

**Perceptions of Small-Scale Farmers on Tobacco Contract Farming: The Case of Marondera Rural District, Zimbabwe**

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**Abstract:** Small-scale farmers' perceptions of tobacco contract farming schemes in the Marondera rural district of Zimbabwe were critically assessed in this paper. The multi-stage sampling design was used to select five wards with the highest number of tobacco contracted farmers from where 60 contract and 60 non-contract tobacco farmers were randomly selected. A 5-point Likert scale was used to rank farmers' perceptions. The paper established that small-scale farmers in Marondera rural district strongly believe contract farming makes it possible for the majority of farmers to venture into the production of high-value crops as it provides access to the much-needed markets while reducing the risk of price fluctuations. However, the majority of the respondents believed that contract farming is not profitable and there is a manipulation of farmers in contract farming arrangements. The independent samples t-test indicated a significant difference in perception score between participants and non-participants of tobacco contract farming schemes ( $p < 0.05$ ). The farmers who were not participating in tobacco contract farming schemes had a more positive perception of these schemes while those who participated had a more negative perception. The major implication is that gains associated with tobacco contract arrangements are not always apparent to farmers while the disincentives may be more visible. It is therefore fundamental that contract companies address some of the shortcomings existing in these contractual arrangements as well as change the perception of the farmers to develop mutually beneficial lasting relationships with their major stakeholders.

**Keywords:** *Contract farming, Perceptions, Small scale farmer, Tobacco, Likert scale, independent samples t-test.*

## 1. Introduction

Tobacco contract farming schemes are on the rise in Zimbabwe offering small-scale farmers access to credit and required inputs with payment being demanded at the marketing stage. Contract farming is viewed as an institutional solution to the problems of market failure in the markets of credit, insurance, information and in transaction costs associated with search, screening and transfer of goods, bargaining and enforcement (Key & Runstern, 1999). It is therefore seen as a means to incorporate small-scale farmers into growing markets for processed goods and export commodities such as tobacco. Since the contracts often involve the provision of seeds, fertilizer, chemicals and technical assistance on credit and a guaranteed price at harvest, contract farming is seen as a form of vertical coordination that simultaneously solves many constraints on small farm productivity (Miyata, Minot, & Hu, 2009). It has thus been a component of the most successful income-generating projects for smallholders, as well as an important earner of foreign exchange in developing countries (Kirstern & Sartorius, 2002).

While contract farming promises significant benefits for growers in many cases, studies have highlighted circumstances in which members of the rural population have realized only limited gains, or have been directly or indirectly harmed (Key & Runstern, 1999). Critics of contract farming argue that large agribusiness firms use contracts to take advantage of cheap labor and transfer production risks to farmers. In support of this view, Kirstern & Sartorius, (2002), mention that contract farming faces strong criticism as it is viewed by some as just another form of exploitation with limited equity impact, increasing socio-economic differences with evidence of some unsuccessful schemes and problems for many out growers being noticed. Contract farming is seen as a form of vertical coordination that simultaneously solves many constraints on small farm productivity. However, participation in contract farming schemes can be strongly influenced by many socio-economic factors as well as farmers' perceptions of the program. According to Adesina & Baidu-Forson, (1995), perceptions play a major role in the behavior of farmers towards the use of new technology. In general, perceptions result in either a positive or negative attitude towards technology or any new developmental initiative in society.

A positive or negative attitude will ultimately influence participation in these developmental initiatives. It is therefore very pertinent to assess farmers' perceptions towards tobacco contract farming schemes, to find ways to improve farmers' participation by changing their negative perceptions, if any, towards the schemes. The main objective of this paper was to critically assess small-scale farmers' perceptions of tobacco contract farming schemes in Zimbabwe. This paper is expected to assist stakeholders, especially tobacco contract farming companies and the government in knowing areas that need to be addressed to encourage participation in tobacco contract farming schemes for the success of smallholder agriculture as well as economic growth and development in Zimbabwe.

## **2. Review of Related Literature**

Contract farming offers many benefits, especially to poorly resourced smallholder farmers. However, the debate on whether contract farming is really beneficial has been a subject of concern in the literature. Several research studies provide empirical evidence on the benefits of contract farming in various countries across the world. Farmers who participate in contract farming usually benefit from high yields which translates to higher income and profits (Little & Watts, 1994; Cai, Ung, Setboornsarng, & Leung, 2008; Kumar & Kumar, 2008; Narayanan, 2014; Kumar, Roy, Joshi, Tripathi, & Adhikari, 2019; Eaton & Shepherd, 2001; Glover & Kusterer, 1990; Fulton & Clark, 1996; Miyata, Minot, & Hu, 2009). This is mostly attributed to the use of hybrid seeds, timely application of fertilizers and better management practices from knowledge obtained by farmers from contract companies' extension officers. Studies in Zimbabwe indicate that the production of cash crops (i.e., cotton) can have positive spillover effects on food crop production and the development of services in areas where contract farming is practiced (Woodend, 2003). In addition, an extension of loans in cash has been witnessed in contract farming arrangements in Zimbabwe. For instance, as mentioned by Woodend (2003) in COTTCO's contract schemes, farmers who performed well would receive a cash loan to pay labor, however, any remaining loan was carried on to the next seasonal contract and then interest would accrue.

Despite contract farming being attributed to food security problems Minot (1986), in a study in Kenya mentions that farmers in the contract production schemes had a higher degree of self-sufficiency in food compared to independent farmers. On the other hand, and despite the vast benefits of contract farming literature, another thread of literature raises concern about various forms of exploitation associated with most contract farming schemes (Bijman, 2008; Adams, Gerber & Amacker, 2019; Carney, 1998; Clapp, 1994;). A number of problems accruing from these contract arrangements in many countries have been reported. For example, Kumwenda and Madola (2005), argue that small-scale farmers in Malawi are at risk when entering contracts because they lack collateral and the legal and insurance systems are weak. In another study, farmers felt that they had little bargaining power compared with that of the companies, which they perceived benefited more than them and that they had become dependent on the firms for credit and other inputs (Fulton & Clark, 1996). From both perceived and real benefits and problems associated with contract farming schemes, farmers can develop an attitude towards contract farming schemes in general which will have a direct influence on their decision to join or exit contract farming arrangements. Specific perception studies on contract farming schemes haven't been undertaken in Zimbabwe.

In other countries, Mergesa and Arsefa (2019) explored the perception of farmers on contract farming as a response to climate change adaptation in Ethiopia. Their findings revealed that participants of contract farming schemes have a better understanding of important aspects of these schemes compared to non-participants. In India Rout, Mishra, Bar and Mondal, (2013) explored the perceived benefits and disadvantages of Sugarcane contract farming. Their findings revealed that contract farming was hampered by many constraints namely, delay of payment of produce, lack of credit, and scarcity of water for irrigation among others. The perceived benefits were the provision of inputs such as seeds and fertilizers on credit with costs being deducted at delivery. Ruml and Qaim (2021) conducted a study in Ghana on farmers' dissatisfaction with contract schemes. They found out that despite smallholder farmers benefitting from higher yields and incomes most of the farmers still regretted their decision to participate in these schemes and would prefer to exit the contracts. This paper focused on the perception dimension of both participants and non-participants of tobacco contract farming in Zimbabwe to understand how the major stakeholder of the contracts perceive these arrangements.

### 3. Materials and Methods

The study encompassed all small-scale tobacco farmers in Marondera rural district, Mashonaland East Province as the sampling frame. The unit of analysis was the head of the household. From this frame, five contract farming wards were selected based on the highest number of small-scale tobacco contract farmers according to the lists provided by contractors. According to the Tobacco Logistics Business Plan (2012), there are two categories of tobacco farmers in Zimbabwe, small scale and large scale. The differentiation is based on crop hectareage, output and level of mechanization of operations. In general, 72% of tobacco grown in Zimbabwe is under small-scale farmers who rely on rain-fed irrigation for their crops. In addition, their hectareage is usually lower than 10 hectares per farmer. Based on the above description respondents to take part in the study (both contract and independent farmers) were selected based on the following:

- Tobacco hectareage was supposed to be lower than 10 hectares.
- The farm was supposed to rely on rain-fed irrigation.

The research focused on both participants and non-participants of contract farming. The multi-stage sampling design was adopted taking into consideration the five wards with the highest number of contracted farmers. Two homogeneous mutually exclusive strata were created (stratum A= contract farmers) and (stratum B = non-contract farmers) for an independent analysis. Lists of small-scale tobacco contract and non-contract farmers were obtained from extension officers for the five wards and were used to randomly select respondents. A large sample is more representative but very costly while a small sample is less accurate but more convenient (Bless & Smith, 2000). In line with this, the research survey targeted a suitable sample size of small-scale tobacco farmers in the Marondera rural district. Data were collected from a total of 120 small-scale tobacco farmers (60 contract farmers and 60 non-contract farmers). Fifteen contract and fifteen non-contract farmers were thus selected from each ward using the sampling procedure highlighted above. Table 1 summarizes the distribution of respondents with respect to their wards.

**Table 1: Distribution of Respondents with Respect to Their Wards**

Sampling Units	Participation in Contract Farming		Total
	Participants	Non-Participants	
Ward 2	15	15	30
Ward 4	15	15	30
Ward 6	15	15	30
Ward 23	15	15	30
Total	60	60	120

Descriptive statistics were used to describe the basic features of the sample farmers as well as in assessing their perceptions of contract farming by means of tables and simple summaries. These are useful tools in analyzing household characteristics as well as analyzing the relationship between variables of different groups. In order to rank farmers' perceptions with regard to tobacco contract farming schemes, a 5-point Likert scale was used. This method is now one of the dominant methods of measuring people's attitudes, views and experiences (Taylor & Heath, 1996). The questionnaire contained thirteen statements or facts about contract farming identified from the literature, to which the respondents reacted by indicating their level of agreement or disagreement. The respondents rated the statements based on scores ranging from a minimum of -2 to a maximum of 2, where Strongly Agree = 2, Agree = 1, Neutral = 0, Disagree = -1 and Strongly Disagree = -2. The scores for each perception were then summed for all respondents to come up with an overall score which was used to rank the perceptions in order of importance. An overall perception score was then determined for each respondent and an independent samples t-test was used to test if there were significant differences in mean perception score between participants and non-participants of tobacco contract farming schemes.

### 4. Results and Discussion

**Household Characteristics:** A sample of 120 households was interviewed, 85% of which were male-headed while 15% were female-headed. Most heads of households were married (65%), 8.33% single while the widowed and divorced were 16.67% and 10% respectively. Out of the 120 respondents, 50.83% had acquired

secondary education while 15% had acquired tertiary education. Only 9.17% of the respondents had no formal education while 25% had attained primary education. In this study, the highest educational level achieved by the household head was recorded to determine the human capital level of households and their ability to interpret information. Education makes it easier for households to comprehend the negative externalities of an initiative such as contract farming and this helps them to make informed decisions before deciding to join these schemes. Table 2 provides a summary of these characteristics showing a comparison between contract and non-contract respondents.

**Table 2: Summary of Household Characteristics**

Variable	Total (%)	Contract (%)	Non-Contract (%)
<i>Gender</i>			
Male	85	53.92	46.08
Female	15	27.78	72.22
<i>Marital Status</i>			
Single	8.33	60	40
Married	65	51.28	48.72
Divorced	10	50	50
Widowed	16.67	40	60
<i>Level of education</i>			
No formal education	9.17	27.27	72.72
Primary level	25	26.67	73.33
Secondary level	50.83	57.83	42.62
Tertiary level	15	77.78	22.22

**Source:** Survey data, (2013).

On average the age of the respondents was 47.77 years with a standard deviation of 8.014 indicating that most smallholder tobacco producers in the Marondera rural district were fairly middle-aged farmers. The minimum age of the respondents was 27 and the maximum age was 65. The average household size was 5.82 with a minimum and maximum size of 2 and 10 respectively. The average number of effective workers per household was 3.33 with a range of 1 to 6. The number of effective workers per household for contract farmers (3.7) was more than that of non-contract farmers (2.97). This information is shown clearly in table 3 with a comparison of these characteristics between contract and non-contract producers.

**Table 3: Comparison of Characteristics Between Contract and Non-Contract Producers**

Variable	Contract Farmers (n = 60)			Non-Contract Farmers (n = 60)		
	Mean	Range	Standard Deviation	Mean	Range	Standard Deviation
<b>Household size</b>	5.77	3 - 10	1.835	5.87	2 - 10	1.909
<b>Number of Effective Workers Per Household</b>	3.7	2 - 6	1.197	2.97	1 - 6	1.235
<b>Age</b>	47.67	32- 64	8.014	47.87	27 - 65	9.041

**Source:** Survey data, (2013).

**Perceptions of Small-Scale Farmers on Contract Farming:** Farmers share different perceptions with regard to contract farming. According to Adesina and Baidu-Forson (1995), perceptions play a major role in the behavior of farmers towards the adoption of new initiatives and the use of new technology. Perceptions of smallholder farmers with regards to many advantages and disadvantages of contract farming arrangements in tobacco production were solicited and ranked. The ranked perceptions are presented in table 4 below.

**Table 4: Perceptions of Respondents on Contract Farming**

Perception Rank	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Score
	Agree	Disagree				
Contract farming enhances access to markets 1	64	44	4	6	2	162
Contract farming reduces the risk of price fluctuations 3	58	29	19	9	5	126
Contract farming enhances farmer's access to timely inputs 7	44	24	24	20	8	76
Contract farming provides credit and financial intermediation 8	28	28	48	12	4	64
Contract farming increases access to technology and skills development 12	16	26	42	26	10	12
Contract farming makes it possible for small scale farmers to start producing higher value crops 2	54	54	8	2	2	156
Contract farming is profitable 11	16	42	24	24	14	22
Contract farming increases risk of indebtedness 5	50	36	20	10	4	118
Contract farming increases family workload 8	28	34	40	10	8	64
Contract farming increases food security problems 13	4	6	18	42	50	-128
A weak legal framework leads to easy manipulation of farmers in contract farming schemes 6	14	66	32	8	0	86
Contract farming leads to loss of autonomy 10	14	40	52	10	4	50
Contract farming benefits contractors more than farmers 3	52	38	16	12	2	126

"Strongly Agree" as 2 points, "Agree" as 1 point, "Disagree", as -1, "Strongly Disagree" as -2 and "Neutral" as 0.  
**Source:** Survey data, (2013).

The majority of smallholder tobacco farmers believe that contract farming enhances access to markets (Rank 1). As mentioned by (Setboonsarng, 2008), the most important constraint faced by smallholders is the lack of assured markets with fair prices. Simmons (2002) also supports this notion as he mentions that in the absence of contracts markets are 'missing' in the sense that transaction costs of accessing them on a small scale are effectively infinity. Therefore, one of the principal motives for smallholders to enter into contract farming arrangements is the promise of a steady and increased income from having an assured market. A market outlet is secured for the contracted production, such that the uncertainty and the transaction costs involved in the search for markets are reduced. Tobacco production is an expensive venture that most small-scale farmers may fail to start on their own without some form of assistance. The perception that ranked second among smallholder tobacco farmers is that contract farming made it possible for small-scale farmers to start producing higher-value crops. This perception can be regarded as a very important factor that determines why small-scale farmers choose to participate in tobacco contract farming schemes. Tobacco is often a riskier crop that small-scale farmers are less likely to partake in on their own. Since agro-business firms possess an interest in the production of high-value crops, their contractual arrangements often facilitate the introduction of new production techniques.

Thus, contract farming can be seen as a conversion path from subsistence to commercial farming. This is supported by Prowse (2012) who mentions that contract farming stimulates the broader commercialization of smallholder farming in developing countries. Contract farming usually results in predetermined prices at the start of the production season. This enables farmers to be certain and plan their operations accordingly. Although prices are not predetermined in tobacco contract farming in Zimbabwe respondents were asked to reveal if they thought contract farming led to a reduction in the risk of price fluctuations in general. This perception ranked third with a score of 126. A huge number of smallholder tobacco producers believed that contract farming indeed led to a reduction in the risk of price fluctuations. As is normally the case in agriculture, prices can fluctuate drastically from region to region and within a growing season. Smallholder farmers have little access to information and face the risk of losing substantial income if prices fluctuate downward. According to Weiss and Khan (2006), a predetermined price for a crop under contract is usually established during contract negotiations at the onset of the growing season.

Most smallholder tobacco farmers believed that uncertainty about the selling price is reduced since contracts typically specify at the beginning of the growing season the prices to be paid at delivery. This protects farmers from incurring losses in sales due to price fluctuations and thus this is a very important factor that determines why farmers join tobacco contract schemes. Also ranked third with a score of 126 was the perception that contract farming benefited contractors more than farmers. It is often believed that contractors take advantage of the financial challenges faced by small-scale farmers to manipulate the farmers and gain more in the end. Most of farmers believed that there is an unbalanced relationship where the contractor benefits more than the farmer in contract farming arrangements. This perception can therefore be one of the factors which farmers may consider when deciding not to participate in tobacco contract farming schemes. There exists a general belief that contract farming increases the risk of indebtedness. Easy access to credit can result in small-scale farmers incurring mounting debts. GRET (2012) and Da Silva (2005) mention that, as farmers find fewer restrictions to access credit, they might find an incentive to borrow, even to finance consumption and other non-commercial needs.

A significant proportion of respondents were in agreement with this perception (rank 5 with a score of 118). As supported by Boughton et al. (2007) the risk of indebtedness is likely to be higher in tobacco contract farming than in other contracted crops mainly because tobacco farming is expensive compared to most crops thus requiring the provision of more credit compared to most contracted crops. As such farmers who enter into tobacco contract farming schemes have to be willing to take the extra risk of higher financial losses in the event that the crop fails. Ranked 6<sup>th</sup> with a score of 86 was the perception that contract farming is hampered by a weak legal framework. Implying that a sizeable number of smallholder farmers believed this perception to be true. Contracts can be verbal and if written are not always in the vernacular and this can result in manipulation of conditions. Furthermore, if the contracting firm for any reason chooses to end the contract, farmers may lose their only source of income and their livelihoods will be threatened. This problem according to Pultrone (2012) emanates from a weak legal framework and slow litigation processes. If contracts are breached farmers cannot easily charge the firms and be compensated for damages. Contract farming is believed to enhance farmers' access to timely production inputs.

This perception was ranked 7<sup>th</sup> with a score of 76. Although some anomalies exist in the timeliness of the inputs given by different tobacco contractors a sizeable number of respondents agree with this perception implying that this is a very fundamental factor in the decision made by farmers in choosing whether to participate in tobacco contract framing schemes or not. This is supported by Setboonsarng (2008) who mentions that low inputs, limited transportation infrastructure and timely access to inputs are significant problems for smallholders in remote areas. Contractors frequently and normally undertake measures to ensure that contracted producers have timely access to inputs such as seeds and fertilizers. Ranked 8<sup>th</sup> with a score of 64 was the perception that contract farming provides credit and financial intermediation. Lack of credit is one of the major constraints hindering small-scale agricultural development in general. Contract farming is believed to provide much-needed credit to the farmers. The study noted that only a few contracting companies in Marondera rural district provided credit in the form of cash for labor and other requirements to the contracted farmers. As posited by Eaton and Shepherd (2001), formal credit markets in rural areas of developing countries rarely exist where they do exist, banks are reluctant to lend to smallholders.

Furthermore, the production of non-traditional cash crops such as tobacco generally entails greater expense than the production of traditional subsistence crops. As such this perception plays a huge role in generating interest in small-scale farmers to engage in tobacco contract farming arrangements. In some instances, contract farming is seen as an exploitative and even self-exploitative system whereby the smallholder farmer exploits his/her own household to meet the requirements and demands set by the company. Critics of contract farming argue that companies exploit farmers in a bid to gain access to cheap labor and indirect access to land (Singh, 2002). The perception that contract farming increases family workload is also a very important factor that determines if farmers participate in tobacco contract farming schemes or not. This perception was also ranked 8<sup>th</sup> with a score of 64. There are also other perceptions and beliefs which are thought to influence farmers in their decision to participate in tobacco contract farming schemes. A number of these perceptions were however dismissed by this study since the majority of farmers do not believe them to be true. Most importantly, critics argue that contract farming impacts negatively on food security by promoting the production of export cash crops.

According to Singh (2002), contract production tends to shift farm production in favor of export-oriented and cash crops at the cost of basic food crops for the poor leading to food security problems. This perception was ranked last (13<sup>th</sup>) with a score of -128 implying that farmers do not believe tobacco contract farming may lead to food security problems. It was also discovered that maize is still treated as a very important crop by almost all respondents as they all grew at least 1ha despite low prices offered by the Grain Marketing Board. As such the perception of contract farming increasing food security problems is not a very important factor that small-scale farmers consider when deciding to produce tobacco under contract or independently. Other perceptions which were found not to play a huge role include the perception that contract farming increased access to technology and skills development in the form of new production techniques. This perception was ranked 12<sup>th</sup> with a score of 12. It was within the study's interest to determine if small-scale farmers believed contract farming would offer training and assistance in crop production, soil and water management and other agricultural economics techniques for example record keeping of inputs and outputs. As mentioned by Glover (1987), it is often believed that private agribusiness will offer technology more diligently than government agricultural extension services.

Since it has a direct economic interest in improving farmers' production. However, only a few respondents agreed with this perception implying that they did not believe contract farming would increase access to technology and skills development. These results differ from those of Glover (1987) probably because the contracting companies' extension officers did not go a step further in instilling some of these skills like record keeping of inputs and outputs to their farmers. A general perception against contract farming is that it increases production costs as inputs are offered at higher prices leading to a reduction in profits. On the other hand, the increase in production costs can be offset by better yields and prices offered for quality products on the market. Respondents were thus asked to reveal if they thought contract farming is profitable. A significant percentage of respondents did not agree with this perception (Rank 11 with a score of 22). There is also a general belief that contract farming is associated with farmers' loss of autonomy since farmers operate under a centralized control system which reduces the contracted farmer to more than a hired hand. According to Prowse (2008), contract farming can even result in farmers losing flexibility in enterprise choice. Respondents were asked to reveal if they thought contract farming leads to a loss of autonomy. The majority of respondents did not agree with this perception (ranked 10 with a score of 50).

**Overall Perception of Small-Scale Farmers on Tobacco Contract Farming:** Based on the responses of the farmers on the ranked perceived advantages and disadvantages of tobacco contract farming in Zimbabwe an overall perception was established for the farmers. The findings are presented in table 5 below.

**Table 5: Overall Perception of Small-Scale farmers on Tobacco Contract Farming**

<b>Perception</b>	<b>Frequency</b>	<b>Percent</b>
Negative	46	38.3
Average	14	11.7
Positive	60	50.0

**Source:** Survey data (2013).

Overall, 50% of the respondents had a positive perception of tobacco contract farming, 38.3% had a negative perception and 11.7% had an average perception. Table 6 shows the mean overall perception for the farmers who participated in tobacco contract farming and those who did not.

**Table 6: Farmers' Overall Perception in Relation to Participation in Contract Farming**

Participation in Contract Farming		N	Mean	Std. Deviation	Std. Error Mean
Perception Score	No	60	3.70	2.438	.315
	Yes	60	1.47	2.354	.304

**Source:** Survey Data (2013).

The mean perception score for farmers who did not participate in tobacco contract farming was 3.70 whereas the mean perception score for farmers who participated was 1.47. In order to establish if there is a statistical difference in mean perception score between the farmers who participated in tobacco contract farming and those who did not participate the independent samples t-test was carried out. The findings are presented in table 7.

**Table 7: Independent Samples T-Test**

		Levene's Test for Equality of Variances		Testt-test for Equality of Means						
		F	Sig.	t	DF	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper	
Perception Score	Equal variances assumed	.113	.737	5.105	118	.000	2.233	.437	1.367	3.100
	Equal variances not assumed			5.105	117.856	.000	2.233	.437	1.367	3.100

**Source:** Survey Data (2013).

The t-test indicated that there is a significant difference in perception score between participants and non-participants of tobacco contract farming schemes ( $p < 0.05$ ). Based on table 6, on average, the farmers who were not participating in tobacco contract farming schemes had a more positive perception of these schemes while those who participated had a more negative perception of tobacco contract farming. From the evidence gathered on the state of tobacco contract farming in the Marondera rural district, a number of grievances were raised by some participants. The main issues of concern were the untimely delivery of production inputs by some tobacco contract companies and the exclusion of the farmers in drawing up the contracts. This has resulted in the despondency of most farmers with the conditions of their contracts resulting in some terminating or wishing to stop producing their tobacco under contract. This implies that a lot still needs to be done by the contracting companies to improve the contractual arrangements. This will go a long way in improving their perception of the schemes to avoid and reduce termination of these contract arrangements for the benefit of both parties.

## 5. Conclusion and Recommendations

**Conclusion:** Different perceptions with regards to tobacco contract farming indeed exist among small-scale tobacco producers in Marondera rural district. In general, small-scale farmers in the area believed that contract farming makes it possible for the majority of farmers to venture into the production of high-value crops as it provides access to the much-needed markets while reducing the risk of price fluctuations. They also believed that contract farming is not profitable although they have a strong conviction that it does not lead to food security problems. However, majority of the respondents believe that the legal framework when



it comes to contract farming is weak and this usually leads to the manipulation of farmers. The overall perception of tobacco contract farming differs significantly between participants and non-participants. Non-participants had a more positive perception of contract farming arrangements compared to participants.

**Recommendations:** Although a number of farmers have a generally positive perception with regards to tobacco contract farming, a lot still needs to be done to convince the farmers with a negative perception of tobacco contract farming arrangements. Of particular concern is the belief by the majority of the small-scale tobacco producers that contract farming arrangements are not profitable. In this regard, the paper recommends that awareness programs be held by the contract companies where they educate and provide information to farmers on the benefits of tobacco contract farming including gross margin comparisons so that the farmers can weigh their options and decide accordingly. A weak legal framework coupled with a general lack of information on the part of the farmers leaves the contractors with more market power which can lead the farmers to be easily manipulated. The government of Zimbabwe should therefore come up with measures and regulations which compel the contractors to provide information to the farmers without hiding any to sustain their power. From the empirical findings, non-participants had a more positive perception of contract farming arrangements compared to participants. The implication is that gains associated with tobacco contract arrangements are not always apparent to farmers while the disincentives may be more visible. It is therefore fundamental that contract companies try by all means to address some of the shortcomings existing in these contractual arrangements as well as make it a point to try and change the perception of the farmers to develop mutually beneficial relationships with their major stakeholders. Another policy and research implication are that more studies related to the perception dimension towards tobacco contract farming schemes need to be undertaken and there should be a shift from merely quantifying the benefits of the contract arrangements.

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