markets and transported to the harbour via road or rail depending on the most efficient mode at that time. The remaining grains will be further processed to produce livestock food and be sold to the nearest markets. The below table illustrates the storage facility specifications.

Table 1: Storage facility specification

Plant Design	**Capacity / output**
Plant Capacity	2400 tons
Design	Corrugated stiffened grain bins
Efficiency	99%
Height	20m
Quantity per location	1

The storage facilities will be in four areas across the municipality. Each storage facility will have its core team to work with farmers around that area including tractors, planting equipment, harvesting machine and transportation.

5.7 FINANCIAL PLAN

5.7.1 Assumption

- The data used for the financial calculations is based only on Sunflower production, including price per ton, yield per hectare, production costs and revenues.
- The current interest and tax rates applicable not changing over a period of 6 years
- 100 per cent of funding obtained
- The sunflower export price used is based on the price of 29 March 2021 data

5.7.2 Projection

The financial plan has been created to justify the viability of this project and the business venture. The required funds to kick start the business is R76 290 000.00 including the construction costs of 4 storage facilities. The breakdown of the costs is indicated on the below balance sheet table 2.

Table 2 : Balance sheet

BALANCE SHEET				
Fixed Assets	Amount (R')	Depreciation (years)	Notes	
Real Estate - Land	320 000,00	Not depreciated	The acquired land (totaling 12 hectares) will be through communal aggrement will Tribal authorities on a rental basis for 40 year period	
Real Estate - Infrastructure	18 000 000,00	40	roject cost to establish storage facilities for a period of 12 month	
Equipment & Machinery	40 000 000,00	20	For farmng operations and agro-processing	
Furniture and fixtures	120 000,00	7	Furniture for admin offices	
Vehicles	300 000,00	7	For day to day running of the business	
Others				
Total Fixed Assets	**58 740 000,00**			
Operating Capital	Amount (R')	Notes		
Pre-opening Salaries and Wages	12 000 000,00	This is for period of 2 years		
Inventory	250 000,00			
Legal and Accounting fees	280 000,00			
Rent deposits	-			
Supplies	20 000,00	Initial supplies for admin office		
Marketing	5 000 000,00			
Total Operating Capital	**17 550 000,00**			
Total Required Funds	**76 290 000,00**			
Sources of Funding	Percentage	Totals (R')	Loan rates	Repayment terms (Months)
Owner's Equity	0	-		
Outside Investors	5%	3 814 500,00		
Additional Loans or debt	10%	7 629 000,00	8%	60
Commercial Loan	10%	7 629 000,00	10%	84
Commercial Mortgage		-		
Credit Card debt		-		
Equipment & Machinery	50%	38 145 000,00	17%	73
Government funding	25%	19 072 500,00		
Total Sources of funding		**76 290 000,00**		

The cost profitability analysis indicates the excess income over costs of nearly R70 Million on year one of the business. Refer to table 3 for more details. Lastly is the cash flow projection table 4 indicating the cash inflow and outflow on a yearly basis for a 6-year period. On year one the business starts with a surplus of almost R6 million, however, it experiences a decline for the next 4 years and eventually on the 6 year of business, there is a positive spin regarding cash in the company.

Table 3: Cost and profitability analysis

COST AND PROFITABILITY ANALYSIS			
INCOME ON SALES	**Qty (Tonnes)**	**Price (R')**	**Amount (R')**
Sales on Export	15861,2	9 040,00	143 385 248,00
Sales on livestock food	834,8	265,00	221 222,00
TOTAL INCOME			143 606 470,00
PRODUCTION COSTS			
Seeds		10 318 000,00	
Cultivating, planting & haversting		6 396 562,80	
Agro-processing		223 600,00	
		16 938 162,80	
RUNNING COST			
Employees		5 070 400,00	
Supervision		1 316 900,00	
Electricity		50 000,00	
Transportation		4 050 000,00	
Equipment and machinery maintenance		144 800,00	
Marketing		7 500 000,00	
Overhead		1 537 500,00	
Insurance and permits		18 000,00	
Loans		20 450 357,75	
TOTAL COSTS			74 014 283,35
EXCESS OF INCOME OVER COSTS			69 592 186,65

Table 4 : Cash flow

CASH FLOWS						
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Cash inflows						
Cash sales	143 385 248,00	144 819 100,48	146 267 291,48	147 437 429,82	148 911 804,11	150 400 922,16
Account Receivable	221 222,00	221 885,67	222 551,32	223 218,98	223 888,63	224 560,30
Totsl Cash inflows	143 606 470,00	145 040 986,15	146 489 842,81	147 660 648,79	149 135 692,75	150 625 482,46
Cash Outflows						
Investing Activities						
New fixed Assets Purchases	-11 748 000,00	-11 748 000,00	-11 748 000,00	-11 748 000,00	-11 748 000,00	0
Cost of Sales	-16 938 162,80	-17 615 689,31	-18 320 316,88	-19 053 129,56	-19 815 254,74	-20 607 864,93
Inventory						
Operating Activities						
Operating Expenses	-57 076 120,55	-59 359 165,37	-61 733 531,99	-64 202 873,27	-66 770 988,20	-69 441 827,73
Taxes	15 981 313,75	15 981 313,75	15 981 313,75	15 981 313,75	15 981 313,75	15 981 313,75
Financing Activities						
Loan payments	-20 450 357,75	-20 450 357,75	-20 450 357,75	-20 450 357,75	-20 450 357,75	-18 208 456,97
Owners distribution	-4 308 194,10	-4 351 229,58	-4 394 695,28	-4 429 819,46	-4 474 070,78	-4 518 764,47
Credit interests	-					
Credit repayment	-					
Dividends paid	-43 081 941,00	-43 512 295,84	-43 946 952,84	-44 298 194,64	-44 740 707,82	-45 187 644,74
Total Cash Outflows	-137 621 462,45	-141 055 424,11	-144 612 541,00	-148 201 060,93	-152 018 065,55	-141 983 245,09
Total Cash Inflows	143 606 470,00	145 040 986,15	146 489 842,81	147 660 648,79	149 135 692,75	150 625 482,46
Operating Cash balance	5 985 007,55	3 985 562,03	1 877 301,81	-540 412,14	-2 882 372,80	8 642 237,37

6 SUMMARY, CONCLUSIONS, LIMITATIONS, AND RECOMMENDATIONS

The research sought to understand the reasons behind a lack of participation of previously-disadvantaged people in exporting agricultural commodities from South Africa. These people are small-scale farmers in the rural areas of the country. In the study, the focus was on the export market and the contribution of small- scale farmers, and their relatively low number in the sector. The approach has been influenced by the deepening of poverty and inequality particularly in the rural areas of the country where there is ample land to utilize. The land needs to be worked effectively to eradicate poverty and inequality by opening the agricultural market and increasing participation in exporting commodities.

The proposed solution includes getting the small-scale agricultural sector to produce at an effective level through the collective involvement of role players adopting the social entrepreneurship principle and establishment of a business venture.

6.1 Summary

The current study embarked on a quest to find out if there are existing barriers for the previously disadvantaged people to participate in exporting agricultural commodities. The chosen commodities for the study were grain farmers and the area of study was MKLM located in Rustenburg, North West province. There are 107 rural villages in MKLM that have several small-scale farmers involved in grain crop farming. The researcher conducted a study in MKLM by interviewing 30 previously disadvantaged people who are farming grain crops. List of potential participants was obtained from DARD, and a random sampling method was used to choose the respondents. Interviews were conducted in Setswana and later translated to English. A thematic analysis method was used to analyse the data.

The study was undertaken through exploring the nature of the agricultural sector and the underlying factors causing its dualistic nature, observing the trends of the dualistic economy, performance of agriculture in the export market and defining the causes of the dualistic economy and its effects in the MKLM. Findings showed that while there are farming interest from rural farmers, the economic fortunes are not lucrative to many. This might be due to the value chains and their constraints since the market is dominated by a few who have previously benefited pre-democracy. The literature review established that indeed the agricultural sector is dualistic in

nature and since the dawn of democracy, the government has been trying to dissolve this dualism in the sector.

Grobler (2014) defines and details dualism in the agricultural sector as two sectors namely, the commercial sector and the smallholder and subsistence sector. He further elaborates that the commercial sector is predominantly white-owned, producing agricultural commodities on freehold land, with an open and competitive market system which is exposed to the global market that ensures business sustainability. On the other side, the smallholder or subsistence sector is predominantly black owned, located in homeland areas with complex agricultural conditions that include poor infrastructure, degeneration of land, lack of proper security, lack of finance, no access to market and technology. These experiences did indeed come out during the study.

Even though the government efforts to correct the past through policies and programmes, their interventions have not yielded significant positive results. Different researchers have been trying to identify the challenges faced by smallholder farmers and their findings are similar. The literature identified the dualistic nature of the agricultural sector as an area that needs to be addressed to enable inclusive participation of previously disadvantaged people in South Africa's export market. The was identified as one of the factors that delay progress. Lack of skills and low levels of formal education are linked to the age factor. According to the literature, most farmers are nearing or over the retirement age of 65 years and the youth's participation is very low indicating lack of interest. Lack of finance and low profit margins hinder progress and sustainability. All these attributes are interlinked to each other and they do confirm that dualism in the agricultural sector is not in favour of the previously disadvantaged but continues to suppress and maintain the status quo.

The current study has revealed that there are existing barriers to the success of the previously disadvantaged farmers in the export market. The barriers are because of structural formation in the agricultural sector. Farmers are rooted to the traditional way of farming before democratic dispensation. As much as they have issues with how their current value chain is set-up, they are not exposed to alternatives.

The findings were also addressed through a business venture model. The model is best suited for South Africa's context with a deep focus in rural social and economic development. Business venture is closely related to the corporate shared value business model, where the corporate expands and at the same time lifts its employees and the community through shared value.

The business venture model has indicated that almost R80 million is required. These funds can be obtained from different funding schemes and models. There were several assumptions that were made to give an accurate outlook. The financial plan indicated the business will start making profit in year 6 of existence and operation.

Further, agriculture is an important element in South Africa's economy. It has been identified as one of the sectors earmarked to stimulate economic growth by creating employment and eradicating poverty. The business venture showed that the country's economy is in a dire state and requires all citizens to work towards improving it.

6.2 Conclusions

The study focused on the existing barriers to participation of previously disadvantaged people in exporting agricultural commodities. Most of the literature had similar outcomes but different recommendations. These previous studies were conducted with different focus areas and complexity. The current study also used a different focus area and used grain crops as chosen agricultural commodities. However, the common denominator is that previously disadvantaged people in the agricultural sector suffer, hence the outcomes are mostly similar.

The agricultural sector is still dualistic in nature. The efforts made by the democratic government by introducing different policies and programmes aimed at changing the narrative, have not yielded any fruitful outcomes. The structural setting architected during apartheid is still intact and benefiting a few. The consequences of colonisation and subsequent segregation are still prevalent in the democratic dispensation. It is advisable that the structure be dismantled to allow inclusive and equal participation in the formal economy as most of the choices and decisions made by smallholder farmers are influenced by the past disadvantage such as lack of education and knowledge.

The study also found that there is still plenty of arable land in rural communities which should be used to revive and boost the economy. The challenges such as road infrastructure must be resolved to enable ease of movement in the rural areas.

The South African government and business community should invest in rural agriculture and enable smallholder farmers to transform to commercial farmers through a shared value business model. This model will eliminate most of the challenges encountered by rural farmers.

6.3 Limitations

The current study was based on person-to-person interviews across the length and breadth of the Moses Kotane Local Municipality. The study relied on the database of DARD with a list of smallholder farmers within the municipality. DARD has two offices; one is situated in Mogwase and the other is in Madikwe. The shared list was from the office in Mogwase which covered the eastern side of the Municipality geographical area. Attempts to secure an appointment with the Madikwe office and subsequent access to their database were not fruitful and therefore the study did not cover the western geographical area of the Municipality.

In addition, the aim of the research was also to secure appointments with farmers who are not in the DARD database through tribal councils in their respective villages. However, due to the delays with getting the ethics clearance certificate from the University, the plan had to be adjusted to ensure that the research report is submitted within the allocated deadline.

The appointments were secured through telephone calls only. At times I had to make a couple of attempts before I could reach a potential participant. This was due to bad telecommunication network coverage around the farming areas. Availability was another issue where I had to conduct an interview telephonically because the respondent was travelling to Namibia for a week. I could not wait that long because of the time constraints associated with the research.

Interviews took some days to complete with all respondents. All respondents preferred to be interviewed in their home language of Setswana rather than in English. I had to adjust to their preference and later translate their responses to English. There might be some distortion due to the translation from Setswana to English.

Finally, road infrastructures in the Municipality are not in good condition, particularly on the roads leading to the farms. Travelling times to the respondents were long due to bad gravel roads. These challenges delayed the scheduled appointments and at times I had to call the next participant to reschedule.

6.4 Recommendations

The study has made revelations that are critical for the growth of the South African economy through agricultural investments. With an ailing economy like South Africa's, the government and business sector are challenged to change the fortunes of the country by stimulating economic growth by creating employment and broadening the business environment.

The current study has shown that there is a lot to be done, and that transformation of smallholders to commercial farmer agriculture is necessary and important. It has shown that policy transformation only, does not result in transformation in the sector. It is recommended that the South African government should eradicate the barriers to participation of previously disadvantaged people in exporting agricultural commodities. The Government must invest in rural agriculture to realise economic growth and eradicate poverty and exclusion.

7 REFERENCES

African Development Bank Group. (2021). *South Africa Economic Outlook*. Retrieved April 17, 2021, from https://www.afdb.org/en/countries/southern-africa/south-africa/south-africa-economic-outlook

African Union. (2021, January 01). The AfCFTA Start of Trading Ceremony Webinar. *Launching Ceremony*. Retrieved from https://au.int/en/newsevents/20210101/afcfta-start-trading-ceremony-webinar

Agri Orbit. (2020, April 21). *Grain consumption in Africa continues to rise*. Retrieved April 17, 2021, from https://www.agriorbit.com/grain-consumption-in-africa-continues-to-rise/#:~:text=South%20Africa%20was%20the%20largest%20exporter%20of%20grain,%28212%20000%20tons%29%20and%20Zambia%20%28144%20000%20tons%29.

Agribook Digital. (2020). *Agriculture in the provinces*. RainbowSA Publishing. Retrieved from Farmers insist that government officials do not understand their frustration because they rarely visit farms and at times are suspected to be conducting corrupt activities. They argue that there is an element of favoritism rather than focusing on the needs

ANC. (2020, July 10). Reconstruction, Growth and Transformation. *Building a new inclusive economy*.

Barrett, C. B. (2007). Smallholder market participation: Concepts and evidence from eastern and southern Africa. 299 - 317

Beret, D. (2014, September). Racial conflicts in South Africa. *Arguments and defects of the apartheid structures, 08*(02), 218 - 223.

Boeije, H. (2002). A Purposeful Approach to the Constant Comparative Method in the Analysis of Qualitative Interviews. 391 - 409.

Bojabotseha, T. P. (2011). Dualism and the social formation of South Africa. *African Journal of Hospitality, Tourism and Leisure, 1*(3), 1-8.

Braun, V., & Clarke, V. (2012). Thematic Analysis. 57 - 71.

Bulagi, M. B., Hlongwane, J., & Belete , A. (2014). Causality relationship between agricultural exports and agriculture's share of gross domestic product in South Africa: A case of avocado, apple, mango and orange from 1994 to 2011. 990 - 994.

Fairclough, N. (2012). Critical discourse analysis. 452 - 487.

Focus Economic. (2020, November 17). *South Africa Economic Outlook*. Retrieved April 17, 2021, from https://www.focus-economics.com/countries/south-africa

Fram, S. M. (2013). The Constant Comparative Analysis Method Outside of Grounded Theory. 1 - 25.

Frankema, E., Green, E., & Hillbom, E. (2016). Endogenous Processes of Colonial Settlement. The Success and Failure of European Settler Farming in Sub- Saharan Africa. 237-265.

Fransman, T., & Yu, D. (2018). Multidimensional poverty in South Africa in 2001–16. 1 - 29.

Green, E. (2013). Production systems in pre-colonial Africa. *The History of African Development*, 1-13.

Greyling, J. (2015, March). A look at the contribution of the agricultural sector to the South African economy. Stellenbosch, Western Cape, South Africa.

Grobler, J. (2014, February 27). *Dualism in the agricultural sector.*

Idsardi, E. (2010, September 23). The Determinants of Agricultural Export Growth in. 1 - 17.

IMF. (2020, January 30). Six Charts Explain South Africa's Inequality.

IMF. (2021, April). *Global economy on firmer ground, but with divergent recoveries amid high uncertainty.* Retrieved April 17, 2021, from World economic outlook: https://www.imf.org/en/Publications/WEO/Issues/2021/03/23/world-economic-outlook-april-2021

Johnson, B. (2006). New directions in mixed methods research. *Research in the schools*, 1 - 93.

Johnson, J. (2021, January 27). *South Africa online usage penetration.* Retrieved April 20, 2021, from Statista: https://www.statista.com/statistics/484933/internet-user-reach-south-africa/

Khapayi, M., & Celliers, P. R. (2016). Factors limiting and preventing emerging farmers to progress to commercial agricultural farming in the King William's Town area of the Eastern Cape province, South Africa. *44*(01), 25 - 41.

Kirsten, J., & Moldenhauer, W. (2006). Measurement and analysis of rural household income in a dualistic economy: The case of South Africa. *Agrekon*, *45*(1), 60–77. https://doi.org/10.1080/03031853.2006.9523734

Kostov, P., & Lingard, J. (2002). Subsistence farming in transitional economies: lessons from Bulgaria. Journal of Rural Studies, 18(1), 83–94. https://doi.org/10.1016/s0743-0167(01)00026-2Leech, N. L., & Onwuegbuzie, A. (2007). An Array of Qualitative Data Analysis Tools. *A Call for Data Analysis Triangulation*, 557 - 584.

Lofchie, M. F. (1975, December). Political and Economic Origins of African Hunger. *The Journal of Modern African Studies, 13*(4), 551 - 567.

Maluleke, R. (2018). *Labour Market Dynamics in South Africa.* Pretoria: Statistics SA.

Maluleke, R. (2019). *Inequality trends in South Africa.* Pretoria: Statistics SA. Musvoto, C., Nortje, K., de Wet, B., Mahumani, B., & Nahman, A. (2014). Imperatives for an agricultural green economy in South Africa. *Agricultural green economy in South Africa*, 1-8.

Myeni, L., Moeletsi, M., Thavhana, M., Randela, M., & Mokoena, L. (2019). Barriers Affecting Sustainable Agricultural Productivity of Smallholder Farmers in the Eastern Free State of South Africa. 1-18.

Ocheni, S., & Nwankwo, B. C. (2012). Analysis of Colonialism and Its Impact in Africa. *Cross-Cultural Communication*, 46-54.

O'Dea, S. (2020, December 07). *Smartphone users in South Africa.* Retrieved April 20, 2021, from Statista: https://www.statista.com/statistics/488376/forecast-of-smartphone-users-in-southafrica/#:~:text=Today%20about%2020%20to%2022%20million%20people%20in,for%20about%20one%20third%20of%20the%20country%E2%80%99s%20population.

Paterson, G. (2017, March). Trends in South African Agriculture. Pretoria, Gauteng, South Africa.

Pensworth, L. (2020, March 07). *2019 Internet Statistics, Trends & Data.* Retrieved April 20, 2021, from DailyWireless: https://dailywireless.org/internet/usage-statistics/#:~:text=Internet%20Usage%20Worldwide%20As%20of%20January%202019%2C%20there,subscriptions%20per%20100%20inhabitants%20of%20the%20worldwide%20population.

Percy, W. H., Kostere, K., & Kostere, S. (2015). Generic qualitative research in psychology. *The qualitative report*, *20*(2), 76-85.

Plecher, H. (2020). *South Africa: Unemployment rate from 1999 to 2019.* Statista. Sihlobo, W. (2018, Ocotber 27). *South Africa's Agricultural Exports in One Chart.* Retrieved from Agricultural Economics Today: https://wandilesihlobo.com/2018/10/27/south-africas-agricultural-exports-in- one-chart/

Sihlobo, W. (2021, March 23). BRICS countries offer export opportunities to SA's booming agricultural sector. *Business Day.*

Sihlobo, W., & Baskaran, G. (2021, March 31). SA government should focus on the expansion of agricultural export markets.

Sihlobo, W., & Kupaya, T. (2015, June). Grain Market overview.

Smith, J., & Firth, J. (2011). Qualitative data analysis: application of the framework approach. 52 - 62.

South African Government. (n.d.). *BRICS (Brazil, Russia, India, China, South Africa)*. Retrieved April 17, 2021, from https://www.gov.za/about-government/brics-brazil-russia-india-china-south-africa-1#

Statista. (2020, April 6). Number of people employed in agriculture in South Africa Q4 2020, by region. Retrieved June 30, 2021, from https://www.statista.com/statistics/1129828/number-of-people-employed-in-agriculture-in-south-africa-by-region/

The Citizen. (2021, April 19). R100bn needed for Port of Durban expansion, says Ramaphosa. *The Citizen*. Retrieved from https://citizen.co.za/business/business-news/2476093/r100bn-needed-for-port-of-durban-expansion-says-ramaphosa/

The World Bank. (2020, September 30). *Agriculture and Food*. Retrieved April 17, 2021, from https://www.worldbank.org/en/topic/agriculture/overview

van der Rheede, C. (2020). The future of Agriculture.

Tshuma, M. (2014). Understanding the small-scale agricultural sector as a precondition for promoting rural development in South Africa. 2409-2418.

Wasserman, H. (2021, March 10). 7 things to know about the state of the SA economy. *Business Insider money and markets*. Retrieved from https://www.businessinsider.co.za/things-you-need-to-know-about-the-state-of-the-sa-economy-2021-3

Webster, D. (2019, November 19). Why South Africa is the world's most unequal society.

Wodak, R., & Meyer, M. (2001). *Methods of critical discourse analysis*. London: SAGE Publications Ltd.

Wolpe, H. (1972). Capitalism and cheap labour-power in South Africa: From segregation to apartheid. *Wolpe Economy and society*, 425-456.

WTO. (2021, April). *Members and Observers*. Retrieved from World Trade Organization: https://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm

Zaza, S., Wright-De Agüero, L. K., Briss, P. A., Truman, B. I., Hopkins, D. P., Hennessy, M. H., ... & Task Force on Community Preventive Services. (2000). Data collection instrument and procedure for systematic reviews in the Guide to Community Preventive Services. American journal of preventive medicine, 18(1), 44-74.

8 APPENDICES

Appendix 1.1: Data collection instrument(s)

INTERVIEW GUIDING QUESTIONS – PARTICIPATION OF PREVIOUSLY-DISADAVANTAGED PEOPLE IN EXPORTING AGRICULTURAL COMMODITIES

1.Screening

Description	**Yes**	**No**
Grain farmer		
Reside in Moses Kotane Local Municipality		
Previously-disadvantage group		

2. What type of grain are you farming?

_____
_____
_____
_____
_____
_____

3. Are you funded by Government?

_____
_____
_____
_____
_____
_____4. Why are you farming and how long have you been farming?

_____
_____
_____
_____
_____

5. What are type of risks do you experience as a farmer?

_____
_____
_____
_____
_____

6. Who are your clients? What is your market?

_____
_____
_____
_____
_____
_____

7. Do you have knowledge of agricultural export market?

_____
_____
_____
_____
_____

8. Are you using your farmland to full capacity?

_____
_____
_____
_____
_____

_____

9. Are you interested in participating in the export market?
_____
_____
_____
_____
_____
_____

10. Where do you store your crops?
_____
_____
_____
_____
_____
_____

11. how far is the storage area?
_____
_____
_____
_____
_____

12. How much is the cost and capacity of your storage?
_____
_____
_____
_____
_____

13. Is there anything you would like to add relating to this topic?
_____
_____
_____
_____
_____

14. **Demographic Questions**

Age	
Gender	
Educational level	
Family cycle	

Appendix 2.1: One-page bio of the researcher including declaration of interest in the research and funders, if any

Personal Biography

Joas Moabi Seatile Makgale was born and raised in the rural village of Bapong 2, in Rustenburg at Moses Kotane Local Municipality, North West province.

He is a professional Project Manager with over 10 years' experience in multi-discipline projects in water board, power and telecommunication sectors. He is currently running multi-million construction projects in Gauteng province.

Seatile holds BTech in Mechanical Engineering, BTech in Project Management, Post Grad diploma in Business Administration and currently studying towards Masters in Business Administration. Furthermore, he is certified Project Management Professional, a candidate professional engineering technologist and has a certificate advanced construction contract management.

Moreover, he is a founder member of a non-profit organisation that operates in rural villages around Bapong 2 in Rustenburg. The foundation assists secondary school learners with career exhibitions and also assist with entrepreneurship awareness campaigns, where different stakeholders such as NYDA, Centre for entrepreneurship and others motivate and advise upcoming entrepreneurs. The foundation has recently launched a programme where they request for electricity coupon donations to assist those who are vulnerable due to COVID-19.

The chosen research topic is influenced by the challenging situations faced by rural communities across the country. Rural communities have access to communal land which they need to utilise to make a living. However, access to market is a challenge that needs to be addressed. Rural communities have great potential to revive the country's economy.

The current study is for academic purpose only, it does not represent any organisation and it is not sponsored or funded by any.

Appendix 2.2: Ethic documentation

Consent Form

Title of project: Participation of previously disadvantaged people in exporting agricultural commodities

Name of researcher: Joas Moabi Seatile Makgale

I, …….., agree to participate in this research project. The research has been explained to me and I understand what my participation will involve. I agree with the following:

(Please circle the relevant options below).

I agree that my participation will remain anonymous YES/NO

I agree that the researcher may use anonymous quotes in his / her research report YES/NO

I agree that the interview may be audio recorded YES/NO

I agree that the information I provide may be used anonymously after this project has ended, for academic purposes by other researchers, subject to their own ethics clearance being obtained. YES/NO

…… (signature)

…… (name of the participant

…… (date)

…… (signature)

…… (name of the person seeking consent)

…… (date

Appendix 2.2: Ethic documentation