

VIEWPOINTS, PERSPECTIVES OR LETTERS TO THE EDITOR

Introduction to section

In line with international trends, the SAJEMS editorial board decided to introduce a section in the journal called: Viewpoints, perspectives or letters to the editor. We solicit submissions to this section that comprise novel concepts, ideas, or even a dialogue with either the editor or an author of an earlier paper either in SAJEMS or elsewhere. Controversial perspectives are even welcome, as long as they are presented in a constructive manner.

Submissions to this section are likely to be shorter than a conventional manuscript, varying from 1 page to approximately 2 500 words. Submissions, though not necessarily qualifying in terms of all the rigorous requirements of a fully fledged scientific contribution, will nonetheless have to

be robust and well motivated, and should be of relevance to scientific discourse and humanity. We therefore see this section as an opportunity for senior scholars to provide insight into specific issues or ideas that are unlikely, or not ready, to take the form of a full scientific manuscript. We also see this as an opportunity for students and young scholars to share their research results from a less daunting (and belligerent) platform. Also, as is the case in this issue, we would like to see interesting information and research results, which could spark further discussions, based on a small sample survey.

I would therefore wish to extend an invitation to all our readers to submit shorter, focused, robust and well-articulated views, perspectives, comments, letters or papers to this new section.

Yours truly,
James Blignaut
Editor: SAJEMS

MENTORSHIP ALLIANCE BETWEEN SOUTH AFRICAN FARMERS: IMPLICATIONS FOR SUSTAINABLE AGRICULTURE SECTOR REFORM

OO Olubode-Awosola

Department of Agricultural Economics, University of the Free State

Department of Agricultural Economics, Obafemi Awolowo University

HD Van Schalkwyk

Faculty of Natural and Agricultural Sciences, University of the Free State

Abstract

The South African government provides access to agricultural land for people not adequately represented in the agricultural sector. However, the government lacks sufficient funds and institutional infrastructure to provide post-settlement support to the settled developing farmers. A farmer-to-farmer mentorship programme between established and developing farm types has been identified as an institutional arrangement that could complement the government's efforts. However, at this stage government and other role-players lack frameworks for this type of mentorship programme. This study conceptualises a complementary mentorship alliance that is loosely structured, without the complicated legal and contractual processes involved in corporate business alliances. This alliance will hopefully lead to highly committed joint ventures in the industry in the near future. The study also provides frameworks within which the role-players could contribute to the success of mentorship programme.

JEL Q43

1 Introduction

South Africa's agricultural productivity and industry structure are the result of a long history with respect to having or not having access to farm resources and experience in farming. The structure has political antecedents, because the previous government favoured production by large-scale, capitalist white farmers who used wage labour, mostly provided by blacks (NDA, 1995, 2004a, 2004b). The structure was thus characterised by two sectors namely the white commercial farmers and black subsistence farmers.

However, the new government is committed to redressing this imbalance by means of what it calls agriculture-led Growth, Employment and Redistribution (GEAR) strategies. The strategies, within the agricultural sector, include Agricultural Black Economic Empowerment

(AgriBEE) and Land Redistribution for Agricultural Development (LRAD). Market deregulation and trade liberalisation are also being implemented to make the industry more competitive. The purpose of land redistribution is to settle blacks as commercial farmers. The policy thrust is to empower previously disadvantaged people in a competitive and sustainable environment (Jooste, Van Schalkwyk & Groenewald, 2003; NDA, 1995, 2004a).

At best, the reforms have resulted in the emergence of another dimension of a dual economy in the sector relating to the characteristics of the new entrant farmers. Compared to established commercial farmers, the emerging commercial farmers lack managerial and financial skills, capital assets, etc. Furthermore, the deregulated and liberalised market poses a threat to both farm types. There is increasing rate of farm sequestration among established commercial farmers and lack of

sustainability among emerging farmers (NDA, 2004a; Statistics South Africa, 2005). This may be attributed to the new challenges posed by trade liberalisation and market deregulation, among other things, in the economy.

For example, Swanepoel and Stroebel (2004), in a study that evaluates the empowerment policies, strategies and performance within the agricultural sector of the Free State province, report that the Free State province has an articulate and intentional framework for empowerment. However, they note a number of problems that characterise such projects. Firstly, implementation is often insufficient. Second, there is a widespread lack of experienced officials to assist the settled farmers; available officials often lack understanding of essential concepts such as commercialisation, coordination, beneficiaries, mainstream economy, small farmer development, etc. Thirdly, many projects are small in scope, which could limit their impact and adaptation to the competitive industry. Lastly, monitoring and post-settlement training for the developing farmers are lacking.

While the government lacks sufficient funds and institutional arrangements to provide post-settlement support to emerging farmers, some authors (Darroch & Mashatola, 2003; Louw, Madewu, Jordaan & Vermeulen, 2004; Vink, 2004) identify mentorship programmes between farms of the two types as a viable institutional arrangement that can complement government's reform efforts.

However, at this stage, government and other role-players lack a framework for this type of mentorship programme. For example, the general belief among role-players is that this type of programme should be voluntary (NDA, 2005).

Therefore, this study aims to contribute to a discussion of mentorship between established and emerging farmers by addressing this identified knowledge gap, namely the ways in which mentorship objectives, implementation and rewards may affect the sustainability of land reform projects. The aim of this study is to provide information that could help in designing an effective mentorship programme.

The study involves an investigation into a proposed mentorship programme and

conceptualises a mentorship alliance based on the principles of business alliance. It also highlights probable frameworks within which role-players can contribute to the success of the conceptualised alliance. This study is based on the premise that speeding up the pace of land reform can help to avoid land seizure and violent expropriation. Also, sustainable equity or wealth redistribution measures can promote stable political and socio-economic environments conducive for national economic efficiency.

2

An overview of the South African farm industry structure

Commercial, large-scale, white-owned farms dominated South Africa's agricultural industry under the previous dispensation. These farms contributed about 95 per cent of value added and utilised about 87 per cent of the agricultural land in the country. This politically inspired economy was characterised by an acute lack of markets, capital and education among black agricultural producers in the so-called homelands. Consequently, most blacks were involved in subsistence farming using the remaining 13 per cent of agricultural land (Lipton, 1989; Brand, 1992; Bromberger & Antonie, 1993; World Bank, 1994; Percival & Homer-Dixon, 1995; Kirsten, 1998).

However, recent government efforts to redress the imbalances have led to a new dichotomy, namely, between established and developing commercial farmers. *Umhlaba Wethu* (2005), an update on land and agrarian reform in South Africa, reports that at the end of that year a total of 3.1 million ha had been transferred through the various land reform programmes, of which 1.3 million ha (about 43 per cent) were transferred through the LRAD programme. The Ministry of Agricultural and Land Affairs hopes to transfer land at the rate of 2.2 million ha per year from 2006 to 2015 in order to reach the 30 per cent transfer target by 2014.

Developing farmers are expected to operate at commercial levels, but they lack a significant proportion of the resources that would enable them to operate competitively. On a national level, the established commercial white farmers

are represented by the South African Agricultural Union (Agri-SA) while the smallholder developing black farmers are represented by the National African Farmers' Union (NAFU). The two farm types are characterised briefly in the next two subsections.

2.1 Characteristics of established commercial farmers

Most established commercial farmers are reported to have high management aptitudes, which, in turn, are reported to correlate positively with their farms' general characteristics and resources. These characteristics and levels of resources include long histories of financial success, high turnover and economic viability, good socio-economic standing, and capital-intensive agricultural production and marketing facilities (Burger, 1971; Jansen, Swanepoel & Groenewald, 1972; Callow, Van Zyl, Von Back & Groenewald, 1991; Nel, Botha & Groenewald, 1998; Van Schalkwyk, Groenewald & Jooste, 2003).

Reports from Statistics South Africa (2005) of the 2002 Census of Commercial Agriculture show that (i) the number of active farm units declined by about 27 per cent from 57,980 in 1993 census to 45,818 in 2002 and (ii) the percentage contribution of field crops to total income increased from 25.5 per cent in 1993 to 30.9 per cent in 2002. Likewise, the percentage contribution of horticultural products to total income increased from 24 per cent in 1993 to 26.7 per cent in 2002. However, the percentage contribution from animals and animal products decreased from 49.8 per cent in 1993 to 39.8 per cent in 2002. Farming debt value of about R31 billion was reported at a debt ratio of about 31.4 per cent (i.e. farming debt as percentage of market value of assets). More generally, the Abstract of Agricultural Statistics (2006) shows a persistent increase in total farming debt from 1970 to 2005.

2.2 Characteristics of developing farmers

Compared to established commercial farmers, many emerging farmers lack farm resources

such as land, market access and credit and management abilities (Makhura, Goode & Coetzee, 1998). They operate below competitive levels, probably because they lack experience and were confined to subsistence operation for a long period. Their constraints include inadequate technology and lack of entrepreneurial skills, marketing infrastructure and information. For example, studies by Gouse, Pray, Kirsten and Schimmelpfennig (2005) and Raney (2006) show that these farmers are not competitive in the agricultural input market because the adoption of insect-resistant white maize varieties by these farmers is constrained because they cannot afford the cost of the seeds.

In addition, most of these farmers lack knowledge relating to the implementation of 1) production strategies, such as forward pricing of outputs, diversification of enterprises and land rental, 2) marketing strategies, such as the development of new markets, timing of access to markets, hedging of future contracts, forward contracting and spread of sales throughout the year, and 3) financial strategies, such as maintaining costs and credit reserves to meet unexpected cash flow difficulties, maintaining financial stability, etc. (DBSA, 1997; Brown, 2000; De Villiers, 2004).

Also, questionable ethics and values and low levels of management capacity reported among emerging farmers influence their business practices, making it impossible for them to establish agricultural cooperatives among themselves; such cooperatives are a viable means of sharing risk in an industry that is characterised by risk and uncertainty (DBSA, 1997; NDA, 1995). For example, Tapela (2005), in a study of joint ventures of the Hereford Irrigation Schemes comprising emerging small-scale irrigation farmers, private investors and government, observes the failure of such ventures with evidence of decreasing farm income and increasing debt among the farmers. The study suggests that such ventures, in the context of Integrated Sustainable Rural Development Programme (ISRDP) and LRAD, may be faulty in concept and implementation.

3

Problem statement

In South Africa, the present government is committed to redressing imbalances in the farming industry. However, a number of problems may hinder the sustainability of economic reform. Firstly, from the mid-90s the South African government has expended huge amounts of money on the acquisition of land for previously disadvantaged people. However, not only are funds for providing land at the target rate limited, but also proper institutional arrangements have not been made to deliver supports to land reform beneficiaries (DBSA, 1997). Where such services are delivered, they are provided on an *ad hoc* basis and focused on smallholder emerging farmers. The effect of this support is, at best, marginal for emerging farmers, while established commercial farmers feel marginalised in a more liberal market (World Bank, 1994; Makhura, 1994; NDA, 1995, 2004a).

To improve farming skills among emerging farmers who find it difficult to cope with evolving and challenging production and marketing environments, a voluntary farmer-to-farmer mentorship programme between the two types of farmers has been initiated, and is being promoted by concerned stakeholders and the government. At this stage, the government is requesting frameworks for voluntary mentorship programmes (NDA, 2005).

However, at a recent Senwes-organised workshop on BEE (held in April 2005) where mentorship programmes were considered, some speakers referred to the need for not only moral and political, but also economic and business imperatives in the South African economic policy reform if programmes and projects are to succeed. Specifically, the need to reward mentorship efforts was mentioned. Some individual prospective mentors indicated that they and the people they were mentoring were uncertain of mentorship objectives under the voluntary framework.

To this end, the objective of this exploratory and concept development study is to suggest what prospective mentors have to offer to

satisfy the needs of developing farmers; how should the mentorship programme operate and should mentors' efforts be rewarded? Answers to these questions could help each stakeholder to contribute in a more significant way to the success of South African economic reform.

4

Problems and prospects of a mentorship programme

One feasible institutional arrangement by which the economic reform efforts of the South African government could be complemented is a mentorship programme. However, a number of problems may prevent such mentorship programmes from occurring voluntarily as envisaged by the role-players.

Firstly, most of the government's strategies as embedded in the BEE framework, especially the AgriBEE schemes, are perceived by civil society to exclude and discriminate against commercial white farmers (NDA, 1995). Secondly, the perception that agriculture is becoming less profitable, while debt and insecurity are increasing and transformation is slow, may discourage emerging farmers from exploiting the mentorship of experienced colleagues in the industry. Thirdly, the perception that established agriculture is dominated by a racial group is detrimental to the potential of mentorship alliances. Related to this is an exaggerated sense of the threat of marginalisation and neglect among established farmers. This problem is evident in the stereotype that certain racial groups may not make good farmers (NDA, 1995; Brown, 2000).

However, despite these threats to the potential of a successful mentorship programme among South African farmers, prospects for success abound. These can be seen in the strengths of South African commercial farmers. Their many years of experience are worth exploiting in developing the skills of emerging farmers.

Concerted efforts have been made by private stakeholders, banks, NAFU and business groups to work towards a mentorship programme between the two types of farm (Sandstone Agriculture News, 2004). Furthermore, the

government is positive towards reform and minority political parties have indicated their willingness to join the government in the reconstruction of the nation (NewsHour, 2004). The government has identified a skills shortage in the agricultural sector and is in the process of promoting mentorship programmes, specifically by means of the National Skills Development Strategy 2005-2010 and the AgriBEE framework (NDA, 2005).

Though the situation in South Africa is complex, there have been a few cases of black workers and white managers sharing property and jointly managing farms. Some black settlers have also retained white farmers as managers after land transfer (NewsHour, 2004). Some commercial banks are in the process of requiring mentorship between an experienced commercial farmer and emerging farmers as a prerequisite for crop insurance and credit services to emerging farmers, as a means of reducing risk. Specifically, the Land Bank's Social Discount Product promises commercial farmers lower interest rates on borrowing if they become involved in mentorship programmes (Gerry, 2003; NewsHour, 2004).

These events can be seen as signs of future success, not only in land reform but also the success and sustainability of its impact in South Africa. Trends and opportunities could be investigated and further promoted by support for new farmers from institutions, government and public-private-partnership (PPP). This could also hasten land reform.

5

Conceptual framework

Business alliances come in various forms of partnership, which often involve cooperative or mutual agreements between two or more firms (Hill, 2005). Most partnerships are formed between firms to achieve corporate objectives (Morgenson & Harvey, 2002). The most appealing definition in the context of this paper is that of Dobb, Simkin, Pride and Farrell (2001), namely, a partnership that will transform South African agriculture into a more efficient and competitive sector in the global economy.

Partnerships are necessary because of the competitive global economy, rapid produce cycles, capital constraints and advances in technology, which prevent a single firm from maintaining market share or expanding markets (Stanek, 2004). Sarkar, Echambadi, Cavusgil and Aulakh (2001) postulate that an alliance is necessary when the partners:

- i. have similar characteristics in certain dimensions;
- ii. have different characteristics in different dimensions;
- iii. have different resource and capability profiles, and
- iv. share similarities in their social institutions.

Sarkar *et al.* (2001) further stress that, for the alliance to succeed, partners must pursue the objective simultaneously. The empirical results of the study by Sarkar *et al.* (2001) into the performance of alliances suggest that complementary resources and compatible cultural and operational norms between partners help to create values in alliances.

If each partner is to pursue the partnership's shared aims, its objectives must be clearly identified and an operational process established for the mentorship alliance. Examination of the conditions that make alliances necessary, the basic elements of business alliances and the characteristics differentiating the two groups of South African farmers, all discussed above, clearly suggests that mentorship alliance between the farm types could be a viable institutional arrangement that would complement the current government's economic reform efforts.

6

Empirical investigation

This study examines present efforts and proposed mentorship programmes, using case study analysis and interviews with key informants, including prospective mentors and key role-players in the mentorship programme. Both the interviews and case studies deal with the objectives, implementation and possible rewards of mentorship.

The Free State is one of South Africa's nine provinces and one of the country's leading agricultural producers, with considerable agricultural resources (Swanepoel & Stroebel, 2004; NDA, 2004a). An overview of the country shows evidence of mentorship in the Free State Province only; this mentorship is however limited and in the pilot stage at the time of this study.

6.1 Pilot and proposed mentorship programme

The key informant interview is a useful tool for exploratory surveys and for conducting socio-economic inventories of resource availability and management in farming communities. The technique has the advantage of being relatively rapid and inexpensive (Dvorak & Izac, 1996). Key informant interviews and discussions were used in this study to gather information about clarity of objectives, implementation and possibility of reward in the mentorship programmes proposed by the government and private initiatives.

An experienced extension agent, who is also a project manager, was interviewed as a key informant to provide information on the government's strategic plan for mentorship. Senwes is a private organization that acts as role-player and service provider in offering support to settled farmers, and so another key

informant interview and discussion was carried out with a Senwes agricultural services manager to determine his opinion about mentorship practices and obtain an overview of the proposed mentorship programme. The interviews are summarised in Boxes 1 and 2.

6.2 Case study

Telephonic interviews were used to conduct case studies of Senwes' enlisted mentors. Case studies are particularly useful in studies with relatively few respondents. The key researcher introduced himself and the other colleague in the study to the respondents. The purposes of the study were explained to the respondents, and they were told how they were selected for the case study. Efforts were made to make the interviews as neutral and void of leading questions as possible.

One farmer interviewed claimed he had not officially assumed the responsibility of a mentor. He considered himself to be merely assisting neighbouring emerging farmers. Two farmers had given Senwes an indication of interest in the mentorship programme, but were not yet linked to any emerging farmer as mentor. The last farmer, however, is engaged with a group of emerging farmers and so his experience was thoroughly interviewed. This interview is summarised in Box 3.

Box 1

Summary of the interview with a key informant from the government

Key Informant 1

There was no government organised mentorship programme in place when this research was conducted. Instead, non-formal training programmes were operating, in which government subject-matter specialists and extension agents dispense their services to farmers in general. In the Province and at national level, however, government is in the process of developing a farmer-to-farmer mentorship programme package as part of the strategic plan for agriculture for the years 2004-2006.

This plan has not been finalised, but the objective of the farmer-to-farmer mentorship programme is to establish a link between emerging commercial and established commercial farmers for the purpose of skills transfer from the latter to the former. The programme will be coordinated at district level within each province. Government will identify a group of emerging commercial farmers that can be linked to an established and experienced commercial farmer, with whom they can share technical experience. A study group will be organised by the farmers to share knowledge about the

economics of farming. The farmers will be expected to visit one another's farms to share practical experience and farm demonstrations. However, the criteria for selecting a mentor farmer are still being debated among policy makers, as some believe that retired commercial farmers should be engaged in the process.

The intention is to link about 27 emerging farmers to a mentor farmer. The means to evaluate progress have not yet been established in the government plan. However, it is believed that the rate of increase in the number of emerging farmers linked to mentors and their rates of success could be an indication of progress. The programme currently being designed is expected to be voluntary and reward is expected to be recognition of the mentors by the government at annual speeches by ministers or other government officials.

However, for this arrangement to work, government hopes that mentors will cooperate by their willingness to share time and experience with emerging farmers. Emerging farmers are expected to respond to and avail themselves of the opportunity; the Departments of Agriculture are expected to update policy relevancy, implementation and dissemination of information. The banks are not yet considered in the plan. The Departments of Land Affairs are expected to disseminate information about new settlers as soon as possible for immediate linking to mentor farmers. Cooperatives are expected to develop among farmers, to help in the referral and linking of farmers to the mentorship programme.

This key informant believes that farmers should be linked without undermining the roles of extension agents and that mentorship linking is only necessary when there are insufficient extension agents available to help emerging farmers.

Source: Authors' field survey, 2005

Box 2

Summary of the interview with a key informant from SENWES

Key Informant 2

Senwes is also in the process of developing a strategic plan for a mentorship programme. Senwes has what could be categorised as an experimental mentorship programme that is currently operating mainly in the Free State Province. In its plan, Senwes hopes to attach mentors to a group of emerging farmers for the purpose of transferring technical and management skills from the latter to the former. It is expected that, for cash crop enterprises, the group will meet on a seasonal basis. However, for livestock enterprises, the group is expected to meet annually as most livestock enterprises have an average life cycle of at least one year.

Mutual understanding between the farmers, especially regarding diverse cultural and business practices, is deemed a prerequisite for the success of the programme. A group of not more than ten farmers making up a household or commonage is expected to be attached to a mentor. However, where emerging farmers represent individual farm units, a group of at most eight emerging farmers to a mentor is ideal.

Monitoring of progress and dispute resolution is expected to be carried out by a third party, namely Senwes. Stakeholders such as banks are expected to approve more of the applications for operating loans from emerging farmers who are linked to a mentor, as mentorship is expected to reduce the risk of the enterprise. It is also expected that the Provincial Department of Agriculture will clarify the role of mentors to the extension agents, to avoid misrepresentation or conflict of advice given by extension agents and mentors respectively. Reward for mentoring is at the discretion of the mentors and emerging farmers. However, it is expected that transportation costs associated with mentoring exercises will be covered, but who will pay them is an issue still to be resolved. This key informant

observes failures in the arrangement so far which could be related to difficulties associated with the identification of suitable mentors and the time that this involves.

Presently there are about four mentors in the Senwes mentorship programme list. These are all experienced farmers who have experience and knowledge of mentorship. These farmers were interviewed and the results are reported in the next section.

Source: Authors' field survey, 2005

Box 3

Summary of the case study interview with a mentor

Case-Study: De Boer*

Mr De Boer is a 32-year-old professional commercial farmer and the chairperson of the Young Farmers Association in a district of the Free State. He grew up in a farm household. He has about nine years of full-time experience in commercial farming on about 1500 ha, of which about 350 ha is grazing land. He has also spent about 11 years acquiring academic qualifications in agriculture, specifically agricultural economics.

He is engaged as a volunteer in the Senwes organized mentorship programme. Presently he assists a group of 28 LRAD, commonage emerging farmers who have about 150 ha of farmland. He attends to these farmers on a weekly basis, either on his farm or in a designated centre, sharing with them his entrepreneurial, farming and risk management skills and practices.

These emerging farmers have high expectations of De Boer as regards information relating to marketing opportunities and agronomy. De Boer enjoys the mentorship programme with these farmers, yet he expects a measure of reward for the time he spends helping them. He expects this reward in the form of a share of the profit accrued to these farmers' projects, or in the form of an input subsidy from the government.

De Boer mentions a number of problems that have prevented his mentorship efforts from yielding tangible fruit or encouraging other commercial farmers to become involved in the programme. One is that the emerging farmers do not have operating cash. They only keep a few cattle on their farmland. De Boer has helped them to develop business plans for growing maize, wheat, etc., with which they can secure loans from commercial banks. However, the banks could not approve these applications because the land was not registered in the farmers' names but was sublet to them by the original LRAD beneficiaries.

In spite of this experience, De Boer is positive about the mentorship programme and he feels that other commercial farmers would be very willing to become involved. However, the general problem is that the commonage arrangement does not encourage business attitudes in the settlers. In some cases, the land area is too small for the number of settlers, preventing each member of the commonage from having an economic unit of production.

To ameliorate some of these problems, De Boer expects the government to develop a viable and business-oriented land transfer programme for effective mentorship. He believes this will encourage banks to grant operating capital to emerging farmers, especially if the farms are of commercial size and individual farmers can be identified, rather than the communal arrangement of land ownership.

Source: Authors' field survey, 2005

Note: *De Boer is a pseudonym used to ensure anonymity and confidentiality

7

The conceptualised mentorship alliance and the frameworks

7.1 Complementary mentorship alliance

Analysing the case study and key informant studies suggests that mentorship alliances between the farm types may not be as voluntary as government or other role-players propose. Rather, the mentorship conceptualised in this study is a complementary mentorship alliance, which is expected to be loosely structured without the legal and contractual processes involved in corporate business alliances. The alliance is expected to be simple but to involve three of the key elements of a successful partnership, namely identifying clear objectives, establishing an operational process and establishing a measure of reward.

The established commercial farms could provide complementary mentorship to the developing farms, in the form of addressing specific areas where both farms experience the same strengths and weaknesses. By doing this, the established farms would not only complement the developing farms' contribution to the industry but also strengthen the industry's productivity and thus the nation's competitiveness in the global economy. The mentorship alliance will hopefully form a foundation for highly committed joint ventures in the industry in the future.

Much more importantly, if an alliance is to be achieved, an enabling environment and forum must be created. Such environments are highlighted under different possible frameworks including that which allows spontaneous formation of partnerships.

7.2 Frameworks

7.2.1 Moral persuasion

The South African economic reform measures, especially trade liberalisation and market deregulation, put all farmers in a position where each farmer has had to adapt in order to reach or maintain a strong position in the economy.

In addition, the impact of BEE places further pressure on established commercial farmers who need moral persuasion not only to cooperate with government's BEE initiatives but also to sacrifice some resources to complement the government's economic reform efforts. Although the case studies conducted in this study are few in number, they do seem to indicate that, at farm level, a number of farmers may be willing to mentor developing farmers.

Prospective mentors might be persuaded to view mentorship as good neighbourliness; for example, a prospective mentor could tell his neighbouring farmer how to set his planter correctly. On the other hand, it may also be worthwhile conscientising the developing farmers about making use of such opportunities, should they arise. They should be persuaded to learn as much as possible from successful neighbouring farmers.

Social events such as Farmers' Day should be supported and organised more frequently by the government and other public service providers. At such events, prospective full-time mentors could be more easily identified, which would enable the government to implement a more formalised arrangement.

While this framework may lack a strong economic base, it suffices to stress that sustained national economic efficiency depends on equity. If equity is not consistently pursued, successes may not be sustainable.

7.2.2 *Changes in social structure and societal attitude*

Inductive examination of the possible problems and prospects of the mentorship programme may suggest that more than policy reforms is required for restructuring the farm industry and achieving competitiveness, especially in the South African context. Changes are needed in social structure and societal attitudes because these concepts form ideological barriers to the successful implementation of policy reforms.

The prospects for mentorship among farmers must be encouraged and exploited. To match the extensive management skills and many years of experience among established commercial farmers with the latent demand for such experience among the developing farmers

an environment and forum should be created to allow the two farm types to identify with each other. This identification will specifically address the needs of developing farmers by utilising appropriate mentors thereby making the objectives of the mentorship programme comprehensive.

This should also eliminate problems for the government and role-players in identifying the right mentor for the right developing farmers. Identification between mentors and developing farmers could also give rise to a market-determined reward system for mentorship, which would encourage both types of farmer to commit themselves to the mentorship alliance. If there is a reward for mentors proportional to demand for and supply of such mentorship, this could lead to measurable progress in mentorship programmes, which could translate to progress in reform.

Such an enabling environment and forum for farmers' identification and for fair play of market forces could be created by the three main role-players namely, Agri-SA, NAFU and the Department of Agriculture. Other stakeholders and groups, such as non-governmental organisations (NGOs), community-based organisations (CBOs), and the media, could also create such enabling environments. Forums could include enterprise-specific intra- and inter-cooperatives, unions and associations, farm exhibitions, seminars, workshops, etc which would bring South African farmers together. The forums should avoid discrimination on the base of political or racial class and differentiation according to size of business operation, because these would further widen the gap between prospective mentors and developing farmers.

7.2.3 Mentorship alliance with limited public service

A paradox in the theory of public investment is that projects, which most economists agree ought to be public, usually fail (Fisher, 1995). Therefore, the mentorship conceptualised in this study should have limited intermediary or third-party intervention such as government or other public service provider intermediation or transfer payment. The potential problem in

third-party intermediation or transfer payment is that, if the government or another public service provider is obliged to reward mentorship, developing farmers may demand too many services and mentors too many rewards, thereby increasing public transfer payments at a lower efficiency level.

Therefore, it is proposed that government or other public service providers should commit resources to the mentorship programme, but that the objective should be not only equity in terms of land acquisition but also in terms of efficiency and productivity improvement. Thus, mentors and developing farmers should be allowed to identify each other in a market-driven manner. It may be sufficient to simply promote open communication between commercial farmers, developing farmers and the government.

7.2.4 Mentorship within broad-based BEE

As commercial farmers still struggle with BEE because of lack of knowledge about correct procedures, mentorship alliances with developing farmers could be a means of scoring in the broad-based BEE measurement. The broad-based BEE gives more flexibility to commercial farmers to contribute to BEE, not only by offering to sell pieces of land to settled developing farmers but also by empowering developing farmers in a number of ways such as preferential procurements, training and capacity development. Established commercial farmers can therefore become more aware of their lack of BEE status, which could motivate them to be involved in a mentorship alliance to improve their BEE status and scores.

7.3 Conclusion and policy recommendations

A mentorship programme between the two farm types has been identified as a means through which the stakeholders in the South African farm industry can complement the government's economic reform efforts. Such a programme can also help to alleviate some of the problems and challenges created by reform, which affect not only farmers but also the nation as a whole. This study offers conceptual frameworks for effective mentorship programmes.

The study empirically examines pilot mentorship programmes and confirms that knowledge and consensus currently tend to be lacking among Free State farmers about the objectives, implementation and rewards for mentorship. A theoretical perspective for enhancing the mentorship programme between emerging and established farmers was developed. The mentorship is expected to be complementary and loosely structured, without the complicated legal and contractual processes involved in corporate business alliances. However, it is hoped that the alliance would be a precursor for highly committed joint ventures in the industry.

To enhance this mentorship alliance, a number of frameworks could be explored to provide enabling environments and forums for this type of alliance. This could encourage relationships and collaboration between established and emerging farmers, thereby creating spontaneous and market-driven mentoring relationships.

This kind of environment and forum will enable emerging and established farmers to identify themselves and the need for mentorship. This identification will specifically address the needs of emerging farmers by utilising appropriate mentors, thereby making the objectives of the mentorship programme comprehensive. This will also eliminate problems for the government and role-players in identifying the right mentor for the right emerging farmer. Identification between mentors and emerging farmers could also give rise to a market-determined reward system for mentorship, encouraging both types of farmer to commit themselves to the mentorship alliance. If there is a reward for mentors proportional to demand for and supply of such mentorship, this could lead to measurable progress in mentorship programme, which in turn could translate to progress in reform.

Enabling environments and forums for identification between farmers and for fair play of market forces could be created by the three main role-players, namely Agri-SA, NAFU and the Department of Agriculture. Other stakeholders and groups, including NGOs, CBOs and the media could also create enabling environments, such as enterprise-specific intra-

and inter-cooperatives, unions and associations, farm exhibitions, seminars and workshops, as mentioned above, which could help bring South African farmers together. The forums should avoid discrimination, and producers or traders associations that are multi-racial and multi-cultural should be encouraged.

Therefore, a successful mentorship programme needs not only social and moral imperatives but also an economic imperative. Farmers' confidence in the South African farm industry must also be maintained. The government needs to work at maintaining this confidence, and established commercial farmers at finding a good position in this transformation process.

South Africa's previous agricultural economy was characterised by high efficiency but a lack of equity. The present government's efforts could lead to "equity of possession" i.e. land acquisition, which may reduce regional and national economic efficiencies. However, extending equity beyond this "equity of possession" to incorporate equity of efficiency development i.e. equity of productivity between farm types, will increase both regional and national economic efficiencies. This in turn may increase business rivalry and formalised contractual alliances, which will further improve efficiency. When this stage is reached, any shock to the national economic efficiency should hopefully not stem from equity or political issues but from macro-economic variables which will increase efficiency.

Acknowledgement

The authors gratefully acknowledge the financial assistance from African Economic Research Consortium to present the earlier version of this paper, and the useful comments from participants, at the 26th International Association of Agricultural Economists Conference, held between 12 and 18 August 2006 at the Gold Coast Convention and Exhibition Centre, Queensland, Australia.

All views, interpretations, conclusions and recommendations expressed in this paper are those of the authors and not necessarily those of supporting, cooperating or mentioned organisations. The mention or omission of a

specific organization, their services or products or brand names does not imply any endorsement of or judgment by the authors or publisher.

References

- 1 ABSTRACT OF AGRICULTURAL STATISTICS (2006) The Directorate: Agricultural Information Services, National Department of Agriculture: Pretoria.
- 2 BRAND, S.S. (1992) "What role should government play in agriculture in the new South Africa?" *Development South Africa*, 9(2): 229-233.
- 3 BROMBERGER, N. & ANTONIE, F. (1993) "Black small farmers in the homelands", In *State and Market in Post-apartheid South Africa*, Lipton, M & Simkins, C. (eds.) Witwatersrand University Press: Johannesburg.
- 4 BROWN, L.R. (2000) "In search of a systems model for the decision-making behaviour of first-generation Black commercial farmers in the Border-Kei region of the Eastern Cape Province", Unpublished research thesis, University of Fort Hare: Alice.
- 5 BURGER, P.J. (1971) "The measurement of managerial inputs in agriculture II: The construction and evaluation of a scale", *Agrekon*, 10(3): 26-28.
- 6 CALLOW, A.; VAN ZYL J.; VON BACK, S.H.J. & GROENEWALD, J.A. (1991) "n Empiriese gevallestudie van bedryfsgroottevoordele in die Vaalhartz-besproeiingsgebied", *Agrekon*, 30(4): 210-214.
- 7 DARROCH, M.A.G. & MASHATOLA M.C. (2003) "Sugarcane growers' perceptions of a graduated mortgage loan repayment scheme to buy farmland in KwaZulu-Natal, South Africa", *International Food and Agribusiness Management Review*, 5(4) 10pp.
- 8 DBSA (1997) "Farmer support programme revisited: partnership in the economic survival strategies of the poor", *Development Bank of Southern Africa Discussion Paper No. 3*: Halfway House, Johannesburg.
- 9 DE VILLIERS, R. (2004) "Chasing the dream", *Farmers' Weekly*, 7 May: 54-55.
- 10 DIBB, S.; SIMKIN, L.; PRIDE, B. & FERRELL, O.C. (2001) *Marketing: Concepts and Strategies*, (4th European ed.) Houghton Mifflin: Boston.
- 11 DVORAK, K. & IZAC A.M. (1996) "Exploratory surveys in research planning", *IITA Research Guide* 28, (3rd ed.) International Institute for Tropical Agriculture (IITA): Ibadan.
- 12 FISHER, A.C. (1995) "A paradox in the theory of public investment" In *Environmental and Resource Economics: Selected Essays*, Fisher, A.F. Hartnolls: Bodmin.
- 13 GERRY, P. (2003). "Mentoring new managers", *Farmers' Weekly*, 11 July.
- 14 GOUSE M.; PRAY, C.; KIRSTEN, J.; & SCHIMMELPFENNIG, D. (2005) "A GM subsistence crop in Africa: The case of Bt white maize in South Africa." *International Journal of Biotechnology*, 7: 84-94.
- 15 HILL, C.W.L. (2005) *International Business: Competing in the Global Marketplace*, McGraw-Hill: Irwin.
- 16 JANSEN, A.A.; SWANEPOEL, G.H. & GROENEWALD, J.A. (1972) "The measurement of managerial inputs in agriculture. IV: Application with business results", *Agrekon*, 11(2): 5-14.
- 17 JOOSTE, A.; VAN SCHALKWYK, H. & GROENEWALD, J.A. (2003) "South African agricultural and international trade." In *The Challenge of Change: Agriculture, Land and the South African Economy*, Nieuwoudt L. & Groenewald, J.A. (eds.) University of Natal Press: Durban.
- 18 KIRSTEN, J (1998) "How government policy is taxing South African agriculture: Outlook", *Farmers Week*, 88049: 30-31.
- 19 LIPTON M. (1989). *Capitalism and Apartheid: South Africa, 1910-86*, David Philip: Cape Town.
- 20 LOUW, A.; MADEWU, H.; JORDAN, D. & VERMEULEN, H. (2004) "Regoverning markets: Securing small producer participation in restructured national and regional agri-food systems", *Republic of South Africa Country Reports Prepared for the International Institute for Environment and Development (IIED)*. IIED: London.
- 21 MAKHURA, M.T. (1994) "Theoretical and econometric models of commercialization behaviour of households in the developing areas of South Africa", Unpublished M.Sc. thesis. State College, Pennsylvania State University: Central Pennsylvania.
- 22 MAKHURA, M.T.; GOODE, F.M. & COETZEE, G.K. (1998) "A cluster analysis of commercialization of farmers in developing rural areas of South Africa", *Development Southern Africa*, 15(3): 429-448.
- 23 MORGENSON, G & HARVEY, C.R. (2002) *The New York Times Dictionary of Money and Investing: The Essential A-to-Z Guide to the Language of the New Market*. Henry Holt: New York.

- 24 NDA (NATIONAL DEPARTMENT OF AGRICULTURE) (1995) *National Department of Agriculture White Paper on Agriculture*, ISBN 0-621-16111-X, NDA: Pretoria.
- 25 NDA (NATIONAL DEPARTMENT OF AGRICULTURE) (2004a) Abstract of Agricultural Statistics, The Directorate: Agricultural Information Services, NDA: Pretoria.
- 26 NDA (NATIONAL DEPARTMENT OF AGRICULTURE) (2004b) *National Department of Agriculture Quarterly Agricultural Economic Review and Forecast*. 1(1).
- 27 NDA (NATIONAL DEPARTMENT OF AGRICULTURE) (2005) National Department of Agriculture Budget vote address by Minister for Agriculture and Land Affairs, Ms. Thoko Didiza, National Assembly: Issued by Ministry of Land Affairs, <http://www.ndp.agric.za> (Accessed 7 April, 2005).
- 28 NEL, G.P.; BOTHA, C.A.J. & GROENEWALD, J.A. (1998) "Managerial ability and farming success: An analysis of small farmers at the Makatini Scheme", *South African Journal of Agricultural Extension*, 27: 45-60.
- 29 NEWSHOUR. (2004) "Land redistribution in Southern Africa – Dispatch from South Africa posted April 14, 2004." www.pbs.org/newshour/bb/africa/land/q-n-a.html (Accessed April 14, 2004).
- 30 PERCIVAL, V. & HOMER-DIXON, T. (1995) "Environmental scarcity and violent conflict: the case of South Africa. Part 1, *Occasional Paper: Project on Environment, Population and Security*. American Association for Advancement of Science and the University of Toronto: Washington, D.C.
- 31 RANEY, T. (2006) "Economic impact of transgenic crops in developing countries." *Current Opinion in Biotechnology*, 17: 1-5.
- 32 SANDSTONE AGRICULTURE NEWS, (2004) "The National African Farmers Union of SA and Sandstone Estates Join Hands: Press Release: 3 August 2004 AGN4." <http://www.sandstone-estates.com/agriculture/news/agn4/agn4.html> (Accessed 3 August 2004).
- 33 SARKAR, M.B.; ECHAMBADI, R.; CAVUSGIL, S.T & AULAKH, P.S. (2001) "The influence of complementarity, compatibility, and relationship capital on alliance performance", *Journal of the Academy of Marketing Science*, 29(4): 358-373.
- 34 STANEK, M.B. (2004) "Measuring alliance value and risk: A model approach to prioritising alliance projects", *Management Decision*, 42(2): 182-204.
- 35 STATISTICS SOUTH AFRICA (2005) "Census of commercial agriculture 2002 Financial and production statistics", *Report number 11-02-01* (2002), Statistics South Africa: Pretoria.
- 36 SWANEPOEL, F. & STROEBEL, A. (2004) "The evaluation of empowerment policies, strategies and performance within the agricultural sector – Free State Province", *Final National Department of Agriculture Report*, Directorate Research Development, University of the Free State: Bloemfontein.
- 37 TAPELA, B.N. (2005) "Joint ventures and livelihoods in emerging small-scale irrigation schemes in Greater Sekhukhume District: Perspective from Hereford", University of Western Cape, *Research Report* No. 21, Programme for Land and Agrarian Studies: Cape Town.
- 38 UMHLABA WETHU (2005) "A quarterly bulletin tracking land reform in South Africa, November, 2005, (4th ed.) www.uwc.ac.za/plass (Accessed November, 2005).
- 39 VAN SCHALKWYK, H.; GROENEWALD, J.A. & JOOSTE, A. (2003) "Agricultural marketing in South Africa", In *The Challenge of Change: Agriculture, Land and the South African Economy*, Nieuwoudt, L. & Groenewald, J.A. (eds.) University of Natal Press: Durban.
- 40 VINK, N. (2004) "South African agriculture: 10 years after democracy Part 2", Paper read at the AFMA's 57th Annual General Meeting, 10 September: Cape Town.
- 41 WORLD BANK, (1994) "South African agriculture: structure, performance and options for the future", *The World Bank, Southern Africa Department Discussion Paper*, 6, World Bank: Washington, DC.