What is the Secret behind the Successful Agri-business Youth Entrepreneurs in Zambia?

Stephen Kabwe and Henry Machina

Key Points:
- Understanding the main drivers of having successful youth in agri-business and the challenges they face is key in addressing youth unemployment in Zambia.
- The key aspects that facilitate youth to venture into an agri-business enterprise include, social/economic factors such as education/training, income, social supports, and personal realization that in entrepreneurship one can still achieve his or her vision.
- Personal traits (such as an individual’s passion, hard work, and financial discipline) and enablers (such as access to finance, social support, an enabling environment, and Information Communication Technologies (ICT)) are key for youth agri-business entrepreneurs’ success.
- Despite being successful, youth agri-business entrepreneurs still face challenges. Among them include lack of adequate capital, poor feeder roads in the rural areas, inadequate implementation of the e-vouchers, and inadequate provision of extension services.
- The government and the private sector need to maximise the conditions that enable youth agri-business entrepreneurs to succeed. This includes linking them to financial institutions and making sure the ministries and all governments departments that have resources youth could tap from should do so in an efficient and effective manner. Government should also budget adequate funds and release them on time to the ministries mandated to provide quality extension services.
- Educating potential youth agri-business entrepreneurs in relevant business skills such as accounting, ICT, and insurance beyond merely school-based education can meaningfully contribute to their success.
- There is a need to mentor youth agri-business entrepreneurs through a pairing scheme arrangement where new youth agri-business entrepreneurs are paired with existing successful businesses in various sectors for them to learn. Ministry of Youth, and Sport and Child Development should spearhead this.
- Finally, there is a need to have a deliberate programme of identifying potential youth agri-business entrepreneurs with viable business enterprises and help them have access to some key enabling factors such as finance/capital, which is a key hindrance to youth participation in businesses. Some of those identified should also be linked to the banks or credit schemes willing to lend capital to support them.

INTRODUCTION: Unemployment is one of the biggest challenges faced by the country, particularly among the youth. Currently, the unemployment rate stands between 44% and 51% among the youth (CSO 2018). One way of addressing the unemployment challenge as identified by the Zambian Government is through agri-business entrepreneurship. This is in recognition of agriculture’s role as a key employer and a sector that can absorb the lion’s share of the youth who can contribute to sustainable economic growth in Zambia. However, to ensure agriculture achieves the intended results as a key employer, a comprehensive understanding of the drivers of failure and success in agri-business ventures is critical, especially among the youth. Several studies on agri-business have focused on examining the potential and factors affecting the development of agri-business and entrepreneurs in general (Allen et al. 2015). However, there are limited studies that have examined the factors contributing to success among youth agri-business entrepreneurs. This study sought to address this knowledge gap, by identifying critical success factors among youth in agri-business in Zambia and their challenges. Filling this knowledge
gap is expected to contribute towards creating knowledge of factors that have an impact on the success of youth participation in agri-business, while broadly contributing towards the realization of demographic dividends from the country’s bulging youth population going into 2060.

DATA AND METHODS: To achieve the study’s objective, qualitative methods were employed involving key informant interviews, and interviews with successful youth agri-business entrepreneurs and other key stakeholders in the agricultural sector. A total of seven key informants were interviewed to help come up with a definition of successful youth. After which thirty-six youth from input sector (6), field crop producers (4), horticultural producers (3), livestock producers (3), aquaculture producers (5), grain traders (6), and agro-processors (3) were identified and interviewed in four districts, Mpongwe, Mumbwa, Chongwe, and Namwala. The insights obtained from the interviews were complemented by a review of relevant literature.

KEY RESULTS

Motivation: The study first found the key motivating factors that make youth venture into agri-business enterprises—below are the key ones identified:

- seeing successful entrepreneurs;
- family background;
- the location where one grew up;
- to gain financial independence;
- to reduce poverty levels in the family;
- to have a better quality of life; and
- to maintain a high-quality family.

It was also indicated that knowledge of and acquaintance with the idea of entrepreneurship as a viable career path or way of achieving one’s vision, contributed towards one’s decision to venture into agri-business.

However, for youth to succeed in agri-business, two broad categories of success factors were identified, namely individual traits and enabling factors (e.g., Xaba 2014).

Individual Characteristics: Table 1 highlights some key individual characteristics that made these emerging youth agri-business entrepreneurs succeed in their businesses.

Financial discipline, hard work, having passion/interest in the business one does, religious values, risk-taking, perseverance, and being a good manager are some of the critical individual traits that were identified as success factors. In terms of being financially disciplined, the majority of successful agri-business entrepreneurs highlighted that they only spend money on business-related activities. Some forgo their monthly salaries and let their salaries be reinvested in the business.

Table 1: Individual Characteristics

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Total</th>
<th>Av. Score(^a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial discipline</td>
<td>36</td>
<td>30</td>
</tr>
<tr>
<td>Hard working</td>
<td>36</td>
<td>30</td>
</tr>
<tr>
<td>Passionate about my work</td>
<td>36</td>
<td>26</td>
</tr>
<tr>
<td>Strong religious values</td>
<td>36</td>
<td>20</td>
</tr>
<tr>
<td>Risk-taking</td>
<td>36</td>
<td>18</td>
</tr>
<tr>
<td>Perseverance</td>
<td>36</td>
<td>15</td>
</tr>
<tr>
<td>Good manager</td>
<td>36</td>
<td>15</td>
</tr>
<tr>
<td>Integrity/Honest</td>
<td>36</td>
<td>5</td>
</tr>
<tr>
<td>Strong interpersonal skills</td>
<td>36</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Authors. \(^a\)Average score: Number of youth agri-business entrepreneurs indicating attribute as a driver of success among youth agri-business entrepreneurs

It was also indicated that they work very hard to make their business financially viable. For example, one successful entrepreneur highlighted, “I am always at the farm working and monitoring what my workers are doing to minimize the misuse of insecticides, pesticides, and herbicides used at the farm.” Further, even if these successful youth agri-business entrepreneurs face challenges in the businesses, their desire is to make the business succeed and that virtue makes them persevere and overcome any challenge that comes in the business. Risk-taking is another critical principles of entrepreneurship, as highlighted in the literature (Chigunta et al. 2005). About half of the successful entrepreneurs indicated risk-taking as one key factor contributing to their success.

Enabler Factors: Table 2 highlights some enabler factors that support successful youth entrepreneurs. The use of Information Communication Technologies (ICTs), family and private sector support, diversified business portfolios, and government support were some of the enabling factors helping these entrepreneurs succeed. ICT has revolutionized the way youth do their business. For example, it helps businesses source market

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1 Senior Agricultural Office from Mpongwe, District Marketing Development Officer of Mumbwa, District Agricultural Coordinator of Chongwe, District Fisheries and Livestock Officer of Chongwe, CEO of Grain Traders Association of Zambia, Director of Projects for Young Emergent Farmers Initiative, District Livestock Officer of Namwala
information, which helps them make business decisions expeditiously in order to reduce transaction costs and remain competitive.

**Table 2: Enabling Factors**

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Total</th>
<th>Av Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICTs</td>
<td>36</td>
<td>34</td>
</tr>
<tr>
<td>Prompt payments</td>
<td>36</td>
<td>28</td>
</tr>
<tr>
<td>Family support</td>
<td>36</td>
<td>20</td>
</tr>
<tr>
<td>Private sector support</td>
<td>36</td>
<td>12</td>
</tr>
<tr>
<td>Diversified Enterprises</td>
<td>36</td>
<td>11</td>
</tr>
<tr>
<td>Government support</td>
<td>36</td>
<td>9</td>
</tr>
<tr>
<td>Market research</td>
<td>36</td>
<td>9</td>
</tr>
<tr>
<td>Good relations with the</td>
<td>36</td>
<td>7</td>
</tr>
<tr>
<td>industry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Professional network</td>
<td>36</td>
<td>6</td>
</tr>
<tr>
<td>Financial independence</td>
<td>36</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Authors. *Average score: Number of youth agri-business entrepreneurs indicating attribute as a driver of success among youth agri-business entrepreneurs

Further, ICT also helps these entrepreneurs communicate easily with other business partners. One youth indicated that he uses ICTs to gather information for the business, including learning materials on pests and insects, and the chemicals to use for controlling the pests. Social support e.g., family support, especially in the early stages of the business, was seen as critical and a catalyst that helped some of these businesses to succeed; also prompt payment after a business deal was also seen as an enabler factor that has helped.

The successful youth agri-business entrepreneurs mitigate business risks by diversifying into other business portfolios. For example, agro-dealers were also active in farming and some operated hardware shops as well. Some of those that were dealing in grain trading, also had transport business, which provided transportation services to other grain traders.

**Challenges:** Though they are successful in their agri-business enterprises, they still face challenges. The key challenges faced that cut across all value chains include: firstly, lack of adequate capital. This challenge limits the expansion of an enterprise at a fast rate. In addition to this, there is limited access to bank loans by the most successful youth agri-business entrepreneurs. This is mainly due to some stringent measures put on by the banks if one needs to access a loan, such as collateral requirements, which may be out of reach for some of these youth. On the other hand, high interest rates make it difficult for them to access the loans. To compound this challenge, most of these successful agri-businesses lack tenure security over their land. Secondly, poor state of infrastructure such as poor feeder roads in the rural areas increases the cost of doing business. This challenge limits market access for many agri-business entrepreneurs. Thirdly, inadequate implementation of the e-vouchers and limited provision of adequate extension services by public extension officers.

Specific challenges to different sectors include: input market—wholesalers (large input suppliers) entering the input retail sector to sell inputs to the farmers directly, which was seen as stifling the development of agro-dealership; fish sector—there is inadequate knowledge of fish farming among a majority of the youth and is a major factor hindering youth participation in the value chain; output market; in most cases there is high price variability of field crops and vegetables, which affects budget planning.

Despite these challenges, successful agri-business entrepreneurs indicated that they were committed to contributing to the economy by creating jobs for other youth. In particular, the study found that many successful ones across different sectors employed between 1-19 permanent employees, with the highest number found in the aquaculture value chain.

**CONCLUSION AND RECOMMENDATIONS:**

There are successful youth agri-business entrepreneurs in Zambia that contribute significantly to employment creation. This study has revealed that personal traits and enabler factors are at play in making these youth entrepreneurs succeed.

Being financially disciplined, a hard worker, having passion in the business in which one is involved and being a risk taker are some of the key personal traits identified. On the other hand, the use of information communication technology (ICT), social support—especially family support, having a diversified business portfolio, and government support through making an enabling environment for business to flourish are key enabler factors.

Successful youth agri-business entrepreneurs face challenges. Key challenges identified that cut across all value chains include: inadequate capital to enhance their business portfolios, increased transaction costs due to poor state of infrastructure especially feeder roads, lack of tenure security for their land, inadequate implementation of the e-voucher; and limited access to bank loans due to stringent conditions put by most banks to get access the loan, among others.
In order to make youth succeed in their enterprises, the Ministry of Youth, Sports and Child Development and Ministry of Commerce, Trade and Industry and Citizen Economic Empowerment Commission, and other government institutions that have resources where youth can tap from, should encourage more potential youth agri-business entrepreneurs to access the funds. This may unlock the potential of youth engagement in agri-business enterprises considering that inadequate capital has been a major factor hindering their participation in business. Encouraging the financial institutions, banking sector, and developmental agencies like Development Bank of Zambia to fully participate and finance viable projects made by the youth could be another avenue that can unlock youth participation in agri-business.

A good feeder road network helps reduce the costs of doing business. Government’s commitment to improve the feeder roads should be enhanced. Therefore, resources to a tune of USD200 million from World Bank that the government secured in 2018 for feeder road maintenance must be used efficiently and effectively.

Finally, educating these potential entrepreneurs in relevant business skills such as accounting, ICT, and insurance—beyond only school-based education—can meaningfully contribute to their success. To achieve this, there is a need to mentor interested youth through a pairing scheme arrangement where they are paired with existing successful businesses in various value chains for them to learn and develop meaningful skills. Ministry of Youth, and Sport and Child Development should spearhead this aspect.

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Any views expressed or remaining errors are solely the responsibility of the authors.

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