



Tropentag, September 14-16, 2022, hybrid conference

“Can agroecological farming feed the world?
Farmers’ and academia’s views”

Explaining farmers’ income via market orientation and participation: evidence from Kwazulu-Natal, South Africa

ELIAZA MKUNA¹, EDILEGNAW WALE²

¹ *University of the free state, bloemfontein, south africa, Agricultural economics, South Africa*

² *university of the free state, bloemfontein, south africa, Agricultural economics,*

Abstract

Agriculture plays a critical role in livelihoods, employment, food security, poverty alleviation, socio-economic development, and environmental sustainability in developing countries. Studies show that product market participation by smallholder farmers in developing countries is very low. This has slowed down agriculture-driven economic growth and retarded the contribution of agriculture to poverty reduction in most rural areas. Moreover, the literature on commercialisation transformation of smallholder farmers makes little distinction between market orientation and market participation. This study, examined this distinction and analysed their determinants separately. Empirical evidence is meant to inform interventions needed at production and marketing levels. In addition, the study examined if market orientation and market participation translate into smallholder farmers’ income. Using the sample of 332 farmers, the study estimated output participation index/market orientation index, and employed two-limit Tobit, and OLS regression model. The study was conducted in and around four irrigation schemes in KwaZulu-Natal. The findings show that socio-economic, institutional and production factors influence market orientation and participation differently. Moreover, cabbage farmers had a higher rate of market participation index (83 %) but very low in terms of market orientation index (38 %) suggesting that cabbage output market participation, market orientation, and farmers’ income are explained differently. The study thus provides evidence that market participation is more important in explaining cabbage income compared to market orientation. Engaged more on the market participation rather than market orientation would help to develop general market management strategy that can eventually enhance farmers’ income. This evidence calls for policy measures that focus on the concurrent interventions farmers markets such as building partnerships with the private sector and farmers’ organisations among others. Also, supporting better agricultural inputs and services, thereby improving farmers’ livelihood in growing rural areas.

Keywords: Cabbage production, farmers’ income, market orientation, market participation, South Africa