

**ESTABLISHMENT OF PARTNERSHIPS BETWEEN SUPERMARKETS AND HORTICULTURE
IRRIGATION COOPERATIVES IN MT DARWIN, ZIMBABWE:
A CASE STUDY OF DOTITO - MUCHENJE IRRIGATION**

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ABSTRACT

Most horticulture irrigation cooperatives in Zimbabwe are failing to establish strong relationships with supermarkets. Instead, commodity brokers buy the fresh produce from the irrigation cooperatives and sell at a profit to the supermarkets. The research sought to find out reasons why there are weak links between the supermarkets and horticulture irrigation cooperatives and ways in which these relationships can be improved. A case study of Dotito - Muchenje cooperative, located in Mt. Darwin, Zimbabwe, was carried out. Data was collected from 30 farmers through questionnaires. Interviews and field observations at the irrigation cooperative were made to complement data collected through questionnaires. Key information was obtained from officials in the Department of Irrigation in the Ministry of Agriculture Mechanism and Irrigation Development. Interviews were carried out with 10 supermarkets in Bindura and Mt. Darwin towns, the nearest towns to the scheme. The research findings show that the weak links between the cooperatives and supermarkets are predominantly caused by the lack of marketing skills on the part of cooperatives and excessive marketing costs. There is need for management in the cooperatives to improve governance methods and women representation in decision making.

Keywords: Cooperatives; Supermarkets; Marketing

INTRODUCTION

In Zimbabwe, the majority of the irrigation cooperatives are traditional member-based, whereby members have full control of the cooperative and each member is allocated a portion of land. The members usually market their produce individually rather than collectively. However, in Zimbabwe, most farmers in horticulture irrigation cooperatives have weak links with supermarkets. They supply their produce to supermarkets occasionally, yet there is potential for them to supply in larger quantities. Most supermarkets demand a significant amount of fresh produce and have to rely mainly on commercial farmers to supply them. One of the reasons why irrigation cooperatives shun supermarkets is that selling to supermarkets is not as easy as selling to open markets. The farmers who seek to market their produce to supermarkets face some barriers to entry, such as high marketing cost, failure to meet expected volumes, and inability to consistently

supply large quantities as well as high quality produce for the market. This results in the bulk of their horticultural produce being marketed in the informal sector, as indicated by Acquah and Masanzu (1997). The cooperatives are, therefore, not realizing maximum possible profit when selling their produce as they mainly supply local communities and traditional central markets in towns, where there is stiff competition and low returns.

Government is involved in the cooperative sector in Zimbabwe by providing mainly technical support through Agricultural Extension (AREX) Department and the Department of Irrigation. These government institutions ensure that best practices are followed in irrigation. According to Reardon (2004), governments need to be aware of the opportunities and challenges facing cooperatives. They need to put in place programs that will help cooperatives to upgrade their pre- and post-harvest practices in order to meet the requirements of supermarkets to the advantage of the cooperatives, consumers, and retailers. However, inadequate funding remains the main challenge that the horticulture irrigation cooperatives face in Zimbabwe. Other irrigation cooperatives are supported by external organizations, such as the European Union, and such cooperatives face less financial constraints.

According to Doole and Lowe (2001), small holder farmers, such as horticultural cooperatives, can enjoy several advantages if they engage in supermarkets. They enjoy security, since supermarkets give reliable and predictable ordering, and they get an opportunity to learn from these supermarkets in terms of strategic and operational management, purchasing, and efficiency. They focus on production and technical issues rather than being diverted by the need to analyze market changes, customers, and competition. Horticulture irrigation cooperatives, like Dotito Muchenje, can increase their market share in addition to getting fair values for their produce if they strengthen their partnerships with supermarkets. This helps them to realize economies of scale and high quality produce.

Farmers that are able to access supermarkets, enjoy a high degree of security in selling to the supermarkets, which are known for being consistently responsible and professional in making payments, according to Mainville (2003). The high-value market, created by the supermarkets, is of benefit to small farmers, who traditionally supply to open markets where prices are depressed. In traditional markets, the farmers sell their produce to agent middlemen at very low prices, who in turn sell directly to consumers at higher prices, making a profit higher than that of farmers. Thus, the farmers get less for their products than the middlemen

Irrigation cooperatives can avert high competition in traditional markets and realize better returns for their produce with supermarkets. Due to globalization and urbanization, an ever-increasing number of city dwellers in Zimbabwe depend on supermarkets rather than traditional markets, as their main food source. According to Burch and Goss (1999), fresh produce is regarded as a strategic area by supermarkets as it is one of the few product lines that can persuade consumers to shift from one supermarket chain to another. Fresh produce is a key item in competition for market share by supermarkets. Irrigation cooperatives can take advantage of this scenario and supply the supermarkets. Weatherspoon and Reardon (2002) postulate that the emergence of supermarkets in the food retail sector is an opportunity for small suppliers in the food chain, providing high quality graded products. Irrigation cooperatives can benefit more if they produce high quality products and add value to them.

Even though supermarkets provide a better market, some supermarkets have standards of how products should be grown, harvested, stored, and transported. Dolan, Humphrey, and Harris-Pascal (1999) postulates that the perception of supermarkets is that smallholders find it difficult to meet process controls, such as food safety and pesticide regulations. Farmers in irrigation cooperatives are unable to meet high marketing costs thus, they usually transport the highly perishable produce in open, non-refrigerated trucks and usually the produce is left exposed to the sun, which causes deterioration of quality. As Reardon and Berdegue (2002) explain, supermarket procurement practices, including quality and safety standards, packing and packaging are an important challenge for the farmers, The Horticultural Promotion Council of Zimbabwe has been established to introduce bench-mark standards as a way to promote ethical production in the horticultural sector.

However, according to Kohls and Uhl, (1985), it is important for farmers in irrigations to consider whether or not they should perform additional marketing functions for their produce. The reason is that there is no guarantee that there will be more profit to those assuming additional marketing functions, even when the functions are known as profitable. Horticulture farmers, thus, need to be careful not to take too much time off the fields while marketing. The marketing efforts should reach a point where they are adequate. A study by Navarrete (2009) emphasizes the importance of understanding the relationships between farming practices and marketing channels so that the process of marketing does not become an impediment to farming efforts.

Performance Indicators for Irrigation Schemes

Irrigation cooperatives that are performing well in Zimbabwe have market diversification and stronger partnerships with supermarkets and other retail outlets. They have efficient governance structures and members control the activities. The growth of the cooperatives ensures improved livelihoods. Such cooperatives have more bargaining power when selling as they have good quality produce, homogeneity of products, and branding. There is commitment of members and consideration of gender issues in the cooperatives.

Governance and Cooperative success

According to Shaw (2006), democratic governance is a key factor for success in the African cooperatives. Democratic governance is necessary for irrigation cooperatives in Zimbabwe as it allows all members to bring out the best ideas rather than for the leaders to dictate their views every time. This allows for diverse ideas to be put forward. Good governance practices, such as transparency, democratic governance, internal accountability, and control can effectively reduce decision making costs. Pollet and Develtere (2004) recognize that the different cooperative stakeholders have to find ways of understanding each other in order to minimize decision making costs.

Proceedings Report of the Corporate Governance and Cooperatives Peer-Review Workshop (2007) revealed that governance problems that cooperatives face account for their poor reputation and neglect by policy makers and the wider public. Thus, good governance is important for cooperative success. There are several governance problems faced by cooperatives in Zimbabwe. The common ones are misunderstanding on the role and mission of the cooperative, fight for power, low capacity in decision making by leaders, weak oversight of issues, poor control mechanisms, and failure to link objectives to the market environment.

Gender and Cooperative success

Gender consideration is another factor that leads to the success of cooperatives in Africa. According to an ILO - ICA perspective on gender issues in cooperatives (1994), gender integration in cooperative development is essential because it promotes active, equitable participation of members, both men and women, which is a necessity for sustainable cooperative development. Active participation in the cooperative context means that all members are involved in all the functions of cooperatives, including planning, decision-making, implementation, and financial and management control.

Dotito Muchenje Irrigation cooperative, Zimbabwe

Dotito Muchenje Irrigation cooperative started in 2003 with 57 farmers. It has 80 hectares of irrigable land and the number of farmers now stands at 80, each with 1 hectare. It is located 30 km north of Mt. Darwin. The second nearest town, Bindura, is 100 km away. The irrigation uses the overhead irrigation system, while the dam is 3 km away. The cooperative is located along a tarred busy road. It is located in Ward 9 of the Mt. Darwin District. In the district, there are two other horticulture irrigation cooperatives, namely, Tsakare and Mutondwe. The main crops that are planted are leafy vegetables, tomatoes, onions, beans, green mealies, and peas.

Statement of the Problem

There are weak links between supermarkets and some horticulture irrigation cooperatives in Zimbabwe, yet there is demand for horticultural produce from the cooperatives by the supermarkets. The research seeks to find out why the links are weak, and the determinants of success in partnerships between cooperatives and supermarkets

Justification of the Study

The study highlights the determinants of partnerships between small scale farmers and supermarkets in order to make small scale farming more rewarding. It aims at inculcating to farmers the much needed marketing skills so that they can realize more profit for their produce. Overall, the study aims to bring awareness to farmers on the need to open markets and compete with other suppliers. Government departments working with irrigation cooperatives, such as AREX and the Department of Irrigation, will make use of the findings during policy setting. There is, however, room for further studies that encompass similar cooperatives in other regions in Zimbabwe so as to limit generalization.

RESEARCH OBJECTIVES

1. To analyze the factors that influences the establishment of partnerships between supermarkets and irrigation cooperatives.
2. To analyze the most effective ways of shifting cooperatives from low-quality production system to quality-oriented production system with economies of scale and more bargaining power.
3. Analysis of the roles played by governance and gender issues within horticulture irrigation cooperatives in the establishment of partnerships between the cooperatives and supermarkets

Research Methodology

A sample of 30 farmers was chosen from Dotito Muchenje Irrigation Cooperative using stratified sampling technique. Questionnaires were administered to the farmers at the irrigation scheme so as to gather information. The researcher also

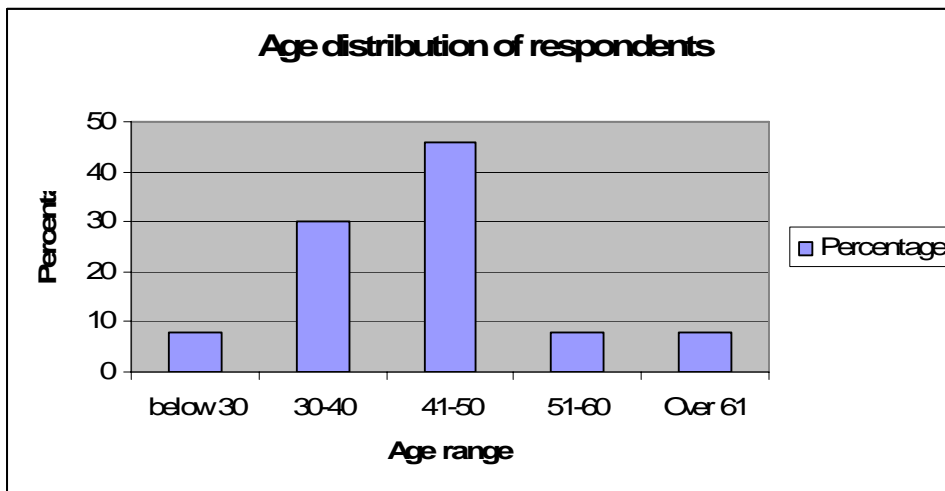
used observations and interviews with the farmers to obtain more information. Key information was obtained from officials in the Department of Irrigation in the Ministry of Agriculture Mechanism and Irrigation Development. Interviews were carried out with 10 supermarkets in Bindura and Mt. Darwin, the nearest towns to the scheme, to determine the issues that they consider in creating relationships with irrigation cooperatives. Data was analysed and presented using pie charts and tables.

RESEARCH FINDINGS AND ANALYSIS

Demographic profile

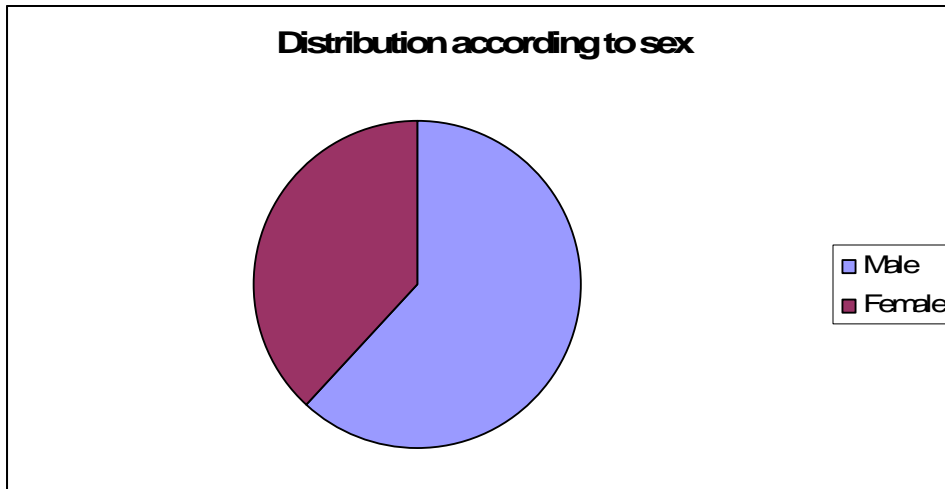
Sixty two (62%) respondents are above 40 years of age, while 38% are below 40 years. Very few respondents were below 30 years of age. These age ranges are a direct proportion of the age ranges of all the cooperative members. The majority of members are middle-aged people. There are, therefore, few young farmers in the scheme who can be sent for tasks, such as marketing. Most of the respondents (55%) indicated that they have been in the scheme since its formation thus there is not much chance for younger, newly qualified people with better marketing skills to join the scheme’s membership. The majority of farmers in the cooperative have more than five years experience in farming, thus they have good farming skills but need more marketing skills. The table below shows the age distribution of respondents.

Table 1: Age distribution of respondents



Of all the respondents, 62% were males and 38% were females and this indicates the actual percentage distribution by gender in the scheme. Of the few females, only 7% are the heads of their households. Thus, there is gender imbalance which might be one of the causes for the scheme’s lagging in marketing. Despite being the majority in Zimbabwe, cultural constraints have hindered women from getting equal representation at the cooperative. This has also meant fewer women are involved in marketing efforts at the cooperative. In Zimbabwe, irrigations with significant female representation have a high chance of performing well as most people who sell agricultural produce in the markets are females. This means that females play a significant role in marketing of horticultural produce. Figure 1 below shows the distribution of respondents according to gender.

Figure 1: Distribution of respondents according to sex



Education

The highest qualification the respondents possessed was Ordinary level, with 40% possessing this basic secondary school qualification. The rest of the respondents had less than this basic qualification. None of the sampled farmers have a farming, marketing, or management qualification and the farmers are very keen to receive education in those areas. Some members pointed lack of marketing skill as a challenge to their marketing efforts. The farmers desire to have established links with supermarkets, but are failing to establish these strong links due to lack of marketing skills. Few of them supply supermarkets at an irregular basis. Those who have never supplied the supermarkets have never attempted to approach the supermarkets.

Farmer's perspective

The farmers need training on marketing and management skills. Interviews carried out showed that the majority of the farmers do not keep records to show their business transactions. Even though they lack skills, the farmers are hard working as they usually arrive early and leave the cooperative late. This information indicates that institutions of higher learning need to help the farmers with marketing and management skills. Better educated membership results in the election of cooperative leaders with higher levels of management skills and hence better governance. This enables the formation of strategic partnerships with partners, such as supermarkets. The farmers need to strengthen the capacity of the irrigation management committee, especially the marketing subcommittee, by ensuring that the committee attains skills in marketing, communication, and general business management.

The research also established that farmers can have better relationships with supermarkets if they have regular and appropriate methods of transporting their produce to the supermarkets. The farmers indicated that their main challenge is high cost of proper transportation to the markets. The Department of Irrigation in the Ministry of Agriculture Mechanism and Irrigation Development indicated that the main cause of failure by the farmers to have established links with supermarkets is a lack of adequate transport to the market. There is need for improved communication between the supermarkets and the farmers so as to ensure common understanding and stronger ties. The farmers need more information about pricing and markets so that they can compete to win their market share in the supermarkets.

The members of the cooperative are using an individualistic approach when marketing, rather than the market together as a cooperative. Thus it is difficult to possess collective marketing power which can only be obtained if they market their products together as a cooperative. Their major markets are the local Dotito area, Mt Darwin, and Bindura. The horticulture cooperatives shy away from supermarkets, which have potential to pay higher in preference for individual clients who buy directly from their plots. They prefer local markets and centrally located traditional markets in nearby towns, where competition is stiff and prices are depressed.

In order to shift the irrigation cooperative from moderate quality production system to high quality oriented considerations with economies of scale and more bargaining power the farmers need to have all the necessary inputs. The available local shops are not stocking all the inputs needed at the scheme. Supermarkets can engage the farmers in contract farming whereby they provide inputs and buy the produce later at an agreed price. With confirmed orders from supermarkets, the farmers can organize batch supply and ensure product specialization and economies of scale within the scheme. Such an arrangement would ensure that irrigation farmers supply good quality produce on a continuous basis to the supermarkets. This strengthens the ties between the farmers and supermarkets. Farmers who employ better farming practices, such as releasing their products on the market gradually and not dumping at harvest, enjoy better returns for their products.

Government, donors, or money lending institutions can provide finance with affordable interest rates to the farmers so that they acquire inputs, pipes, and generators for guaranteed electricity. Above all, the farmers need training on how to increase production and quality. The farmers need to be self-reliant rather than wait for help from well-wishers.

Supermarkets perspective

To establish where supermarkets get their horticulture produce, some supermarkets were visited in Bindura and Mt. Darwin. It was observed that the supermarkets were buying their fresh produce from communal farmers, commercial farmers, irrigation schemes, and the middlemen, who buy from the farmers. Surrounding communal farmers were the most common suppliers. The main products bought by the supermarkets are cabbages, tomatoes, and leafy vegetables. The fresh produce, in the majority of cases, is delivered by the suppliers. Supermarkets only travel to the supplier for non-horticultural products. This shows that having reliable and suitable transport to markets is a very important aspect for horticulture farmers, yet farmers at Dotito do not have such transport. Supermarkets sometimes buy fresh produce from irrigation cooperatives. The majority of supermarkets interviewed (75%) are willing to see the irrigation cooperatives establishing successful partnerships with them, provided the relationship allows the supermarkets to make profits. The supermarkets also expect such irrigation cooperatives to increase economies of scale. 25% are not willing because cooperatives demand cash on delivery, yet the supermarkets want to sell part of the product first, assess its performance, and raise money to pay the farmer for the product.

Fifty percent (50%) of supermarkets interviewed have merchandisers from fresh produce companies who are directly involved in buying of the fresh produces from farmers and selling of such produces to the customers. However for the other 50% of the supermarkets, the managers or assistant managers are the ones who buy the fresh produce from the farmers. Half of the supermarkets agreed that marketing skills can determine formation of partnerships between

irrigations and supermarkets. However all supermarkets insisted that gender did not determine formation of relationships between suppliers and supermarkets

Supermarkets usually orders horticultural produce about two to three times a week from their suppliers. Thus, if horticulture irrigations engage in supermarkets they can have ready and reliable markets that offer a better return. Most supermarkets have two to three regular suppliers per product so as to safeguard them in the event on non supply by a supplier. Supermarkets rate the quality of crops from their suppliers as moderate, while a few rate the quality as high. The relationship between supermarkets and suppliers usually begins when the suppliers market their products to the supermarkets and the suppliers are engaged on a first-come, first-served basis. This shows the need to impart marketing skills to the farmers. Most of the farmers who supply the supermarkets have been supplying the supermarkets for a period of two years on average. There is a satisfactory relationship between the supermarkets and the horticulture suppliers. The issues that supermarkets consider for a cordial relationship with suppliers are timely deliveries, right or perfect products, good quality, and room for negotiation on quality and price.

For supermarkets, timely delivery is the most important determinant of relationships with farmers. This becomes a challenge when farmers do not have resources to source proper transport for their products to markets. Other issues considered by supermarkets as key to formation of successful partnerships are product availability and affordability, good quality, ability to replace spoiled products, variety of products, delivery on credit, and good planning by supplier. Other stakeholders in the marketing and distribution of produce from irrigation cooperatives are commodity brokers or middlemen who source produce from the farmers and supply them to the supermarkets, especially in winter when the produce is scarce due to low temperatures. Supermarkets sometimes limit the amount brought by suppliers since the products are perishable and that they are not fast line products. The management of the supermarkets controls the quantity and quality of products that merchandisers buy from small scale farmers thereby limiting the quantity supplied by irrigation farmers.

Conclusion On Sustainable Partnerships Between Irrigation Cooperatives And Supermarkets

The study noted that the weak link between the horticulture irrigation cooperatives and supermarkets in Zimbabwe is predominantly caused by lack of marketing skills on the part of cooperatives and excessive marketing costs. For there to be sustainable partnerships between irrigation cooperatives and supermarkets the following need to be observed. Management in the cooperatives needs to be proactive in learning marketing skills so as to be able to approach supermarkets and create sustainable relationships with them. Sourcing finance to improve on quality of produce and to acquire transportation to supermarkets is another aspect which the management can consider. Learning institutions can share knowledge with the irrigation cooperatives through workshops and outreach programs so as to equip the farmers in irrigation cooperatives with necessary marketing and better farming skills. Women representation needs to improve in decision making and in marketing efforts of the cooperatives as the women can also make significant contributions towards achievement of these relationships. Supermarkets can play an active role in creating these relationships by sponsoring the farmers then later on buying the produce from the farmers. These aspects can lead to the creation of sustainable relationships between supermarkets and irrigation cooperatives.

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