

**REPUBLIC OF TURKEY
ONDOKUZ MAYIS UNIVERSITY
INSTITUTE OF SCIENCES**



**THE STUDY OF AGRICULTURAL MARKETING SYSTEM: THE CASE OF
TOBACCO FARMERS IN MANGOCHI, MALAWI.**

SUMANI SHAMS ALLIE

MASTER'S DEGREE THESIS

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SUMANI SHAMS ALLIE

DEPARTMENT OF AGRICULTURAL ECONOMICS

**SAMSUN
2019**

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ETHICAL STATEMENT

I have prepared this research work in accordance with the rules of Graduate School of Sciences, Ondokuz Mayıs University for Master's Degree Thesis. It contains correct and complete information which was gathered at different stages of the thesis. I also adhered to scientific ethics and all information sources from which I benefited are indicated in reference section.



12/04/2019

Sumani Shams Allie

ÖZET

Yüksek Lisans Tezi

TARIMSAL PAZARLAMA SİSTEMİNİN ARAŞTIRILMASI: MANGOCHI, MALAWİ'DE TÜTÜN ÇİFTÇİLERİNİN ÖRNEĞİ.

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Tarım Ekonomisi Bölümü

Danışman: Prof. Dr. Kürşat Demiryürek

Bu araştırmanın temel amacı, Malawi Mangochi bölgesindeki tütün çiftçilerinin pazarlama kanallarını ve pazar pazar bilgilerinin aktarılmasını analiz etmektir. Araştırmanın birincil verileri 91 tütün çiftçisi ile birebir görüşülerek yapılan anketlerden elde edilmiştir. Yapılan anketlerden tütün çiftçilerinin demografik özellikleri, fiyat bilgileri, kullandıkları pazarlama kanalları ile ilgili veriler elde edilmiştir. Araştırmanın verileri tanımlayıcı istatistikler yoluyla analiz edilmiştir ve tütün çiftçilerinin hangi pazarın tütünlerini pazarlayacağı konusundaki kararlarını ortaya koyabilmek amacıyla lojistik regresyon analizi kullanılmıştır. Analiz sonuçlarına göre, Malawi'deki çoğu tütün çiftçisinin, tütünlerini yaprak alıcılarla yapılan sözleşmeler yoluyla pazarladıkları tespit edilmiştir. Ayrıca çiftçilerin cinsiyeti, yıllık geliri, grup üyelikleri ve piyasa bilgileri pazar seçimlerini etkileyen faktörler olarak belirlenmiştir. SMS yoluyla çiftçilere zamanında ve güvenilir fiyat bilgilerinin iletilmesi, hükümetin küçük çiftçilerin tütünlerini ilçe düzeyinde satmalarına izin verecek bir sistem oluşturması ve fiyat bilgilerinde şeffaflık olması gerektiği düşünülmektedir.

Nisan 2019, 100 sayfa

Anahtar Kelimeler: Küçük işletme tütün çiftçileri, Pazarlama kanalları, Malawi'de Tarım, Piyasa bilgileri.

ABSTRACT

Master's Thesis

THE STUDY OF AGRICULTURAL MARKETING SYSTEM: THE CASE OF TOBACCO FARMERS IN MANGOCHI, MALAWI.

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Graduate School of Sciences

Department of Agricultural Economics

Supervisor: Prof. Dr. Kürşat Demiryürek

The main aim of this study was to analyze the marketing channels and the transfer of market information among tobacco farmers in Mangochi district, Malawi. A total of 91 structured questionnaires were administered face to face to collect data such as demographic characteristics, the transfer of price information as well as marketing channels used by smallholder tobacco farmers in Mthiramanja area, Mangochi. The study used binary logistic model to find out the factors affecting farmers decision on which market channels to market their tobacco. The results showed that more tobacco farmers in Malawi market their tobacco through contracts with leaf buyers. The results of the analysis showed that annual income gender, group membership and market information were the factors affecting the choice of farmers. It was recommended that timely and reliable price information should be communicated to the farmers through SMS, the government should create a system which will allow smallholder farmers to sell their tobacco at the district level and there should be transparency in price information.

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Keywords: Smallholder tobacco farmers, Marketing channels, Agriculture in Malawi, Market information.

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ACRONYMS

AHL	Auction Holding Limited
ARET	Agriculture Research and extension Trust
BLM	Binary Logistic Model
EPA	Extension Planning Area
FAO	Food and Agriculture Association
FUM	Farmers Union of Malawi
HIC	High Income Countries
IMF	International Monetary Fund
IPS	Integrated Production System
JTI	Japan Tobacco Incorporation
LMIC	Low Medium Income Countries
NAP	National Agriculture Policy
NASFAM	National Association of Smallholder Farerms in Malawi
NCI	National Cancer Institute
RTOA	Road Transport Association
TAMA	Tobacco Association of Malawi
TEAM	Tobacco Exporters Association of Malawi
WHO	World Healthy Organisation
TAMA	Tobacco Association of Malawi

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1.INTRODUCTION

1.1. Tobacco Industry

Tobacco is one of the plants whose products are highly consumed across the globe. Some of its well-known manufactured products include cigarettes, cigars, chewing tobacco, pipe tobacco, and Shisha. Though tobacco products are associated with heart and lung diseases, tobacco production has been increasing for the past years especially in developing countries mainly because of its economic benefits. Both the production of tobacco and the consumption of its products has a significant impact on the global economy (Warner 1995). Although the harm tobacco products have on human health is undeniable, many countries continue supporting its production with the hope that the negative effects it has on healthy will be offset by the economic benefits associated with tobacco growing, processing, manufacturing, exporting and tax (WHO 2003).

1.2. Tobacco Production.

Tobacco is grown in almost 124 countries across the globe covering approximately 4.2 million hectares. However, the top ten Tobacco-producing countries account for almost 80% of the world total production (NCI,2016). The top ten Tobacco-producing countries include The peoples republic of China, Brazil, India, United States, Indonesia, Zimbabwe, Malawi Argentina, Pakistan and Turkey (NCI 2016). China is the world largest producer of Tobacco contributing to almost 40% of the world total volume. Brazil and India are the second and the third largest Tobacco producers consecutively.

Table 1.1 shows that China is the major contributor to the total tobacco production in the world. According to FAO data (2013) Malawi is among the major tobacco producers contributing 1.8 % of the total global production. These figures may have dropped within the past years. Turkey is among the top ten tobacco producers however for the past years the country has changed from major exporter to major importer of tobacco.

Table 1. 1. World tobacco production by countries (2013 Data)

Country	Production 2013 (tonnes)	Share of total world volume (%)	Area harvested (hectares)	Share of total world area (%)
China	3,148,547	42.4	1,526,910	36.0
Brazil	850,673	11.4	405,253	9.6
India	830,000	11.2	490,000	11.6
United States	345,837	4.7	136,068	3.2
Indonesia	260,200	3.5	270,200	6.4
Zimbabwe	150,000	2.0	115,000	2.7
Malawi	132,849	1.8	120,172	2.8
Argentina	115,334	1.6	59,238	1.4
Pakistan	108,307	1.5	49,775	1.2
Turkey	90,000	1.2	136,233	3.2
Others	1,401,488	18.9	928,394	21.9

Source: NCI 2016, FAOSTAT 2013

According to NIC (2016) the production of Tobacco is declining in developed Countries and increasing in developing countries. There has been increase in tobacco production over the first decade of 21st century in developing countries like Zambia, Mali, Ghana and Cambodia. The production of tobacco has been declining within the same period in countries like United States and other developed countries. The developing countries produce almost 92% of total world production with more than 40 % coming from China only (FAOSTAT 2013).

1.2.1. Factors Contributing to the increase in Tobacco Production in LMICs

1. Tobacco production cost is lower in LMICs than in HICs. This is probably due to lower cost of labor in LMICs which is vital to Tobacco production and also strict regulations and policies in HICs that results into low profitability of the industry.
2. The use of Tobacco products has increased over the past years in LMICs due to increase in income level.
3. The demand for Tobacco exports has increased in LMICs motivating farmers to produce more.

4. The establishment of processing plant by Multinational Tobacco Companies in LMICs has also fueled the production of Tobacco in hosting countries.
5. In LMICs, Tobacco is perceived as the most profitable than other traditional crops especially in countries whose economy is heavily dependent on Tobacco farming.
6. The availability of loans and technical support from the tobacco industry makes it easier and more convenient for smallholder farmers to engage in Tobacco farming over other profitable crops.

Tobacco being a labor-intensive crop, a lot of people are involved in its production. In the least developed countries where tobacco is grown by smallholder farmers, the operations on the farm are mainly supported by family members. Apart from that, the livelihood of all the family members assisting in tobacco farming operation depends on the tobacco. For example, In Malawi, tobacco has been the main source of cash income for many rural households.

1.2.2. The negative effects of Tobacco Farming.

1. Soil depletion due to extensive use of fertilizer
2. Deforestation that is caused by expanding farms and processing tobacco
3. Due to its labor intensiveness, it has led to child labor especially in Low Medium-Income Countries (LMICs).
4. Green tobacco sickness and exposure to pesticides imposing healthy risks on farmers.

1.3. Tobacco Products

There are a variety of products that are manufactured from tobacco crop. These products have been categorized into two groups.

1. Smoked products: Cigars, Cigarettes, Bidis, Kreteks, waterpipe tobacco, etc
2. Smokeless products: Chewing tobacco, Moist snuffs and Dry snuffs

Other newly developed tobacco products include electronic nicotine delivery systems (ENDS)—battery-powered. Although these new products are known to be less harmful, the National Cancer Institute (2016) pointed out that all tobacco products are carries health risks for the users. Among all the tobacco products cigarettes remains the most used product.

Just like tobacco production, cigarettes production has increased in LMICs and has been constantly decreasing in HICs since 2000 (National Cancer Institute,2016).

The increase in cigarettes production in LMICs countries has been induced by the increase of the number of smokers, lower cost of production in LMICs due to cheap labor and lack or weakly enforced tobacco control measures in LMICs.

In a report written by National Cancer Institute and World Health Organisation it was reported that the number of smokers has increased with 77% in LMICs alone.

1.4. The Marketing of Tobacco.

In developing countries, tobacco is grown by small-scale farmer and the majority of them cultivates on land less than a hectare. Mostly these farmers are able to access the market through entering into contracts with the tobacco leaf companies in a system called integrated production system (IPS). In this system, small-scale farmers enter into contractual obligations with tobacco-processing or retailing firms. Under such agreements, the tobacco-processing or tobacco leaf buyers provide loan to the farmers in form of either cash or inputs. On the other hand, tobacco farmers are obliged to provide the leaf buyers with predetermined quantity and quality. While tobacco industry claimed that this system is aimed at making sure that the tobacco produced by small-scale farmers is of international standards, there have been critics from other stakeholders that intergrated production system do not only increase the farmers dependency on tobacco production but also gives the leaf buyers power to control prices. In Malawi in the 2012-2013 growing season, contract farming accounted for 80% of the total tobacco leaf traded (National Cancer Institute 2016). Large commercial tobacco producers, especially in high-income countries like the United States of America, do not enter into contractual agreements with the tobacco-processing or retailing firms rather sell their tobacco on auction. Therefore, unlike small-scale farmers on Integrated Farming System (IPS), large-scale tobacco producers have much control over the prices offered to them.

Apart from those two marketing systems mentioned above other farmers often in least developed countries prefer to sell their tobacco to a broker who then resells it on an auction system. This is due to the farmers' inability access to the main market. Brokers use this opportunity to buy tobacco from the farmers at farm-gate prices and then resell it at the main market on auction.

The nature of the relationship between growers and tobacco companies and the characteristics of tobacco-farming systems across countries affect the government in making policies to protect farmers' livelihoods and supporting a transition from tobacco farming to other profitable crops (National Cancer Institute 2016).

A study found out that the global leaf companies in Malawi have significant political influence on country's economic and trade policies. This relationship might prevent the country implementing programs to shift farmers focus from tobacco farming to other profitable crops.

Globally the leaf market is dominated by Alliance one and Universal Corporation. These large multinational leaf-buying companies purchase raw tobacco, process, store, and ship tobacco leaf tobacco products manufacturing companies. In LMICs farmers are highly dependent on these multinational leaf-buying companies in providing them with seeds and materials, technical assistance through an integrated production system. This gives the multinational leaf-buying companies ability to control the leaf market. The MTCs also gained the ability to control tobacco value chain mainly through other activities like research and development, branding, and marketing that are characterized by high barriers to entry and high financial returns. For example, in 2013 the global tobacco product market was valued at US\$ 783 billion and only 19.1 billion U.S. dollars were accounted for tobacco production.

Table 1. 2. Global tobacco value chain participants

Activities in the chain	Main participants	Major trends
Tobacco growing	Millions of tobacco farmers, particularly in LMICs	• Intense competition • Higher volumes associated with declining revenues
Tobacco leaf processing and exporting	• Universal Corporation • Alliance One	• Increasing consolidation and overseas expansion • High revenues associated with economies of scale
Cigarette manufacturing and retailing	Largest MTCs: • Phillip Morris • British American Tobacco • Japan Tobacco International • Imperial Brands	• High revenues associated with intangibles (research and development, brand names, and marketing)

Source: Vargas 2004, National Cancer Institute(2016)

1.5. Tobacco Production Regulation.

Tobacco is legally produced crop which has hazard effects on humans as well as the environment. To respond to these adverse health consequences of tobacco farming and tobacco use, governments, especially in high-income countries, have been imposing regulations on tobacco product mainly for two reasons. The first reason is to reduce the harm that results from excessive tobacco consumption. The second one is to decrease widespread presence of tobacco products. There are a number of steps that has been taken in order to facilitate effective implementation of Article 9 (Regulation of contents of tobacco products) and Article 10 (Regulation of tobacco product disclosures) of the WHO FCTC. Some of the steps that have been taken include:

1. The formation of the WHO's Study Group on Tobacco Product Regulation (TobReg),
2. Creation of the WHO Tobacco Laboratory Network
3. Establishment of the WHO Global Tobacco Regulators Forum
4. WHO's efforts to establish new cigarette testing standards and,

5. The WHO FCTC Conference of the Parties Working Group to develop guidelines for Articles 9 and 10 of the treaty (National Cancer Institute, 2016).

1.5.1. Regulatory approaches implemented.

A number of approaches have been implemented by different forms in different countries across the globe. Some of them are listed as follows.

1. Bans on the sale of tobacco products
2. Mandating Reductions in Tobacco Product Constituents
3. Reducing the Addictiveness or Appeal of Tobacco Products
4. Limiting Brand Proliferation

1.6. Tobacco Sector and Marketing in Turkey.

Turkey is one of the tobacco producers in the world. It has always been a product of special importance in economic and social terms since its recognition by Turkish society. During the republic era the importance of tobacco to Turkey increased due to its contribution to foreign currency as well as employment and income to national economy (Ceylan, 1995). Tobacco cultivation, being highly labour-intensive and particularly suitable for women and unskilled labourers, provides employment for about 500 000 Turkish grower families which accounts for approximately 1 % of the total population of Turkey

Turkey has a long history of tobacco which can be traced from as early as 1601s. The brief history and marketing of tobacco is presented below. Tobacco was first introduced in Turkey in 1601 by the English, Venetian and Spanish sailors. However, the cultivation of tobacco started after 1674 in Anatolia region. During late Ottoman times, tobacco production and trade was sold to foreign companies. In 1925 after the establishment of Turkish republic, tobacco production and trade were regulated and controlled by a nationalized and a state monopoly organisation called TEKEL. The change in economic policy during 1980s led to the introduction of multinational tobacco corporations into the country. In 1984 the importation of tobacco was allowed by the parliament which resulted into increase in tobacco sales (Bilir, 2017). There have been significant changes in the marketing of tobacco in Turkey. During 1924s the production and trade of tobacco was under the control of the government. In response to Turkey's severe economic crisis in late 2000, the International Monetary Fund and World Bank forced the country to pass a law enabling the privatization of the state alcohol and tobacco enterprise TEKEL. TEKEL and private sector market and their products in a competitive free market.

Therefore, the tobacco produced by farmers in Turkey was sold unprocessed either to private traders or to TEKEL. Tobacco bought by the private sector was for export only while tobacco bought by TEKEL were both for domestic cigarette production and export. The average price given to farmers was determined by the private sector and TEKEL (FAO, 2000). During this time tobacco in other countries like Malawi was being marketed on auction while other countries like Brazil tobacco was being marketed on contract.

Turkey had been attempting to establish auction centers but they were unsuccessful. During 1994s Turkey failed again to establish auction centers due to cancellation of National Tobacco Committee meeting (National Tobacco Committee, 1995). Due to the change of laws in 2002, many agricultural products in Turkey including tobacco were being marketed using contract production model. Before the changes in the laws governing agriculture tobacco marketing system in Turkey was different from region to region. For example, Ege, Marmara and Karadeniz regions were using village detection system "*köy tespiti sistemi*" and Eastern and Southeastern Anatolia were using warehouse purchase system "*depo alımı*". In village detection system (*köy tespiti*) the buyers were going to the village before the opening of the market to examine the quality and quantity of tobacco then after the opening of the marketing tobacco was being priced accordingly. While in warehouse purchase (*depo alımı*) tobacco were being taken to buyers' warehouse where tobacco quantity and quality were determined and priced accordingly. Tobacco was being kept at the main warehouse until sale agreement has been signed by the buyer and the producer (Gümüş, 2001).

After the year 2002 the buying and selling of tobacco were being conducted on contractual basis or auction system. However, the starting price were being determined before by the authorities.

Some of the amendments made include the following.

- Tobacco could only be sold or bought through contractual agreements with the buyers or auction system
- If the tobacco produced exceeds the quantity determined in the contract the excess shall be sold on auction (Gümüş, 2009).

While tobacco production in Malawi is still very high, tobacco production in Turkey has dropped for the past years. Turkey implemented a number of laws governing tobacco production due to the effect it had on the production of other agricultural products. Turkey now import tobacco from outside the country which is cheaper than the domestic one on international market. These resulted into transformation from tobacco export country to major tobacco importer. Unlike Malawi, tobacco production has been mainly for the purpose of exporting (Önder, 2018). The market for tobacco products in Malawi is not big enough to consume all the tobacco produced in Malawi. Therefore, since colonial era there is no major changes in the structure of the market sytem.

The producers of tobacco in Malawi have no power to negotiate on the prices of tobacco. Due to contractual agreements, farmers are highly depedant on the terms imposed to them by the buyers. Farmers especially those operating on small scale are obliged to abide to the buyer's terms and conditions due to lack of bargaining power. This is the same for Turkey where contract farmers are now dissatisfied with the prices they get from the buyers (Gümüş, 2009).

1.7. Agriculture in Malawi

Agriculture is the main activity that is practiced by the majority of the population for domestic consumption as well as for cash. Approximately 56 percent of the total land is suitable for cultivation. According to Malawi Labour Force Survey report of 2013, it was indicated that agriculture sector only provided jobs to almost 64.1 percent of the country's total workforce. In addition to that agriculture sector contribution to Gross Domestic Product (GDP) accounts for 27.9 percent and generates over 80 percent of national export earnings (Annual Economic Report, 20). This makes agricultural sector to be the backbone of Malawi's economy as it contributes significantly to employment, economic growth, export earnings, poverty reduction, food security, and nutrition (National Agriculture Policy, 2016).

1.7.1. Tobacco production

Most countries in Africa promote Tobacco leaf production as a way to eliminate poverty among its citizens. This led to a shift of tobacco leaf production from a high-income country to developing countries, especially those in the African continent (Hu and Lee, 2014). Malawi is one of the countries in the world whose economy is heavily dependent on tobacco.

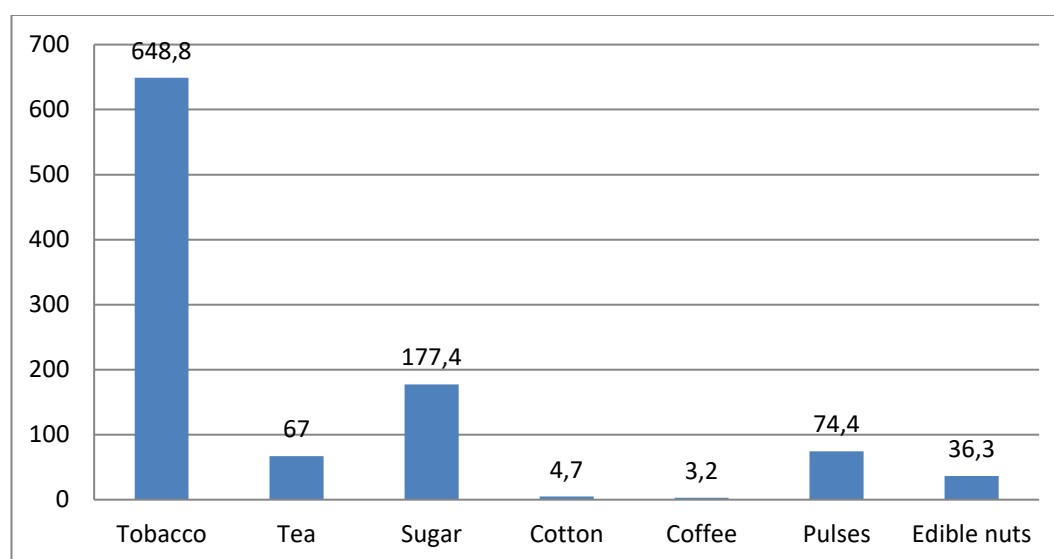
Tobacco is accounted as the most significant crop to the Malawian agriculture-based economy contributing more than 60 percent of annual export earnings and 13% of the economy as measured by the GDP. Malawi has been one of the top ten producers of tobacco in the world (Drope et al, 2016).

They are many types of tobacco grown in Malawi such as burley, northern division dark fired, flue-cured, southern division dark fired, sun-air and oriental tobacco. However, the main type of tobacco grown in Malawi is burley which in 2010 accounted for 94 percent of total tobacco production. Malawi's burley tobacco is said to have higher demand due to its good reputation of being "flavorless and clean filler" (Prowse and Moyer-Lee, 2013).

1.7.2. Tobacco production growth

After Tobacco industry was liberalized in 1992 smallholder farmers were allowed to grow burley tobacco unlike before where they were allowed to grow fire-cured, air-cured and oriental tobacco only. Before the liberalization of the industry, only large-scale estates were allowed to grow burley tobacco. The production of burley tobacco went very high due to the involvement of smallholder farmers. However, for the past years production of tobacco has dropped due to a decline in burley production. Most burley farmers switch to alternative crops because of the price disincentives that prevails on the tobacco market. (Annual Economic Report, 2017). The figure 1.1 below shows export values of traditional commodities in Malawi.

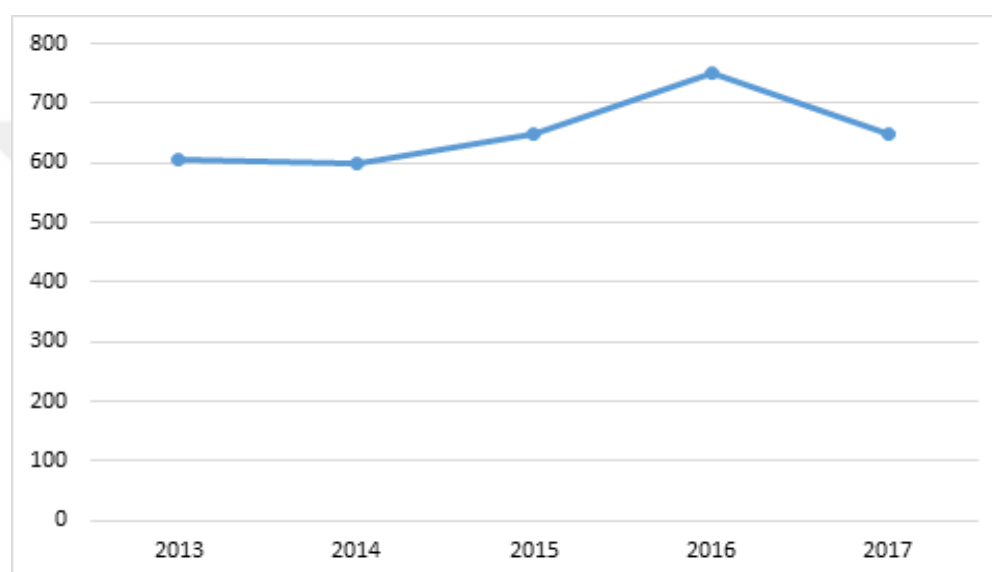
Figure 1. 1. Export values of traditional commodities (Us\$ Million,2017)



Source: Annual economic report, National Statistical Office and Department of Economic Planning and Development (DEPD)

As indicated in the graph below, tobacco increased from US\$649.7 million in 2015 to US\$750.0 million in 2016. However, the value of tobacco declines from US\$750 million in 2016 to US\$648.3 million in 2017. The reason for the decline in value among others is the decrease in the commodity prices on the international market in the year 2015/16 which discouraged many farmers from increasing production or maintaining the previous one (Annual Economic Report, 2017). Tobacco production was estimated a decrease by 36 percent from 192,967 metric tons in 2016 to 123,780 metric tons in 2017.

Figure 1. 2. Value of Malawi's tobacco exports (US\$ '000,000), 2013-2017



Source: Authors compilation (Data from Annual economic report-2014, 2015, 2016, 2017)

The demand for tobacco has been decreasing over the past years. This is due to the decrease in consumption in response to the negative effects it has on health. Atlas tobacco (2017) reported that the use of tobacco prevent development to the point where no health system or national economy can afford it. It was further pointed out in the report that the total global economic cost of smoking is almost 2 trillion dollars when adjusted for 2016 purchasing power parity (PPP).

The World Health Organisation (WHO) framework convention on tobacco control (FCTC), an international legal framework which came into existence following the global tobacco epidemic, recognized that “the spread of the tobacco epidemic is a global problem with serious consequences for public health that calls for the widest possible international cooperation and the participation of all countries in an effective, appropriate and comprehensive international response” (WHO 2005).

However, Malawi has not yet signed the WHO FCTC. Drope et al (2013) pointed out that Policy makers compare the health benefits of tobacco control measures against the potential economic losses that may be incurred in a country whose economy heavily depends on tobacco industry. However (Makoka, Drope et al. 2017) highlighted that farmers cultivating tobacco in Malawi as their main economic livelihoods are not getting handsome profit from their operation while other farmers especially independent farmers are literally operating at a loss.

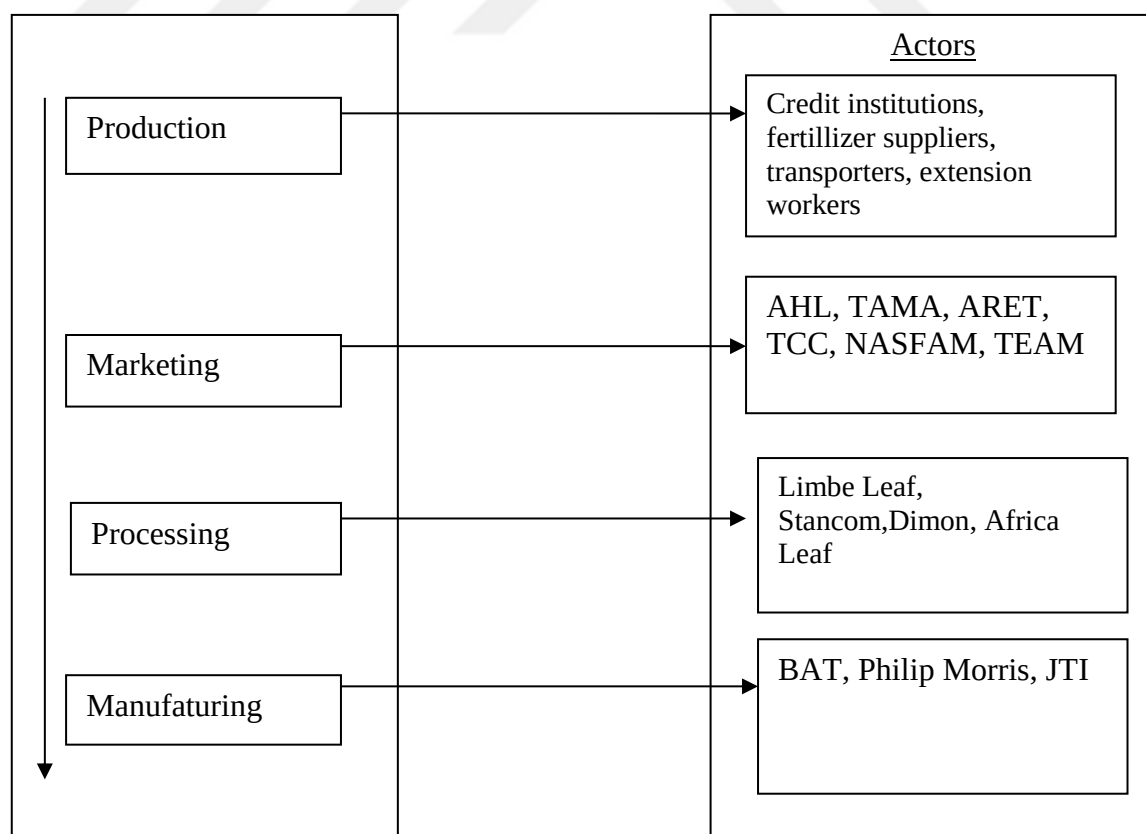
The lack of alternative cash crop is among other factors trapping Malawian farmers in the tobacco industry. However, the Malawi government (Annual Economic Report, 2017) reported that switching to alternative crops by tobacco farmers is expected to improve the country's foreign exchange earnings position.

1.7.3. Tobacco Production and Marketing System

1.7.3.1. Tobacco Value chain

The tobacco sector value chain constitutes production, transportation of tobacco to the markets, grading of tobacco and the marketing of tobacco on the domestic markets and exports (Chirwa, 2011).

Figure 1. 3. Supply thread for tobacco in Malawi



Source: Prowse and Moyer-Lee, 2013

1.7.4. Tobacco grown in Malawi

Despite being one of the poorest countries in the world, Malawi is among the 7 largest tobacco producers in the world along with China, Brazil, India, the United States of America, Indonesia, and Zimbabwe. According to Tsonga (2004), the different types of tobacco grown in Malawi are; (i). Burley; (ii) Virginia (Flue-Cured); (iii) North Division Dark Fire Cured; (iv) Southern Division Fire Cured; (v) Sun-air Cured; and (vi) Oriental. However, of all types of tobacco grown in Malawi, burley tobacco is the main type of tobacco grown in Malawi accounting for more than 95 percent of the total tobacco production (Chirwa 2011). Prior to the liberalization of tobacco production in 1992, Burley and Virginia were only produced by commercial producers. Smallholder farmers were allowed to grow fire cured Northern Division fire cured, Southern Division fire cured, sun-air cured, and oriental tobacco. Smallholder farmers were allowed to grow Burley and Virginia after the liberalization of the sector in 1992. After smallholder farmers were allowed to produce burley tobacco, they dominated burley production. This made the tobacco industry to become very competitive at production levels (Chirwa 2011). The production of burley increased tremendously making Malawi the world's largest producer of burley leaf tobacco in the world (Kulik 2017).

The tobacco industry is comprised of smallholder farmers and estate subsector. The available estimates suggest that about 60% of Malawi's burley tobacco farmers are smallholders who own their land and 30% are estate or tenant farmers who cultivate tobacco on a leasehold or freehold land and they operate as an independent (individual) growers. The estate growers range from medium to large-scale growers. The estate growers concentrate on the production of flue-cured tobacco, which requires a more complex curing process (Chirwa 2011). Smallholder farmers are normally organized in clubs ranging from 10 to 30 farmers. There are more than 20,000 smallholder farmer clubs are involved in burley tobacco production, however, Tobacco Association of Malawi (TAMA) and the National Association of Smallholder Farmers' in Malawi (NASFAM) are the main ones. The main aim of these grower associations is to support the smallholder growers in promoting good agronomic practices, the transportation of tobacco to the markets and the marketing of tobacco at the auction floors. Smallholder farmers through the clubs can also get access to a competitive market for the supply fertilizer and other farm inputs.

1.7.5. Transportation Tobacco

Transportation is among the more vital economic activities in every industry as it allows the movement of commodities from production to end consumers.

There is a number of transporters operating in tobacco industry in Malawi who are organized under brokerage transport association, the Road Transport Operators Association. The main aim of Road Transport Operators Association (RTOA) is to recommends prices for transport to its members. Chirwa (2014) argued that the existence of (Road Transport Operators Association) led to a lack of competition in transport market. Due to the congestion at the auction market, the transporters are given long waiting periods which increase the total transportation cost. Unlike Individual farmers who enter into an agreement directly with transporters, TAMA and NASFAM members transport their production through coordinated transport services (Chirwa 2014). Tobacco is transferred to depots in rural areas where it is kept until the authorization of delivery to the auction by the auction authorities (Mamudu and Glantz, 2007). The smallholder farmers are organized in clubs of 10 to 30 members and registered with the Tobacco control commission. This helps them to get access to auction floors through the main Farmers association, TAMA or NASFAM (Chirwa 2011).

1.7.6. Marketing of Tobacco

Tobacco in Malawi is largely marketed through the auction system and through contract farming system. The auctioning system is based on the American tobacco auction system in which a start price is determined on the basis of the quality of the leaf. Consequently, buyers can raise their bids from the minimum price to purchase the bale of tobacco. If the farmer is not satisfied with the final price, he/she has the right to reject the offered price (Chirwa, 2011). All the auction flows are owned entirely by Auction Holdings Limited (AHL) which operates as a monopolist in the tobacco marketing services. The main auction flow is Lilongwe auction floor which handles large volumes of tobacco. The other regional auction flows are Mzuzu auction flows, Limbe auction flows and Chikhoma action flows.

The regional auction flows were opened to reduce transportation and other transaction costs (Chirwa 2014). The other satellite auction flows are opened periodically depending on the levels of production to reduce congestion in the main regional auction flows. Some of these satellite auction flows are; Kabwafu in the

Northern Region, Mphasadzi and Lunyangwa in the Central Region and Mgodhi in the Southern Region.

Auction Holdings Limited (AHL) is a group of companies with subsidiaries dealing with trading of agricultural inputs, purchase of tobacco on auction floors, and re-grading tobacco returned from auction floors. It is also responsible for the settlement of payments to growers. AHL is the only company licensed to offer tobacco auction markets in Malawi and the main shareholder is Malawi Leaf Company, a government-owned company (Chirwa, 2011).

1.7.7. The buyers of Tobacco in Malawi

The main buyers of tobacco in Malawi are Alliance One Tobacco (Malawi) Ltd and Limbe Leaf Tobacco Company. According to tobacco control commission, other tobacco buyers operating in Malawi are Japan Tobacco Incorporation (JTI) Malawi, Premium TAMA Tobacco Limited and Malawi Leaf Company. The leaf companies have an association known as Tobacco Exporters Association of Malawi (TEAM). Buyers sometimes also import unprocessed tobacco from neighboring countries like Zambia and Mozambique. The imported tobacco is partly processed in Malawi and then re-exported to other countries.

Table 1.3. The buyers of Tobacco in Malawi

Tobacco Buyer	Brief Description
Alliance One Tobacco (Malawi) Ltd	A subsidiary of Alliance One International. Alliance One International is an outcome a global merger between Stancom and Dimon
Limbe Leaf Tobacco Company	A subsidiary of Universal Corporation. It has been operational in Malawi since the 1960s.
JTI Malawi	A subsidiary of Japan Tobacco Inc. It has been operational in Malawi since 2009
Malawi Leaf Co. Ltd	Subsidiary of Auction Holdings Limited (AHL) Group. It is 100 percent locally owned. It has been operational since 2006
Premium TAMA Tobacco Limited	A subsidiary of Premium Tobacco Group in an equity partnership with the Tobacco Association of Malawi (TAMA).

Source: Drope et al (2016)

1.7.8. Extension and Support Services

Extension and research services are provided to tobacco farmers mainly by Malawi government through the ministry of Agriculture and food security (MoAFs) and the Agricultural Research and Extension Trust (ARET).

The government is responsible for providing extension services to farmers although its extension system is operating under capacity due to decrease and non-replacement of extension workers (Chirwa 2011). Agricultural Research and Extension Trust (ARET) is an organization whose mission is to “to promote the sustainable production of tobacco and other high-value export agricultural crops for the realization of improved farm profits while conserving natural resources.

It was established in 1985, to replace other government institutions. ARET is fully owned by tobacco farmers who fund it through deductions from tobacco sales. Some of their activities include conducting Technology Research, providing Extension Advisory Service to farmers. Being the only certified seed producer in Malawi, ARET develops new tobacco varieties and disseminate them to tobacco farmers. However, there has been low technology adoption by the farmers which result in low productivity (Maleta 2004, Chirwa 2011).

1.7.9. Laws Governing Tobacco Industry in Malawi.

Malawi still uses 1938 tobacco act which was last amended in 1970s. The production of tobacco can be done by anyone provided he/she he is registered in accordance with tobacco Act. Failing to register may prevent the farmer to sell his tobacco legally in any part of the country. The tobacco act states that Tobacco shall not be bought elsewhere than on auction floors licensed under the Control of Tobacco Auction Floors Act, except by the following persons— Cap. 65:03. This means that whether tobacco is produced under contract or not, the actual sell will be conducted at the auction floors. This is done in order to prevent malpractices by the buyers which might have a detrimental effect on the economy of the country. Although initially farmers were allowed to sell tobacco to intermediate buyers, the final market for the intermediate buyers was the auction floor. The sell of tobacco is controlled by the auction holding limited which is partly owned by the government. ADMARC which is a government corporation own almost 42.6 % of the total shares. This might prevent competition in the industry due to monopoly. Malawi tobacco control commission (TCC) has been showing efforts to review Tobacco Act and Control of Tobacco Auction Floors Act.

According to TCC the reviewed act will help to improve service delivery and management of the tobacco industry in Malawi. One of the officials from TCC highlighted that "The ultimate target of the Act is to ensure that the grower is protected and never exploited and also that our crop integrity is also protected so that we are able to safeguard the market share for Malawi because if we do not do that, then we will have a problem" (Times, 2018)

1.8 Tobacco Production in Mangochi.

Flue cured and Burley tobacco are the varieties of tobacco cultivated in Mangochi district. Burley tobacco is cultivated in all parts of Mangochi district. However, the area having biggest land under burley tobacco production are Nankumba, Chilipa, Mthiramanja, Ntiya and Masuku. In 2016-2017 Mangochi APES report, the total number of hectares under burley tobacco production was 1398. This indicates a decrease of 47% as compared to the five years average of 2657 hectares. This is because farmers are shifting to other crops following low tobacco price offered at the market. Flue cured tobacco production is cultivated in Ntiya and Masuku areas. Almost 92,5% of flue cured tobacco grown in Mangochi is cultivated large scale commercial farmers (estates). According to APES report the average land under flue tobacco production is 554 hectares.

Table 1. 4. Smallholder burley tobacco production in Mangochi (2016-2017)

EPA	Cultivated Area (ha)	Ave. Yield (KG/ha)	Total Production (Mt)
Nankumba	561	831	466191
Mbwadzulu	69	406	28000
Nasenga	17	701	11917
Mthiramanja	164	761	124804
Chilipa	209	693	144837
Maiwa	54	572	30888
Lungwena	3	733	2199
Mpilipili	8	642	5136
Katuli	42	716	30065
Ntiya	145	843	122235
Masuku	118	692	81712
Total Smallholder	1390	754	1047984

Flue-cured tobacco is mostly cultivated by estates as compared to smallholder farmers in Mangochi. In 2016-2017 third round field crops it was estimated that the number of smallholder farmers cultivating flue cured tobacco was 15 and 26 in Ntiya and Masuku area respectively.

The area under flue cured tobacco farming decreased by 29% compared to the past five years average due to shift to other crops and low prices offered at the main market. The total production decreased by 36% below five years average due to decrease in cultivated area.

1.8.1 Mthiramanja Extension Planning Area

Mthiramanja area is one of the Extension Planning Area (EPA) in Mangochi. This area was selected because it has among EPAs which had higher tobacco production in the district. Mthiramanja area was also chosen considering the researcher capabilities as it was much convenient to collect data. The results obtained from this area can represent the other areas since smallholder farmers in Malawi have similar characteristics disregarding the location.

Mthiramanja area is situated south west part of Mangochi district. It has a total area of 27,000 ha of which 23,691 ha is suitable for farming. The area has two different Traditional Authorities (TA) namely: Chimwala TA and Mponda TA. Chimwala covers 36% while as Mponda constitutes 64% of the total EPA's farm families. There are 177 villages and 15 sections.

The whole Mthiramanja EPA has 18,653 farm families of which 57% of them are headed by females. The average landholding size/farm per family is 0,6 ha. The area has the total number of 6 Agriculture Extension Development Officers (AEDOs). Mthiramanja Extension Planning Area (EPA) is one of the area in Mangochi having a large number of registered tobacco farmers. Large scale commercial tobacco farming is practiced in the other parts of the district. The total number of registered burley tobacco farmers (2017/2018 season) was 213 while other farmers are remain unregistered. The total land under tobacco farming was 197 ha (2017/2018 season). The yield of tobacco in Mthiramanja area is 761 kg/ha which is among the highest in the district.

1.9. Problem Statement

Agricultural sector is considered as the backbone of Malawi's economy as it contributes significantly to employment, economic growth, export earnings, poverty reduction, food security, and nutrition (National Agriculture Policy, 2016).

Though there are many crops grown in Malawi, tobacco has been and still remain the major component of the Malawian agriculture-based economy. Tobacco products are highly consumed across the globe. This makes the manufacturing of tobacco products as well as its production crucial to the global economy (Warner 1995). Malawi is one of the countries in the world producing large volumes of tobacco (Drope et al, 2016). Tobacco contributes about 10 percent of gross domestic product (GDP) and it accounts to almost 60 percent of Malawi's total export.

During the past years, the Malawi government through the Ministry of Agriculture has implemented a number of policies to strengthen Agricultural Markets. Some of the efforts made include the increased liberalization, development of Agricultural marketing infrastructure as well as strengthening the agricultural market information system. Though that is the case, the tobacco industry also faces some challenges which prevent the sector to reach its potential and become more beneficial to Malawian poor farmers.

Chirwa (2011) pointed out that Lack of information circulation within the industry is one of the factors exacerbating transparency problems. The availability of market information enhances market transparency and a more equitable share of profits among the actors in the industry. A farmer who is well informed about the market conditions may have a higher chance of choosing a proper marketing channel for his/her produces which might lead to higher levels of returns to their commercial tobacco farming efforts. Reliable and timely price information is needed for the marketing system to be efficient in coordinating the activities of producers and all the actors in the industry (Dubov et al 1981).

The main aim of this study was to analyze the marketing channels and the transfer of market information among tobacco farmers in Mangochi district, Malawi. This study is expected to contribute to understand the marketing system in tobacco industry in the study area and also to understand how tobacco farmers obtain price information. Chirwa (2011) indicated that many smallholder tobacco farmers in Malawi are not making profits from tobacco farming. However, they continue farming tobacco due to lack of alternative cash crops. Therefore, it is apparent that the government can improve the welfare of tobacco farmers by improving the marketing system in the tobacco industry. The findings of the research may be used by policy makers and stakeholder to improve the marketing system in the tobacco industry.

1.10. Research Hypothesis

In this section hypothesis that was tested to achieve our research objective are highlighted. The hypothesis allowed the researcher to have a clear roadmap of our research work.

The hypothesis of the research are listed below;

1. They are no different marketing channels smallholder farmers in Mangochi use to market their tobacco
2. There are no factors influencing tobacco farmers in Mangochi to choose a particular marketing channel.
3. Tobacco farmers do not use different sources to access price information.
4. Farmers are not satisfied with the marketing channel they use.

1.11. Objectives of the Research

The main aim of this study was to analyze the marketing channels and the transfer of market information among tobacco farmers in Mangochi district, Malawi. In Malawi tobacco is marketed through auction or contracts arrangements. Though intermediate buyers were banned in 2002, intermediate buyers illegally continue operating using their own or partners registration number (Prowse, 2011). Since the implementation of contracts in 2006, there has been a vast number of farmers joining entering into agreements with various tobacco buying companies to buy their tobacco. Determining the motivation behind the choice of marketing channel as well as studying the transfer of market information is their vital to success on tobacco farmers.

The specific objectives of the study were as follows;

- To identify marketing channels widely used by the tobacco farmers in Mangochi
- To analyze marketing channels used by the tobacco farmers in Mangochi
- Identify demographic characteristics of farmers influencing the choice for a marketing channel
- Identify sources which a being widely used by smallholder tobacco farmers to access market information

2. LITERATURE REVIEW

2.1. Introduction

In every industry, there are many factors or processes that are conducted in order to have a final product or service. However, no matter how the product has been produced, poor market will make the product valueless and useless. Therefore, market is a crucial part of the economy and the final adjudicator of the commercial process. In every country across the globe market reform and improvement of marketing is considered to be the most significant part of policy and strategy for economic development (Kiruthiga et al, 2015).

Marketing is defined by Kotler and Armstrong (2010) as the process by which companies create value for customers and build strong customer relationships in order to capture value from customers in return. However, Agriculture marketing is a word comprising of two concepts viz “agriculture” and “marketing” (Kiruthiga et al, 2015). Agriculture is defined as all the primary activities involving the use of natural resources for human welfare. Therefore the word "Agriculture marketing" can be defined as a process which starts with a decision to produce a saleable farm commodity, and it involves all the aspects of market structure or system, both functional and institutional, based on technical and economic considerations, and includes pre- and post-harvest operations, assembling, grading, storage, transportation and distribution (National Commission on Agriculture 1976; Kiruthiga et al, 2015). Unlike other industries, marketing of agricultural products is considered to require specialized attention due to its perishability and bulkiness.

Farmers choose different marketing channels depending on the structure of the product's value chain as well as their personal factors. The more the benefits a farmer is expecting from a particular channel the more likely he/she is to choose that channel. Another important factor to be considered in marketing is the flow of price information as it influences the ability of the farmers to choose a channel with maximum potential benefits. According to Galtier et al. (2013) market information is considered to aid the Improvement of public policies through increased awareness of market realities and also enhancement of market transparency, to bring about a fairer and more efficient allocation of resources. Therefore, in this chapter, the general concepts and literature related to marketing channels especially in agriculture will be presented together with the flow of price information.

2.2. Smallholder Farmers

Smallholder farmers are defined by those farmers cultivating on a land of less than 2 ha (Rajanna et al, 2017). Ntshangase (2014) argued that smallholder farmers differ between countries and agro-ecological zones and that using land size as the only criterion could result in misconceptions. However, for the sake of avoiding ambiguities, agricultural institution often uses land size as a criterion to determine smallholder farmers. In Malawi, smallholder farmers dominate the agriculture industry. According to FAO, 25% of smallholder farmers cultivate less than 0.5 ha on average; 55 percent cultivate less than 1.0 ha; 31 percent cultivate between 1.0 and 2.0 ha, and 14 percent cultivate more than 2.0 ha. Unlike large-scale farming, smallholder farming requires enough labor than capital. Although most of the time smallholder farmers make use of family labor, depending on the workload smallholder farmers may employ casual labors (Ntshangase, 2014).

2.2.1. Characteristics of smallholder farmers

According to FAO, smallholder farmers use traditional farming techniques and their output levels tend to be lower due to lack of improved inputs. Most of the smallholder farmers are poor therefore they lack enough capital for their farming operations (Ntshangase, 2014). The lack of enough capital and their dependency on family labor result into low levels of output per piece of land. Smallholder farmers who are very poor take advantage of the farming season as a source of employment as casual labors. These farmers prefer spending their time and energy in working on other people's farm for cash leaving their farms unattended. By the end of the farming season, these farmers are not able to get enough food from their farms which drags them into extreme poverty. In Malawi, Smallholder farmers cultivate on small pieces of land which hinders their ability to diversify into different crops (Malawi Government, 2016).

Most of the smallholder farmers in Malawi are resource-poor and produce lower crop yields than those produced in the estate subsector. Therefore, the characteristics of smallholder farmers can be summarised as;

- Lack of enough capital
- Cultivate on a small size of land
- Labour intensive and lack of advanced farming technology
- Low levels of input and output

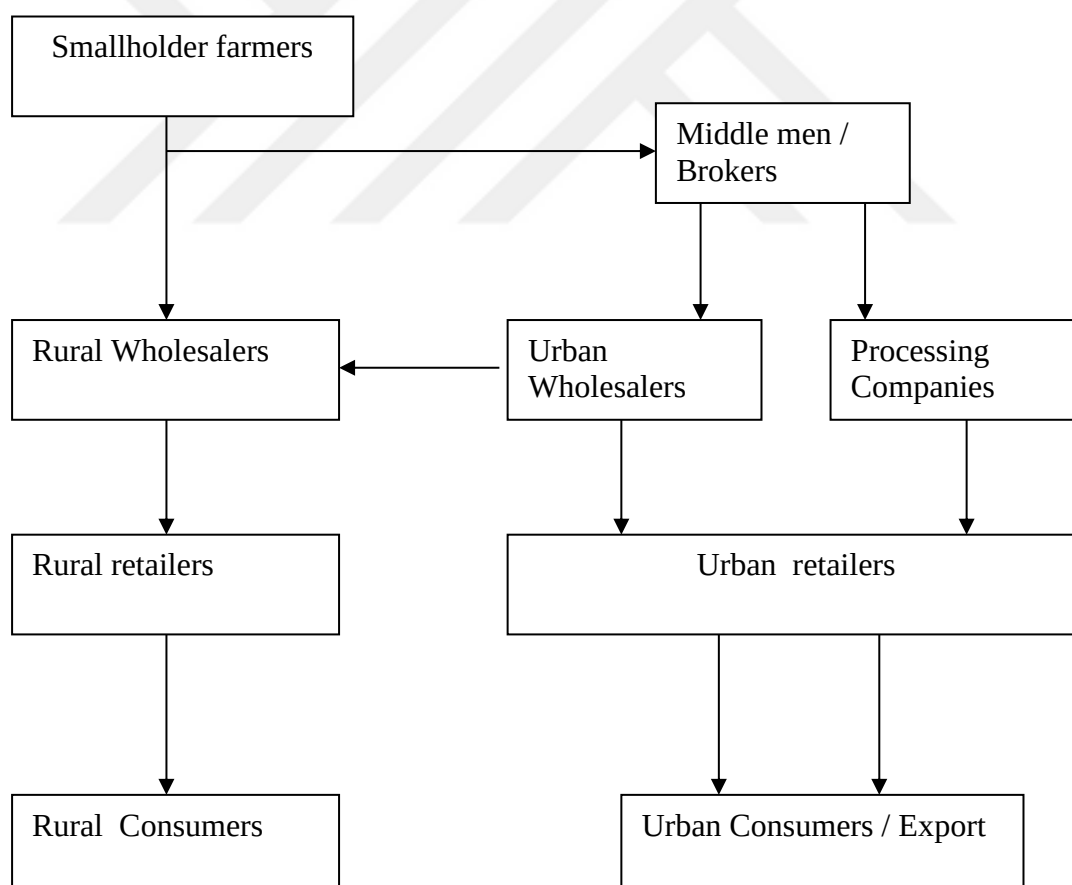
2.3. Marketing System

A marketing system is comprised of a number of elements: the particular products and their characteristics being transferred from producer to consumer; the characteristics of participants; the functions or roles that each participant performs in the market; and the locations, stages, timetable and physical infrastructures involved. (FAO,1993).

2.3.1. Marketing channels for smallholder farmers

Smallholder farmers produce in small quantities and tend to sell their produce at the in a local market. Transportation cost, level of trust among brokers and familiarity of the markets, are the reasons among others which influence smallholder farmers to decide whether to sell crops from the farm gate (FAO, 2015; Ntshangase, 2014). However, this is true for the crops whose marketing system are not well structured and not controlled by the government. Forexample, tobacco in Malawi can only be sold legally throug contracts and and auction.

Figure 2. 1. Marketing channels for smallholder farmers



Source: (Shiferaw, 2006; Ntshangase, 2014).

The figure 2.1 shows the marketing channels widely used by smallholder farmers. Most smallholder farmers in developing countries produce and sell their crops at the farm gate (Ntshangase, 2014). This is probably due to the high cost associated with geographical barriers as well as the complexity of institutional arrangements including conditions of contracts, product grades and standards, certification, and access to credit, insurance, and technical information through extension services and collaborative initiatives (Poole, 2017). Therefore, smallholder farmers tend to sell to local markets and neighbors in order to have immediate cash without incurring marketing costs such as transportation costs and tax payments (Shiferaw, 2006; Ntshangase, 2014).

In a situation where smallholder farmers are obliged to sell their produce through formal marketing channels, farmers tend to complain about the delayed payments even though they get much income from formal marketing channel than informal ones. Therefore, Understanding the factors affecting the farmers choice to sell in different marketing channels is important in guiding farmers to make a profitable farm investment decision (Rajanna et al., 2017).

2.3.2. Types of markets

Agriculture markets can be grouped into formal and informal marketing channels.

2.3.2.1. Formal Markets

In agriculture, formal marketing channels can be defined as those governed by high quality and food safety standards and where activities in the channel can be easily monitored and controlled (Ram, 2017). The examples of formal markets include export chains and processing industries.

2.3.2.2. Informal Markets

Most smallholder farmers find it difficult to have access to formal markets due to rules and regulation associated with the markets. They, however, prefer selling their produce at informal markets where transactions are unofficial but tend to be processed quickly (Kherallah, 2001; Ntshangase, 2014; Ram, 2017).

Although smallholder farmers seem to like informal markets than formal markets for some reasons, linking them high-value export markets and other formal markets is the solution to rural poverty (Ram, 2017). Unlike depending on intermediate buyers who take advantage of their lack of market information and buy their produces at a lower price.

2.3.3. Overview of existing agriculture marketing Channels

Although there are multiple marketing channels in agriculture industry, the number of choices farmers depend on the characteristics and government regulations associated with the crop, and other demographic factors. Having different marketing channels helps smallholder farmers to have access to different prices, quality and other services within the channels (Rajanna et al., 2017). Since all the farmers have different skills and resources, a marketing channel that better suit some farmers may turn to be unprofitable for other farmers. (Bruch et al, 2010) .

2.3.3.1. Regulated markets

A regulated market is a market whose operations are controlled by the state government. Markets are regulated with an aim to create a market structure that ensures remunerative price to the farmers and it also helps to reduce the price gap the producer and the final consumer. In addition, regulated markets help to reduce misconducts and other bad practices within the marketing system. Products in a regulated market is sold through an open auction system by the registered trader via face to face contact between buyer and seller (Rajanna et al., 2017). Most of the crops whose markets are regulated include cotton, tobacco, and tea. For example, after the liberalization of agricultural markets in 1987, farmers were able to sell their produce through a number of marketing channels of their choice. Some of the channels included state marketing agency, traders or local markets (Chirwa, 2009). In 2002-2003 growing season, the government banned tobacco traders with an aim at improving the welfare of the farmers by eliminating the intermediaries who were taking advantage of the poor farmers.

2.3.3.2 Conventional markets

Conventional marketing is popular and predominant way of marketing agriculture products where the markets are poorly developed (Rajanna et al., 2017). It is mostly practiced by smallholder farmers in rural areas who sell their produces to farm markets and small shops. This is because smallholder farmers prefer channels with less information transaction costs (Murimi et al 2017). It was observed that conventional traders normally visit the rural areas during the growing season and establishes their point of sale at a place easily accessible by the local farmers. Some of the farmers enter into an informal contract with the buyers before the growing seasons to sell the produce after harvesting at the agreed price.

It was also observed that though formal markets provide farmers higher prices than informal ones, smallholder farmers in rural areas prefer to sell their products to the conventional buyers due to the fact that they will be able to get their income quickly. In countries where markets are poor and there is weak law enforcement conventional market will remain popular channel used among the smallholder farmers in rural areas.

2.3.3.3 Co-operatives

A marketing cooperative is an organization of small-scale farmers who produce similar products joined together in order to gain control in the marketing of their products and reduce the cost of inputs such as seeds and fertilizers (Gustafson, 2012). In some countries like Ireland, cooperatives have proved to be a highly effective means for farmers to gain control of the production as well as the bargaining power on the market (Ward, 2005). In addition to that farmers have been able to achieve economies of scale that could not have been achieved by individual farmers (Moroney et al, 2009). All the members of the group are registered to the organization by paying a fee. The traders/buyers also have to be a registered member of the co-operative in order to be able to bid and buy the farmers' produce (Rajanna et al., 2017). In countries where most of the farmers operate on small-scale, farms are not economically efficient because they have low bargaining power in both inputs and outputs markets. Another reason behind this inefficiency is that small-scale farmers in developing countries lack the financial resources such as credits and loans to make their farms profitable. Regardless of the individual producer, quality determination, payment, weight measurements are transparent in cooperative marketing (Rajanna et al., 2017).

2.4 Review of Malawi's Tobacco Marketing Channels.

After the liberalization of agricultural markets in 1987, smallholder farmers got the ability to sell their produces through alternative market channels than it was before the liberalization (Chirwa, 2009). In 1990, Malawi made the first attempt to reform the tobacco sector to change the colonial structure of the country's economy. In order to facilitate a smooth transition to democracy, a number of organizations including World Bank facilitated reforms which led to small-scale burley production and facilitated smallholder access to the auction floors (Prowse, 2013).

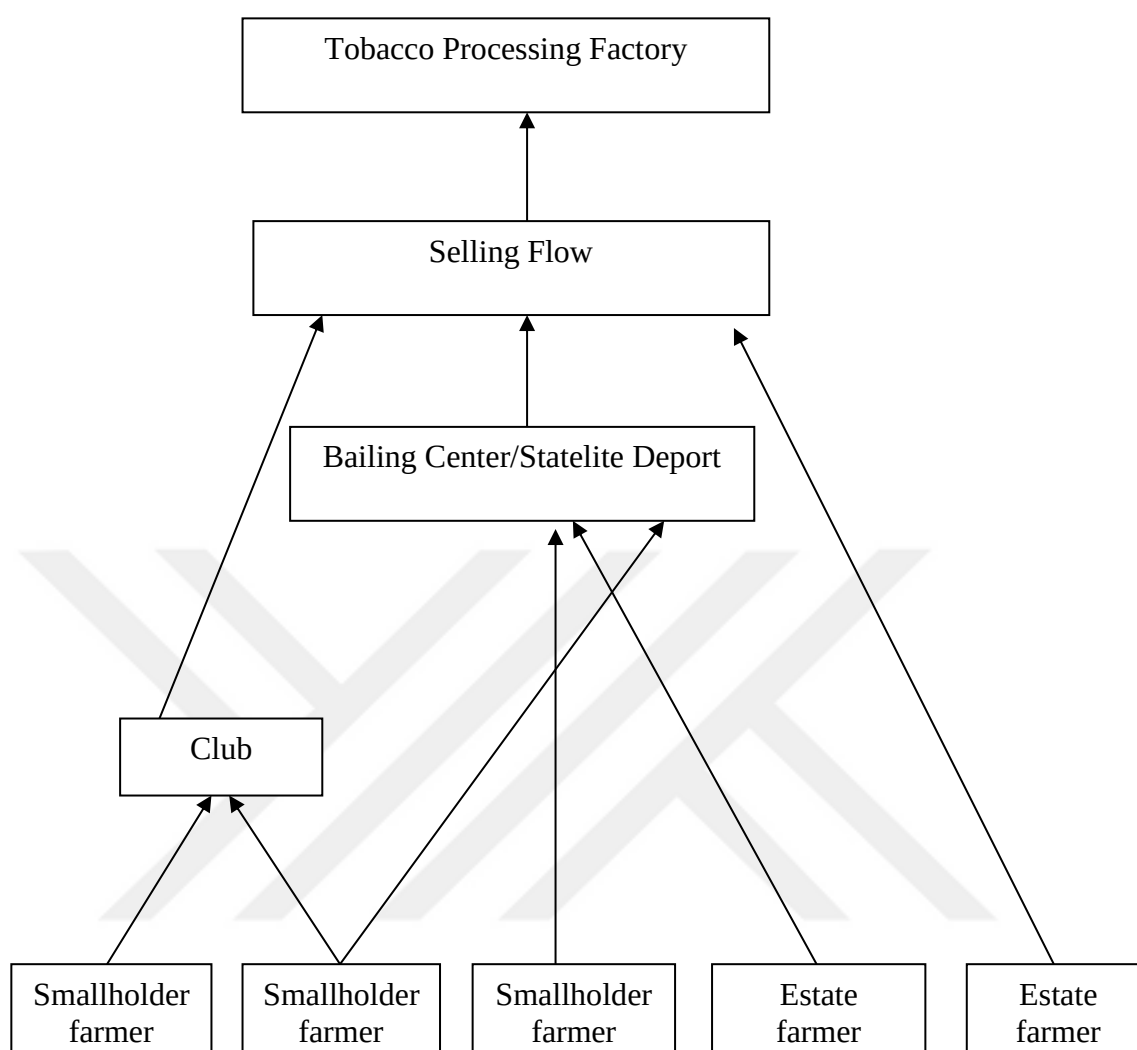
The liberalization of the tobacco sector also led to an increase in the number of smallholder burley tobacco farmers in rural districts. During the harvesting period, there was a movement of traders to tobacco growing areas which improved the local economic status of that particular area.

Due to the increase in the number of smallholder tobacco farmers, the government decided to re-regulate the market. After the analysis made by the government and other stakeholders in the late 1990s, intermediate buyers were seen by many stakeholders as a threat to the development of the industry. Intermediate traders were accused of undermining estates, loan repayments and the reputation of Malawian tobacco. In order to ensure the long-term sustainability of the industry, the government decided to ban intermediate buyers in 2000, however it was rejected by the donors. The government continued pushing other stakeholders to ban intermediate buyers as a way of regulating smallholder markets and they succeeded in 2002-2003. Intermediate buyers now were out of the equation leaving only producers able to market tobacco on the auction floors (Steven, 2003)

In 2001-2002 farming season, contract tobacco farming was introduced by leaf merchants. In 2002-2003, one of the biggest tobacco buyers in Malawi signed a five-year deal with tobacco estates to produce flue tobacco on contract. Some companies obtained permission from the office of the president to bypass the auction and take this leaf straight to processing factories. However, due to the lack of transparency especially on the quantity of tobacco grown, from 2003-2004 the government enforced that all tobacco grown under contract should be marketed through a 'silent auction' system on the auction floors on the price pre-agreed on the contract.

Although many studies show that contract farming system dominating the tobacco industry, the government will let auction system continue operating mainly for two reasons; (1) for the auction flows to continue operating as it recovers its costs from growers' gross income. (2) to reduce the chances of tobacco being smuggled outside the country by the leaf merchants.

Figure 2. 2.The flow of tobacco marketed through contract.



Source: (Ministry of Agriculture, 2014)

A number of studies conducted on the success of contract farming indicated that contract participation has a positive effect on the gross income (Shaba et al, 2017). The results of the studies conducted on contract farming encouraged the number of smallholder farmers linking to the leaf companies through effort by the extension service providers. However, independent farmers marketing their tobacco direct to the auction flow continue to do so for a number of reasons.

2.6. Factors Influencing the Choice of Marketing Channels Among Smallholder Farmers

Factors that influence farmers choice of a marketing channel can be grouped into institution factors and technical factors. According to Kirsten et al. (2008), Africa development is hindered and affected by the institution and technical problems in the agriculture industry which is the major contributor to the continent's economy.

Some of the problems include poor roads infrastructures and communication networks, lack of a well-developed financial system, poor human health exacerbated by HIV/AIDS and poor market structures in both output and input markets

2.6.1. Institutional factors

Institutions can then be defined as commonly known rules used to structure recurrent interaction situations that are endowed with a sanctioning mechanism (Voigt, 2007). Institution factors can be classified as formal and informal institutions (North, 1990) or internal and external institutions (Voigt, 2007). Institutional factors which are believed to influence smallholder farmers' choice of marketing channel include market information and standards.

2.6.1.1. Accessibility of market information

Generally, Information helps farmers to base their marketing decision on what to produce, how much to produce and where to sell the products. Lack of a reliable agricultural market information system also limits the farmer's ability to participate in agricultural value chains for both domestic and international markets (Osborne, 2005). According to Galtier et al. (2013), access to market information does not only help farmers make decisions but also helps improves public policies through increased awareness of market realities. In addition to that well-circulated market information helps to bring about a fairer and more efficient allocation of resources (FAO, 2017).

Market information includes all the information like consumer preferences, quantity demanded, pricing and prices, product quality, market requirements and availability of other opportunities (Ntshangase, 2014). In many Sub-Saharan African countries markets are dispersed and small-scale farmers lack information on market prices. In a research conducted by Haile in Ethiopia, it was emphasized that a lack of access to information is one of the reasons that cause poor productivity.

While it is believed that new technologies can improve dissemination of information (FAO,2008) many smallholder farmers usually depend on informal sources (traders, friends, and relatives i.e. word of mouth) for market information (FAO, 2004). Lack of reliable market information creates asymmetry in agricultural markets, limiting the farmer's ability to effectively bargain and negotiate in both input and output markets (Malawi government, 2016). This gives an opportunity to the well-informed traders to buy farmers produces at a very cheap price.

2.6.1.3. Grades and Standards

Grades and standards are defined parameters that segregate similar products into categories and describe them with consistent terminology that can be commonly understood by market participants (Reardon and Giovannucci, 2000). They usually include rules of measurement established by responsible authority and a system of grading based on measurable attributes (Jones & Hill, 1994). It consists of quality requirements, specifications, terms, definitions, classifications, and labeling and can be either performance or process characteristics (Cocks et al 2003).

Therefore, grades and standards can to performance or processes, various characteristics of a product and formulating entity which can be private or public.

The characteristics to determine grades and standards varies among different products. Characteristics in agricultural products may include such as weight, size, shape, density, firmness, tolerance to insect damage, cleanliness, color, taste, odor, maturity, blemishes, moisture content, etc (Reardon and Giovannucci, 2000).

Grades and standards were developed in order to ensure quality and safety as well as reduce transaction costs. (Reardon et al., 2001). However, grades and standards became a disadvantage to poor farmers in developing countries because of higher investments requirements needed to meet the standards (Reardon and Giovannucci, 2000; Cocks et al, 2003). Though grades and standards were initially developed to reduce transaction costs, grades and standards are now being used as a strategic instrument of competition in differentiated product markets (Reardon et al., 2001). Large firms and multinational companies are using grades and standards to develop and protect brands in the international marketplace.

These companies also develop standards and grades which are to be met by the farmers for them to be able to produce the product they want to the consumers. Therefore for the farmers to participate in the formal markets, there a need for them to meet a specific standard related to the products themselves and to the processes by which they are produced and handled (Makhaura, 2001).

2.6.2. Technical Factors

Technical factors highly contribute to the success or failure of the market. For example, poor roads and transportation facilities may hinder the diversification of markets which in turn prevent the availability of goods at lower transaction cost (Jari and Fraser, 2009). Jari (2009) also pointed out that technical factors are influenced by the advances in technology, organization as well as regulations.

Most countries in Africa lack proper technology for successful agriculture markets developments. For example, low investments in roads, rail, air, and lake and river transportation and appropriate agro-processing, packaging and storage facilities in Malawi is hindering the farmers' ability to participate in both domestic and international markets (Malawi Government, 2016).

2.6.2.1. Market infrastructure

Market infrastructure is very significant for the performance of marketing functions. It does not only reduce the final price paid by the final consumer but also increase income realized by farmers through the reduction of transaction costs (Bissa and Vyasi, 2014). The development of market infrastructure is crucial for many least developed countries whose economy entirely depends on agriculture (FAO, 2012). Many smallholder farmers in especially in Africa are not able to have access to improved markets with higher value due to poor market infrastructures (Makhaura, 2001). Lack of reliable transport facilities force the farmers to sell their produces at cheap farm gate prices.

2.6.2.2. Transportation infrastructure.

Roads and other modes of transport link the farmers to inputs markets as well as output markets both domestically and internationally. Therefore, the lack of efficient and effective transportation links decreases farmers' income by increasing the cost of inputs and reducing their access to good markets (Gajigo and Lukoma, 2011). Farmers who have access to good transportation links have the opportunity to choose among different marketing channels than farmers who are located in remote areas. Farmers in remote areas find it difficult to get a reliable transporter who can transport their produces to other markets. This is due to poor roads which force the transporters to charge more for the services thereby reducing the income earned by the farmers. Therefore, farmers prefer selling their produces at farm-gate to avoid the stress associated with transporting their produces to other markets. The lack of access to reliable transportation facilities also may cause produces to be delivered at the desired market in bad condition due to the long time spent during transportation. This may result in produce spoilage which in turn reduce income to the farmer (Ntshangase, 2014). Although many countries in Africa are doing a tremendous job in increasing its agricultural output, the income to the farmers still remains low among other reasons being lack of effective and efficient transportation services (Gajigo and Lukoma, 2011).

For example, Gajigo and Lukoma (2011) explained that the high cost of transporting produces from Malawi and Zambia has a negative effect on the agricultural sector. Poor transportation service does not only limit the number of marketing channels available but also increases the transaction cost.

2.6.2.3 Storage facilities

Good storage facilities are necessary for farmers as it helps to reduce post-harvest losses. Post-harvest losses can be in terms of physical (quantity) loss as well as the in the value(quality) of the produces. Many farmers especially smallholder farmers in the least developed countries lack proper storage facilities which force the farmers to sell their produces immediately after harvesting. Other things constant, this creates a situation whereby the supply of that particular product is very high during the harvesting period. This gives an opportunity to the intermediate buyers to offer low prices to the farmers. Despite lower prices on the market, farmers sell their produces with an aim of getting rid of the produces due to lack of proper storage. This makes intermediate buyers to earn more from the effort of the farmers since many intermediate buyers have the necessary resources to properly store the farm produces or even add value.

Higher crop yields through input subsidies, favorable rainfall, or irrigation infrastructure does not help the farmers if he/she has inadequate storage facilities (Gajigo and Lukoma, 2011). Researchers have estimated that the post-harvest loss in Sub-Saharan Africa on average is 35-50 % of total production for perishable agro-commodities such as fruits and vegetables and 15 and 25 percent for grains. Perishables are naturally spoiled due to the passage of time while other products like maize, sorghum etc, may get attacked by pest if not stored properly.

2.7. Previous Researches Related to Marketing Systems

The analysis of marketing system is considered by many researchers as a very significant topic in every sector. The study of marketing system helps to improve the performance of the markets. Marketing system has been defined by different scholars as the totality of product channels, market participants and business activities involved in the physical and economic transfer of goods and services from producers to consumers. Marketing system has been defined as the same as the definition of what is known as a marketing channel (Branson and Norvel, 1983; Negasi, 2016).

The analysis of marketing channels helps to provide a systematic knowledge of the flow of goods and services from their origin (producer) through different intermediaries to their final consumer (Negasi, 2016). In addition to the study of marketing channels, the study of the flow of market information among the actors of the channel especially the producers (farmers) helps in-depth understanding of the marketing system.

A lot of studies on marketing channels (Rajanna et al, 2017) has been on how and why farmers choose a particular channel among different channels available to them. While there are many factors that can influence their choices, the general assumption made by different researchers is that farmer will abandon current marketing channel if the marketing costs (transaction cost) associated with that particular channel are greater than the benefits with respect to other channels. In order to analyze channels researchers (Siddique, 2015; Ntshangase, 2014) looked into factors which might have an influence on transaction cost including farm and farmer characteristics, institution factors (market information, standards and grades etc) as well as technical factors (storage infrastructures, road infrastructures etc). This is because farmers are expected to avoid marketing channels which have higher transaction cost.

Xaba and Masuku (2012) conducted research on factors affecting marketing channel by vegetable farmers in Swaziland. To analyze data which was collected from 100 samples they used descriptive as well as Multinomial Logistic Regression. However, the current study having only two marketing channels taken into consideration Binomial Logistic Model (BLM) was used. In their study, they concluded that age of the farmer, distance from the production area to market, membership in farmer organization and marketing agreement were the main factors that influenced farmers' choice of a marketing channel. Xaba and Masuku suggested that collective action and establishment communication networks among farmers are vital to the development of the sector. This was also recommended by Nyaga et al (2016) in their study on factors influencing the choice of a marketing channel by fish farmers in Kirinyaga County. Therefore, when farmers are working together towards a common goal of profiting from their farming activities, it increases their chance of being successful.

Although many literatures emphasized collection action Ntimbaa & Akyoob (2017) found that farmers were resisting to sell their coffee through cooperatives because they were aware of the cooperatives' misconducts and malpractices in measurements and unfair deductions. However, Ntimbaa and Akyoob did not rule out the importance of cooperatives instead they recommended that cooperative policies should be reviewed, the book of accounts should be audited and the scales used should be checked by the government authorities.

In research conducted by Murimi et al (2017) to evaluate the factors influencing organic farmers' participation in organic or conventional and direct or indirect market channels in the domestic market, they concurred with Ntimbaa and Akyoob adding that formation of the groups on its own cannot increase the efficiency of the markets. To solve this problem Murimi et al suggested that the quality of the group should be focused. The current study agrees with the above ideas because some of the farmers during field research pointed out being in a group has a lot of advantages however being an independent farmer is much better provided you have enough resources.

In many research (Murimi et al,2017; Matura et al) transaction costs seem to be an important factor influencing marketing systems. Transaction costs tend to have a negative impact on marketing channels. To clarify this point, farmers avoid a marketing system which is having higher transaction cost. However, another important factor is information access which can also be part of transaction cost.

Information is power. Farmers who are well informed are likely to make better marketing decision than farmers who are not. Chalwe (2011) recognized the importance of price in influencing farmers decisions. She further acknowledged that price information should be readily available to the farmers.

The current study also put much emphasis on the access to market information among smallholder tobacco farmers.

Old study on marketing channels and price information conducted by Dubov and Gray (1981) emphasized that accurate and timely information is vital to the efficiency and success of marketing system. However, the major problem with smallholder farmers is their inability to access quality market information. Although many farmers are now having access to market information, thanks to technology, challenges in accessing more accurate, reliable and complete information still exist (Muchangi et al, 2014).

Many research (Ferris et al, 2011; Muchangi et al, 2014) on market information reveal that the majority of smallholder farmers in Africa access market information through the radio. Although there had been calls from various stakeholders suggesting that markets information should be delivered to farmers through SMS, there seems to be no significant development on this issue probably due to the cost associated with sending SMS.

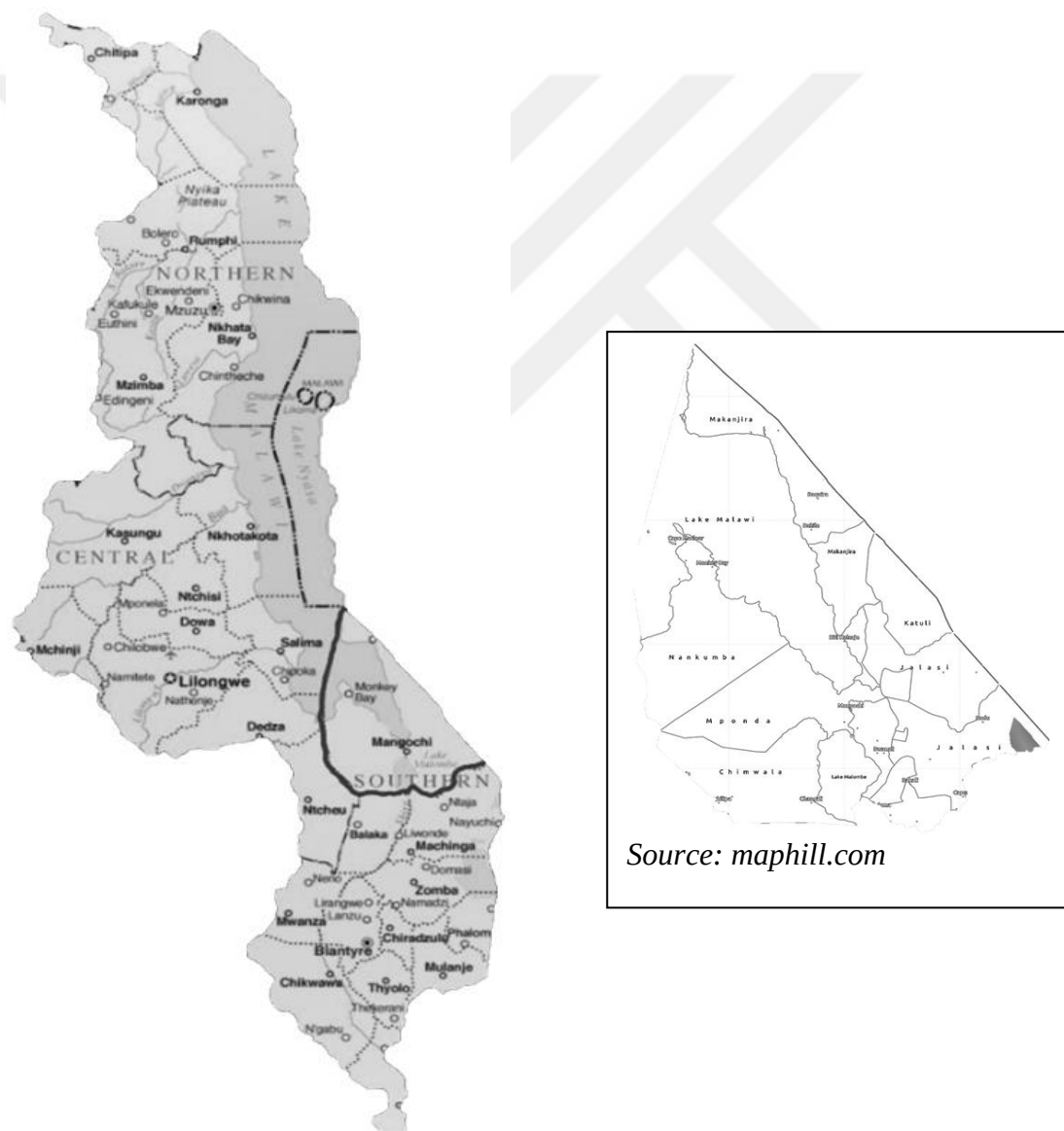


3. MATERIAL AND METHODS

3.1 Research Area

The study was conducted in Mangochi District which is situated in the southern region of Malawi in a small area called Mthiramanja. The district is located at the southern end of lake Malawi and it borders with Machinga to the south east, Balaka to the south west, Salima to the north, Tcheu to the west and also shares international border with Mozambique. The district covers an area of 6,273 km². Almost 90 percent of people in Mangochi are engaged in farming activities.

Figure 3. 1. Map of Malawi Showing Mangochi



Source: nationsonline.com

This area of study is chosen mainly because of the constraints faced by the researcher. Some of the limitation included transportation to the remote areas, financial support to help the researcher during data collection and also time available to the submission of the project. Malawi is a country having many tribal languages which create a communication barrier between the researcher and the respondents. However, the selected area of study is suitable for the researcher as he knows all the possible languages that can be used by the participants in the study area. Therefore, following the factors mentioned above, Mangochi district is more suitable for the study to be conducted.

3.2. Data Collection Methods

The study used open and close-ended structured questionnaires to capture respondent's behavior, attitudes, motivation, intentions, and feelings as our primary data (Cooper and Schindler, 2008; Siddique, 2015). Though close-ended questions are faster and easier for both participants and the researcher, depending on them only may reduce the reliability of the data collected and may distort the results of the research (Neuman 2014). Therefore, to solve this problem the researcher used both open-ended questions and close-ended questions to collect the data. In addition, interviews with the relevant actors, observations made during survey, reports, and statistics of other institutions and organizations such as National statistical office, Agricultural Research and Extension Trust etc will be used as secondary data

The interview method was used to collect data from other actors in the area of study. This allowed the researcher to address some the research issues and also allowed the researcher to triangulate the data that has been collected from the farmers. Due to lack of basic education among most of the smallholder farmers, the question will be translated to local language (Yao or Chichewa) by the interviewer and then ask the respondents. The questionnaires were administered by the interviewer. For the purpose of this study, data were collected from 91 smallholder tobacco farmers who were randomly selected from Mthiramanja Extension Planning Area. The questionnaire collected the demographic characteristics (sex, age, marital status, level of education etc) of tobacco farmers in the study area. The second part of the questionnaire collected production characteristics. The third part of the questionnaire collected data related to marketing channels used in by farmers.

3.3. Analysis

In this study, we assumed that tobacco farmers choose a marketing channel which maximizes the utility taking into consideration the demographic and institutional factors. Farmers living in different geographical areas are expected to have different choices due to the constraints they have..

On the other hand, we also assumed that the tobacco farmers abandon current marketing channel if the costs associated with that particular channel are greater than the benefits.

To maximize utility

$$\text{Max } U = U (R_a, R_b, \dots; H_u)$$

Where;

Max U = the maximum revenue that can be attained from tobacco production

R_a = Revenue gained from auction marketing participation

R_b = revenue gained from tobacco marketed through contracts
market participation

H_u = a set of institutional and demographic factors changing the utility function.

Logit model was used to analyze different channels and the factors that influence tobacco farmers to make use that particular channel. Many similar researches on this topic have been using a multinomial logit model to analyze the survey data. However, since the farmers' responses showed 2 outcomes, binomial logit model was used instead. The binomial logit model is among one of the bivariate analyses of survey data which is easy to use and has good econometric properties (Martinez, 2004). In our model, marketing channel was our unit and farmers characteristics (age, sex, education, marital status) and other factors marketing as explanatory variables

Since we were expecting the out to be one of the two available options (dependent variable; Y₁ and Y₀), probability of which Y event will occur will be a function of a vector of characteristics X and a series of parameters β. Therefore, our model can be represented as follows.

$$Y_i = X_i \beta + u_i \dots \dots \dots 1$$

$$\text{Pr}(Y = 1) = F(X_i, \beta) = \frac{e^{X_i \beta}}{1 + e^{X_i \beta}} \dots \dots \dots 2$$

Expression 2; Probability that a farmer will adopt the option $Y = 1$ can be obtained)
The quantitative data will be analyzed using descriptive statistical tools (mean, frequency distributions). This is a general type of simple statistics used by researchers to describe basic patterns in the data (Neuman 2014). The statistical data analyses were conducted with the help of the Statistical Package for the Social Science (SPSS).

3.4. Analytical framework and empirical models.

As explained earlier in this study that tobacco farmers have choices either to market their leaf direct to the auction or through contract. The availability of only two choices shows that tobacco farmers have limited channels to get their tobacco to the market. As earlier explained, binary logistic model will be used to find out factors that affect smallholder tobacco farmers' choice for a marketing channel.

The logistic model is as follows:

$$\text{Logit}(P_i) = \ln(P_i / 1 - P_i) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7 + \beta_8 X_8 + \beta_9 X_9 + \beta_{10} X_{10} + e$$

Where: $\ln(P_i / 1 - P_i)$ = logit for market channel choice

P_i = not participating in markets

$1 - P_i$ = participating in markets

X_i = independent variables

β_i = parameters to be estimated

e = error term

In the above model dependent variable is market channel used by smallholder tobacco farmers. Tobacco farmers have the choice to choose either from Auction market channel or contract market channel. P_i represent the probability of participating in contract market and $1 - p_i$ represent the probability of participating in Auction market.

3.4.1 Independent variables and priori expectation

Below is the explanation of the independent variables that were expected to affect the choice of marketing channel. Independent variable, coding system, category and expected sign is summarized in the table 3.1.

Market information is expected to positively affect farmers decisions to choose a marketing channel since informed farmers are likely to make better decision than farmers who have no access to market information. Access to information was presented as 1 and 0 represented farmers no access to market information.

Tobacco farming experience was measured in years a particular farmer has been engaged in tobacco farming. This is very important and it significantly affects the

decisions of farmers make. To clarify this point, farmers who are well experienced are likely to avoid traps and better in managing challenges. Therefore, it was hypothesized that this variable would have a positive effect on market channel choice.

Price satisfaction is very also very important factor which affect the decision of the farmers. The farmers were asked if they are satisfied with the price they are being offered for their leaf. Better price offered to farmers for their produce provides an incentive to farmers to participate in a market channel (Xaba & Masuku, 2013). Farmers who are satisfied with the marketing channel they are using are likely to continue using that particular channel.

Group membership is also one of the variables which is expected to affect the choice of a marketing channel. Membership in farmer organization was set as a dummy variable which means the when farmer is a member of any organisation it was taking the value of 1 and 0 if otherwise. Members of the group are most likely to have easy access to market information which can in turn help them choose more profitable channel. However, under some circumstances group members might negatively affect the choices farmers make due to the overall objectives of the group.

Table 3. 1. Description of the independent variables used

Variables	Code	Category	Expected sign
Market Information	1-Yes ; 0- No	Dummy	+
Tobacco farming experience	Number of Years	Continuous	+
Distance	Number of KM	Continous	+
Price satisfaction	1-Yes ; 0- No	Dummy	+
Education		Dummy	+
Annual Income	Amount in MK	Continuous	-+
Group membership	1-Yes ; 0- No	Dummy	+
Age	Number of years	Continous	+
Gender	0-Female 1-Male	Dummy	+

Education is very important as far as market channel choice is concerned. Education enhances managerial and successful implementation of improved production and marketing practices thereby making it possible for farmers to meet quality standards of the sustainable and profitable marketing channel (Xaba & Masuku, 2013). education is expected to positively affect farmers in choosing a marketing channel.

Annual income is a continuous variable which is presented in Malawi kwacha. It is assumed that farmers with much higher income tend to make better decisions than farmers with lower income who most of the times are in need of quick cash. Therefore, annual income is expected to positively affect the choice of farmer in deciding which marketing channel to use.

3.5. Description of Variables

In this section, all the dependent variables and independent variables to be focused in this study were determined. Defining variables was the most significant part of the research because it provides to quantify and measure the variables (Kaur, 2013). The variables used in this research will be defined below.

3.5.1. Dependent Variables

The dependent variable is a variable which is influenced by manipulation or change in other variables (independent variables). In this research, our dependent variable is the choices of marketing channels among smallholder tobacco farmers. The analysis of the factors influencing farmers choices of the particular marketing channel and flow of information helps to understand the marketing system as a whole and the farmer's ability to make informed decision. The possible channels smallholder farmers can use in accessing the main market are through auction and contract.

3.5.2. Independent Variable.

Independent variables are variables which the researcher believes they have an effect on the dependent variable. Demographic factors (Farmer's age, educational level, household size, the size of the farm) and other institutional factors are expected to be explanatory variables for our study.

4. RESULTS AND DISCUSSIONS

In this chapter the results of the field survey conducted in Nthiramanja area in Mangochi district will be analysed and discussed. The factors which were believed to have effect on the decision made by smallholder tobacco farmers in choosing a particular marketing channel will be analysed. This will start with the description of the farmers demographic factors of the sampled tobacco farmers then followed by the analysis of other institution and technical factors which might have impact on marketing channels. Much emphasis will be put on flow market information which is considered as the significant factor of the study. The sampled smallholder farmers in this study comprises of independent farmers who sell their produce direct to the auction flows and contract farmers who are in contractual agreement with tobacco buyers.

4.1. Farmers' Demographic Characteristics

In this section the demographics of the sampled population was analysed which helped us to certain the characteristics of a population. This revealed the farmers' aspects such as gender, age, education, profession, occupation, income level, and marital status. According to Dobronte (2013) explained that knowing demographic characteristics of your respondents helps to determine how close the sample replicates the population. Apart from that it is necessary to analyse demographic characteristics because it helps to know status of respondents which may affect the decision they make as well as their behaviour. In this study demographic characteristics of farmers was assumed to affect the farmers choice of marketing system and also also affect their ability to access market information. Farmers behaviour and capabilities depends on their demographic characteristics hence it is very significant for our study.

6.1.1. Age distribution among respondents

According to literature, the age of farmer is very important aspect to consider when analysing farmers demographic characteristics as it is assumed to affect farmers' behaviour. There is assumption made that as a farmer ages he or she become more productive with improved management skills (Tauer, 1995). It was further clarified that farming experience is essential for the productivity and efficiencies of farmers. Table 4.1 below shows the age distribution of the respondents in the area of Mthiramanja.

Table 4. 1. Age distribution among respondents.

	Frequency (N)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Under 35	17	18,7	18,7	18,7
36-50	44	48,4	48,4	67,0
over 50	30	33,0	33,0	100,0
Total	91	100,0	100,0	

Source: Field survey, 2018

Table 4.1 shows that the majority of the population were between the age of 36-50 representing 48.4%. We can also see from our analysis that youth (farmers aged below the age of 35) are also participating in agriculture. However, the analysis also showed that older farmers represents 33% of the population which was more than the participation of youth in the sector. This is because many youths in the area prefer to migrate to South Africa to look for green pasture than participating in agricultural activities. In addition to that, younger people generally opt to work in white colour jobs or other sources of income besides agriculture which is considered dirty work among the youth (Ntshangase, 2014).

4.1.2. Gender distribution among respondents

In this section gender represent the sex of the person who was responsible for the farm. Females and male roles and responsibilities differs in agricultural activities and other income generating activities especially in least developed countries (Grace, 2004). Therefore, understanding gender distribution was very significant for any research because it could be used in programme design and targeting. The table 4.2 below shows the gender distribution among the respondents.

Table 4. 2. Gender distribution among respondents.

	Frequency (N)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Male	85	93,4	93,4	93,4
Female	6	6,6	6,6	100,0
Total	91	100,0	100,0	

The table 4.2 shows that only 6,6% of the total respondents represents women which is very low compared to males. This is because traditionally women are more involved in food crops while men are involved in income generating farming activities. Other reasons may include lack of productive assets such as enough land among women which might be used for agriculture (Grace, 2004). In married couples it was discovered that there was equal participation in tobacco farm activities however males were taking more responsibility in getting their produces to the market.

4.1.3. Education level among respondents

Generally, education is very important driver of economical development in all sectors. It is also important for farmers to be educated because it helps them to not only increase their ability to interpret and understand the market information explained but also to make them aware of the fast-moving changes taking place around the globe in the field of agriculture. Fielke et al (2014) also emphasized the importance of education pointing out that higher levels of formal education contributed to farmers being more concerned on the socio-environmental outcomes of their farming activities. Therefore, we can conclude that education levels can have impact on the decision farmers make including what to produce, how much to produce and the marketing channel to use. Although high levels of education is not expected in the area of research due to the remoteness of the area, this does not undermine the significance of analysing education levels among the respondents. Table 4.3 shows the levels of education among the respondents.

Table 4. 3. Education level among respondents

	Frequency (N)	Percent (%)	Valid Percent (%)	Cumulative Percent (%)
Illiterate	16	17,6	17,6	17,6
Primary	68	74,7	74,7	92,3
Secondary	6	6,6	6,6	98,9
Tertially	1	1,1	1,1	100,0
Total	91	100,0	100,0	

To recapture what has been said already, the education levels among farmers in the area of study was very low. We can note from the table 4.3 that the majority of the respondents attended primary school.

However, the 74.7% who attended primary were considered better than 17.6 percent who were illiterate in terms of general access and understanding of information. Only 7.7% of the total sampled population represented farmers who attended secondary education or above. It was also observed in the study that the education levels of younger farmers were better off than older farmers. Lack of basic social services might be the reason behind low levels of education in the area. However, this problem has been exacerbated by the movement of young people to urban areas as their education levels increases in search for white collar jobs. Nevertheless, farmers who had basic formal education had a better chance of acquiring informal education with less challenges than the illiterate farmers.

4.1.4. Marital status of respondents.

It might seem unnecessary for a researcher analyse the marital status of the respondents. However, the status of a farmer (being married or single) might affect their behaviour hence their decisions in agriculture. A number of researchers believe that farmers who are married tend to be more stable in their agricultural activities than farmers who are single. Married people also have better chance of reducing the risk of poverty and have higher probability of attaining affluence over the life than people who are not married (Sherraden et al, 2004).

Table 4. 4. Marital status of respondents.

	Frequency (N)	Percent (%)	Valid Percent(%)	Cumulative Percent (%)
Married	90	98,9	98,9	98,9
Divorced	1	1,1	1,1	100,0
Total	91	100,0	100,0	

There was a higher percentage of married people in the area of study. This shows that the communities in the area were more stable and they had the better chance of focusing their efforts on agricultural activities. It was also discovered that in the villages involved in this study, people tend to marry at younger age which partly impinge their ability to continue formal education.

4.1.5. Household size of respondents.

The members of the family highly contribute to the labour needed for agricultural activities. Therefore, the more the members of the family the more the number of workers on the farm.

However, studies show that these benefits do not come without cost. In a study conducted by Musafiri (2016) he pointed out that large family size may lead to over intensive cultivation in the near future. The household sizes for the respondents in selected villages are presented below.

Table 4. 5.Household size of respondents

	N	Minimum (n)	Maximum (n)	Mean	Std. Deviation
Number famiy members	91	3	12	7,25	2,111
Valid N (listwise)	91				

The table 4.5 shows that the minimum number of household members is 3 and the maximum is 12. Having the average of 7 persons in a family, shows that the family size in the area is large. While this may positively affect the availability of work force, it was discovered during the study that other problems like food insecurity as well as child labour were among the negative effects of large family size.

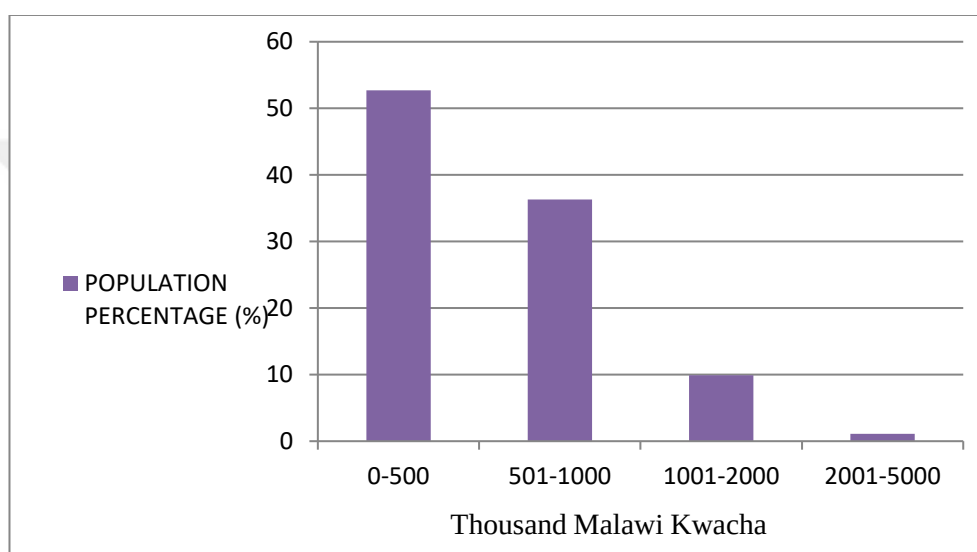
Tobacco farming had been blamed for fueling child labour due to its labour intensiveness (Chirwa, 2011). In addition to that it was also observed that the overall education levels were low in large families than families having small number of members. Tobacco farming has been blamed for fueling child labour due to its labour intensiveness (Chirwa, 2011).

4.1.6. Distribution of the household's levels income

The analysis of household income level is very important because it shows how the family can support itself in terms of buying basic needs for the family. In addition to that it shows the ability of the household to fund itself in its agricultural operations without seeking funds from external sources. The households that have high level of income tend to have a lot of options to choose among different marketing channels available to them unlike household that have low levels of income (Ntshangase, 2014). This was probably because households which has no enough financial resources tend sell their produces to the nearest (farm get or community) markets disregarding the fact that there might be other markets where they can earn more for the same products. Households with high level income however, they can use their money to transfer their produces to high paying markets and they can also add value to their produces.

The level of income among household do not only affect the marketing of agricultural produces but also the production itself. Due to input (labour, fertilizer etc) intensiveness of tobacco households with low level of income tend to fail to produce their desired quality. In some cases, the farmers found it necessary to get a credit from other financial institutions. Although that seems to be a relief to un-resourceful farmers, it was discovered during the study that farmers who got credit from financial institution were complaining about the deductions made after their sales.

Figure 4. 1. Distribution of the household's levels agriculture income by percentage



Note: The amount is in MK(000')

In this section respondents were asked to estimate their total agricultural income per year. Although the information given might not be accurate nevertheless it can give a picture on how farmers are benefiting from their agriculture activities. The knowledge about the economic status of farmers might help the researchers to have deep understanding of the behaviours of the farmers.

The results of the analysis showed that the majority of the respondents (52.7%) are having lowest agricultural income per year. The higher the income the lower the number of people in that economic class. Farmers having the highest income represent only 1.1% of the total respondents. This can be an indication the smallholder farmers in the area are less resourceful and hardly benefit from agricultural activities.

4.1.7. The share of agricultural income to the total household income

Despite the fact that the majority of people in Malawi depend on agriculture as their main source of income, there are other source of income farmers uses as supplement to what they get from agriculture.

Some of the sources of income in the area of study include small scale businesses, employment, income from foreign countries. It was observed that the area of study has a lot of people who went to other countries in search for green pastures. To some of the families, relatives living in foreign countries are very important because they help them to cover some big expenses such construction of house or providing capital for small scale business. Therefore, it was considered necessary to analyse the contribution of agricultural income to the farmers total income.

Table 4. 6. The share of agricultural income to the total household income

	N	Minimum (%)	Maximum (%)	Mean	Std. Deviation
Percent of Agriculture income	91	80,00	100,00	96,8571	5,69322
Valid N (listwise)	91				

The table 4.6 above summary of the share of agriculture income to the total income of the respondents. The analysis showed that the minimum percentage was 80% and the Maximum percentage was 100%. Having the average percentage of 96.86 showed that farmers in the area are highly dependent on agricultural income. However, it's important to disclose that these were just estimates and had no any reliable sources since farmers in this area do not keep financial records for their agricultural activities.

4.1.8. The availability of labour among the respondents.

Tobacco is among the crops which are very labour intensive. Labour had been a crucial topic in Malawi because of the unaccepted behaviour of employing children in the farm which was believed to prevent children attending school (Chiwra, 2014). However due to poverty parents tend to consider some of their kids as source of labour in their farms. For the sake of this study, sources of labour has been grouped into family labour, casual labour and permanent labour.

Family labour represent the members of the family working on the farm while casual and permanent labour are external sources of labour who works on farm for payment. The below summarises the source of labour among the respondents by showing the source of labour which is mostly used.

Table 4. 7. The availability of labour among the respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Family	58	63,7	63,7	63,7
Casuals	33	36,3	36,3	100,0
Total	91	100,0	100,0	

The table 4.7 above shows that almost 63.7% of the respondents depend on family members as their main source of labour while the remaining 36,3% depend on casual workers. Due to the fact that the agriculture in Malawi depends on rain, farmers find it unnecessary to employ permanent workers. As pointed out earlier, too much dependant on family labour may cause parents to ask their children to help them in their farm activities which might negatively affect the children.

4.2 Farming and Assets Ownership

This section will cover information regarding farm activities and important assets which are owned by the farmers. As far as agriculture is concerned knowing the farmers' activities and the assets farmers own do not only help the policy makers to improve agriculture productivity in the area but also it can help to identify and solve some of the problems which are not directly related to agriculture such as nutrition and their ability to access social services. Apart from that, it can also help to know how easy it is to have an access to good markets.

Other things constant, it can be assumed that the more the assets a household owns the higher their ability to access both output and inputs markets. In a research conducted by Liu et al (2018) it was concluded that the more natural assets and material assets that farm households own, the more likely they are to choose livelihood strategies involving engaging in agricultural production. It was further pointed out by Liu et al (2018) that the more manpower assets and financial assets that a farmer owns, the less likely he is to engage in livelihood strategies involving agricultural production

4.2.1. Land ownership among the respondents

As far as agriculture is concerned, land is one of the important natural assets a farmer can possess. Although the research focused on small-scale farmers, there are some households who have a lot of land than others in the same area. Therefore, the households having land may lease an excess piece of land to other households.

On the other hand, households which no enough land may need to have enough financial resources to be able to have acces to extra land through renting Households which have enough land are more likely to use all the financial resources they have in agriculture than households which has no adequate land (Liu et al,2018). According to Mthiramanja Extension Planning Area office (EPA) the average landholding size/farm per family in the area is 0,6 ha. The table below will show land ownership among the respondents.

Table 4. 8. Land ownership among the respondents

	N	Minimum	Maximum	Mean	Std. Deviation
Total size of land	91	1,50	19,00	4,9560	2,72682
Valid N	91				

4.2.3. Crops grown on the farm

Apart from tobacco there are many crops grown in Mthiramanja area. According to reports got from the agriculture district office, it shows that the crops grown in Mthiramanja area include Maize, Groundnuts, Rice, Tobacco, Cotton, Sorghum, Millet and pulses. However, priority is given to maize as it is the source of staple food. The table below shows the land share of the crops grown in Mthiramaja area.

Table 4. 9. The share of land among the crops

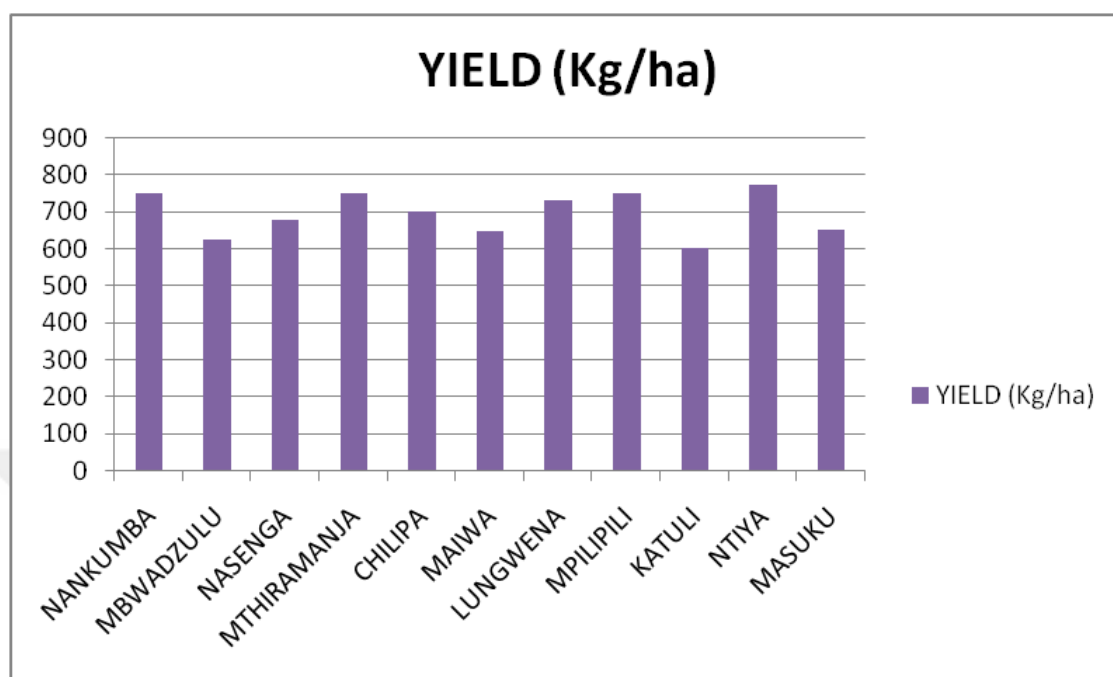
CROPS	HECTARS
Maize	11744
Tobacco	164
Sorghum	324
Millet	9
Rice	28
Groundnuts	7036
Cotton	188
Pulses	6555

4.2.3. Tobacco yield

Scholars have defined crop yield as to the measure of both of the *yield* of a *crop* per unit area of land cultivation, and the seed generation of the plant itself. For the sake of this study, the word yield will refer to the crop per unit area. Under normal circumstances yield changes from year to year and area to area depending on different factors some among them being weather, soil and farming practices.

According to APES report it was observed that yield (Kg/Ha) of estates tend to be higher than that of smallholder farmers.

Figure 4. 2. Tobacco yield among different areas.



Source: MH -APES report 2016-2017

The figure 6.2 shows that Mthiramanja area was among the areas with high tobacco yield. This is important to the farmers as they will be able to get higher quantities from a piece of land compared to other farmers. Although yield do not have direct connection to marketing, higher quantities resulted from higher yields may not only motivate the farmers to look for a better market but also give them higher bargaining power. Other things constant, the farmers who have high quantities tend to find better market channels for their produces than farmers with small quantities (Ntshangase, 2014).

4.2.4. Size of land under tobacco production

This study put much focus on smallholder tobacco farmers in the area. Therefore, the amount of land under tobacco cultivation per farmer was not expected to be very high. The majority of farmers in Malawi are smallholder farmers and they focus much on produces food crops for domestic consumption. However, smallholder farmers have been showing efforts to participate in more value cash crops such as Cotton, Tobacco etc. Tobacco is among significant cash crop smallholder farmers find it easily to engage in probably due to its well-structured marketing system. The table below shows the amount of land under tobacco farming by the respondents.

Table 4. 10. Size of land under tobacco production

	Respondents (N)	Minimum (acre)	Maximum (acre)	Mean (acre)	Std. Deviation
Size of land	91	,50	4,00	1,5412	,76491
Valid N (listwise)	91				

The earlier analysis showed that average land holding size among the respondents was almost 5 acres per household. According to the figure 4.10 the mean of land under tobacco cultivation was 1.5 acres which is almost 30% of the total average land per household. The allocation of land to tobacco farming depends on the expected benefits the farmers expect to get from the sale of tobacco. Therefore, the performance of marketing channel may play a very important role in persuading farmers to drive their efforts towards tobacco farming. On the other hand the amount of land allocated for tobacco farming will determine the quantity of output, other things constant.

4.2.5. Total tobacco farming experience

Experience is one of the factors to determine if the farmers are knowledgeable about farming of particular crop or not. Tobacco farming has been practiced by Malawian farmers even before independence. This portray that Malawian farmers are generally experienced in tobacco farming hence they are not only aware of the challenges involved but also measures that can be taken to overcome those challenges. In a research conducted by Ainembabazi (2014) he pointed out that the experience of farmers is very useful in the adoption of new technologies because experienced farmers are able to measure the potential benefits of that particular technology. Farmers who are very experienced in farming a particular crop are aware of the most cost effective way of producing high quality produces as well as knowing the best marketing channel which can give them much higher return.

Figure 4. 3. Total tobacco farming experience

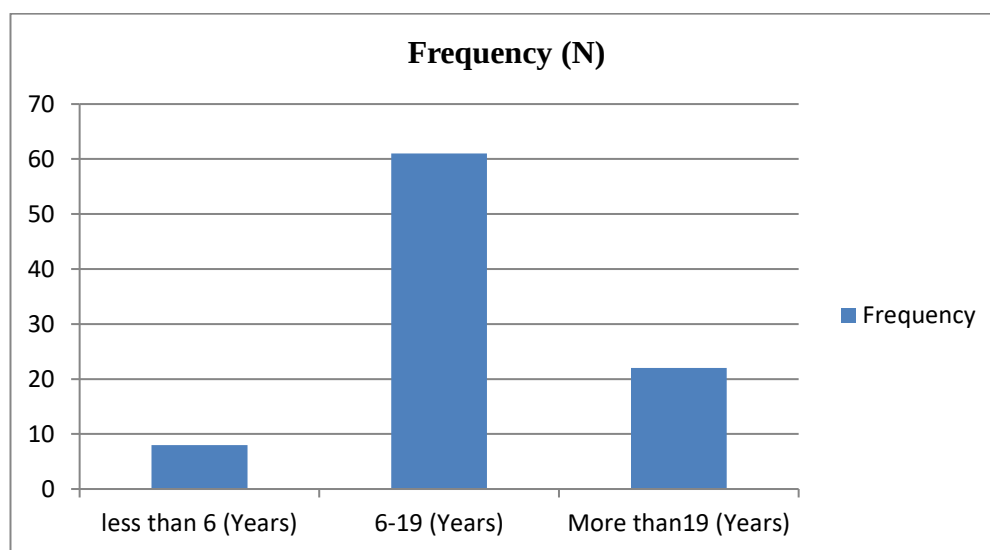


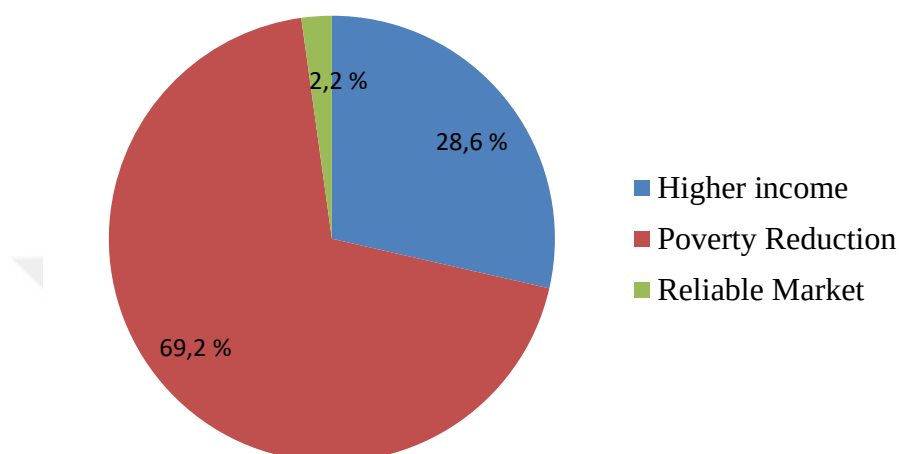
Figure 4.3 shows that the majority of respondents are well experienced in tobacco farming. Therefore, it was expected that the farmers in the area are likely to make better decisions regarding tobacco production and marketing. It was also observed during the collection of data that though some farmers seem to have less experience in tobacco farming the majority of them grew up in families where tobacco farming has been part of their family culture. It is also important to note that the experience of mere working on tobacco farm is different to the experience of managing the farm, the later being more beneficial.

4.2.6. Reason for cultivating tobacco

The production of tobacco by smallholder farmers have increase up to 60% of the total production since 1990. Smallholder farmers were not allowed to produce tobacco especially Burley in colonial times instead only estates were allowed to do so. As soon as small-scale farmers got the opportunity to cultivate burley tobacco, there was a lot of farmers venturing into the sector as they believed it their chance to improve rural economy (Prowse,2013). These farmers were able to manage their tobacco farms since they had the experience of working in tobacco fields for a long time. Prowse (2013) also pointed out that due to the nature of tobacco production and tobacco itself it creates what is called tobacco culture in households where they are much involved in tobacco farming. This might be specifically caused by the nicotine that is absorbed through their hands as well as its labour intensiveness. Therefore, tobacco culture might be among other reason driving farmers to continue cultivating tobacco even after criticism from different stakeholders.

However, after the respondents were asked to tell their main motives for cultivating tobacco, higher income, reliable market and reduction of poverty were the responses from the farmers. The figure below shows the reason for cultivating tobacco by percentage of the respondents.

Figure 4. 4. Reason for cultivating tobacco



The majority of the respondents still hold the same beliefs which got them to tobacco production in the first place saying that tobacco farming will help them to reduce domestic poverty. Although this might seem to be a mere day dream considering the living conditions of the most farmers in the area despite having invested almost their whole life in tobacco farming. In my opinion I strongly believe that the so called "tobacco culture" is the main factor for the survival of tobacco farming considering its failure to deliver what rural farmer are hoping for i.e better life. A number of smallholder farmers who are business oriented responded that higher income and the reliability of the tobacco market are the main motives encouraging them to continue farming tobacco.

4.2.7. Estimated income from tobacco farming

In this section the respondents were asked to estimate the income they earn from tobacco farming. However, it is important to note that these figures were only the estimates because farmers had no documents supporting these numbers. In addition to that the estimates were based on the earnings of 2016-2017 growing season.

This is very important section to analyse because it will not only help us know the farmers income from tobacco farming but also understanding the real motives behind the continuation of tobacco farming. The figures presented in this analysis are in Malawian local currency (1 USD = MK 735).

Table 4. 11. Estimated income from tobacco farming

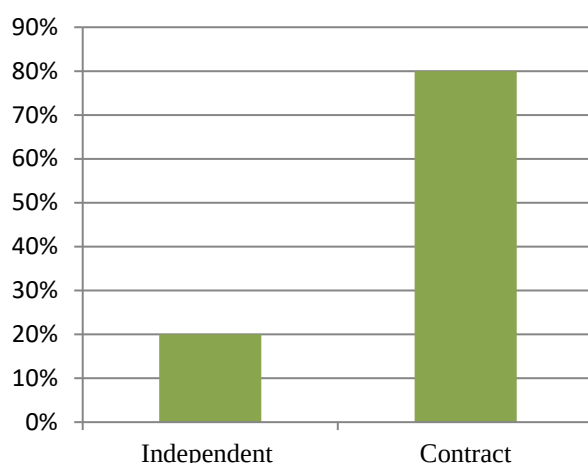
	N	Minimum (MK)	Maximum (MK)	Mean (MK)	Std. Deviation
Estimated income from tobacco	9 1	85000	1200000	354637,36	220208,160
Valid N (listwise)	9 1				

The table above concur with the claim I made before that the effort associated with the production and marketing of tobacco is not worthy the income realised especially by the smallholder farmers. To clarify this point, farmers tend their tobacco leaf by leaf which requires much effort. This cannot be compared to MK 354,637 (USD 480) which is the average income earned by the respondents from tobacco farming.

4.2.8. Production of tobacco

There a long history as far as the production of tobacco is concerned. Since this study is focusing on smallholder farmers only there will be no details on the whole history of tobacco production. However, for more details chapter 2 of this thesis can be referred instead. Smallholder farmers emerged in tobacco industry as independent farmers and they have been like that for quite a long time. In the early leaf buyers found it necessary to help the farmers in the production of tobacco which gave birth contracts or Integrated Production System (IPS). Cutting long story short, smallholder farmers produce tobacco either as an independent entity or they enter into an agreement with the leaf buyers. The figure below shows the percentage of respondents who are independent and those under Contracts

Figure 4. 5. Production of tobacco

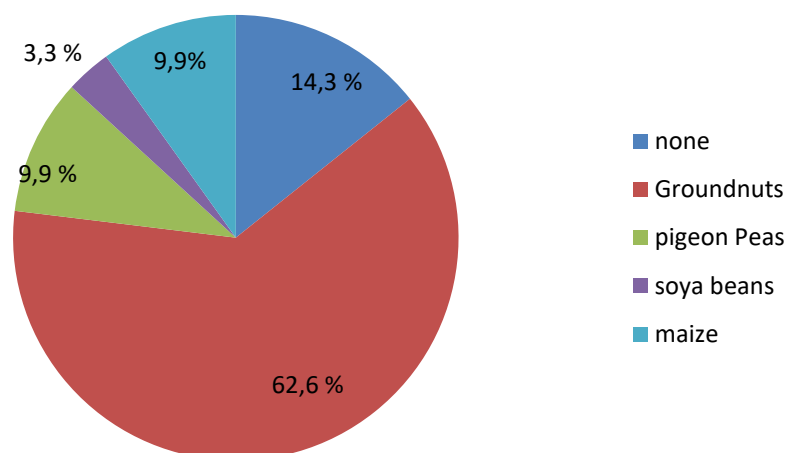


It is apparent from the figure above that the number of independent farmers is far below the number of farmers under contracts. The past researches on contracts highlighted that a number of smallholder farmers are adopting contract farming to the extent that many scholars believe that it might completely dominate in the future. A lot of smallholder tobacco farmers being less resourceful they find it much easier to produce tobacco under contract because of the resource they get from the other party. On the other hand, it was observed that farmers who have enough resources opt to use their own resources to produce tobacco than seeking help from external sources. These farmers argued that the deductions made under contracts are too much for the survival of their business.

4.2.9. Alternative crop for tobacco

It was found necessary to ask the farmers the alternative crop which they feel can replace tobacco. There are a lot of organisation who are against tobacco farming due to problems associated with it including diseases and child labour. They argue that if farmers use their efforts in producing other crops instead of tobacco, the welfare of farmers might improve. So, the question was poised to respondents to suggest the crop which they feel it can replace tobacco. Although there were other high value crops grown in the area the respondents felt that they can start growing groundnuts, pigeon peas, maize, and soya beans to get cash in circumstances where they cannot produce tobacco. The figure below shows the alternative crops that can replace tobacco in percentages as far as the respondents are concerned.

Figure 4. 6. Alternative crop for tobacco



The majority of the respondents suggested that groundnuts might be a better option to replace tobacco. They argued that groundnuts can be used domestically as well as selling the excess can bring them a lot of money. However, they suggested that a well-structured marketing system is vital for them to have confidence to sell their produce and benefit a lot from groundnuts farming. On the other hand, some of the respondents believed that no crop can bring benefits as much as tobacco can. These farmers vowed to continue farming tobacco as long as there is a market for it. In my opinion with proper education and support on value addition may help the farmers to make proper decisions which can help alleviate poverty in their homes.

4.2.10. Group membership

Malawi being a country whose majority farmers are smallholder farmers. Agriculture has been unprofitable venture to invest in due to high cost per individual farmer. The formation of farmers into groups did not only increase the bargaining power of farmers in inputs and output markets but also it makes the flow of agriculture information to and from the farmers much easier. In order to benefit the advantages of economies of scale, tobacco farmer in Mthiramanja area also organised themselves into groups. Below is the table showing the status of group/club participation among the respondents.

Table 4. 12. Group/Club membership

	Frequenc y (N)	Percent (%)	Valid Percent (%)	Cumulative Percent
Not in group	6	6,6	6,6	6,6
In group	85	93,4	93,4	100,0
Total	91	100,0	100,0	

The table 4.12 indicates that the majority of the farmers are in groups while 6.6% of the total respondents are not yet in groups. Other farmers just didn't like the idea of working in groups while others had some reasons preventing them from joining the groups. For example, one of the farmers explained that he was not in a group because the quantity of tobacco that he was producing was very small. However, he acknowledged the pros of being in a group. Most of the farmers were satisfied with the groups due to the fact that it was easy for them to get loan and training from government and organisation than the farmers who were operating alone. Generally, some of the advantages of farmers groups are; improved bargaining power, post harvest loss can be minimized, easy access of funds, enjoy the economies of scale etc. In my opinion I believe that a collective decision made by farmers in groups can be more rational than decision made by independent farmer which can be more emotional.

4.3. Marketing of Tobacco

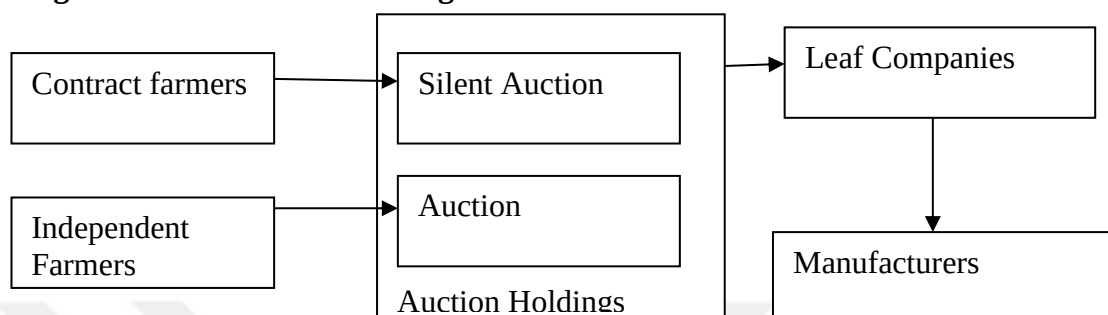
Tobacco is one of the crops in Malawi whose marketing system is well structured and controlled. This is because the income realised from the sell of tobacco is very significant to the economy of the country. Due to this fact the government finds it necessary to maximise its benefits by eliminating all practices which might lead to illegal sell of tobacco. Another reason is to protect the farmers from intermediate buyer who can rip off the farmers especially smallholder farmers. Intermediate farmers were initially allowed to operate in tobacco industry up until early 2000s when the government decided to ban traders. All the farmers were selling their produces direct to the auction flow. However, the introduction of contracts gave farmers another option to get their tobacco to the market.

4.3.1. Marketing Channels

Farmers were allowed to sell their produce to intermediaries who were then selling to auction flows operated by the Auction Holdings Limited (AHL.)

After the ban of intermediated buyers farmers remained with auction flows as the only way to market their tobacco. Then another channel was introduced which allowed farmers to market their tobacco by entering into agreement with tobacco buyers. The most recent form of contract is Integrated Production System (IPS) which was fully incorporated in 2012.

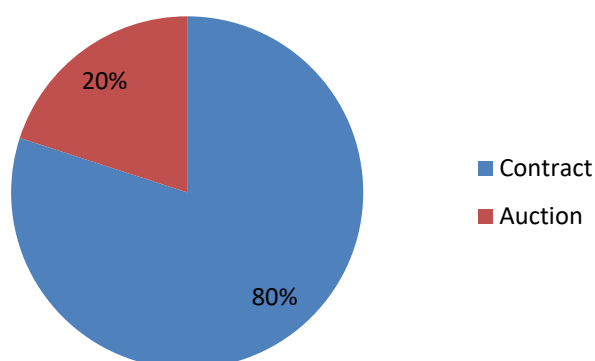
Figure 4. 7. Tobacco marketing channels



The figure 4.7 above shows that legally tobacco can be marketed through contracts or on auction. It is important to note that tobacco under contracts has to pass through silent auction for control purposes. As explained earlier in this thesis, contract farming involves smallholder farmers entering into agreement with tobacco leaf buyers. Some of the conditions of the contract requires the tobacco leaf buyer to provide all the necessary support to the farmers during production while the farmer is required to sell his tobacco to the company.

Since its introduction, there has been a lot of farmers joining the system (Makoka, 2016). Though some studies pointed out that IPS is more profitable than independent marketing through auction, in a research conducted by CISANET (2016) argued that there many external factors that could have resulted in the conclusion made by the earlier researchers. The figure below shows the farmers marketing under IPS system and farmers marketing through the auction market system

Figure 4. 8. Marketing Channel



The figure 4.8 above shows that the percentage of the respondents using contract system is very high compared to independent farmers market through the auction. Although the study was done in a small area with a small sample, the results seems to conform with earlier researches i.e Makoka, (2016) conducted in other parts of the country. This proves that there an increase in the number of smallholder farmers adopting contract farming year by year.

Although intermediate buyers were banned, the practice of selling to traders is not completely gone. Farmers in the area confessed that sometimes they sell some of their tobacco to traders or other resourceful farmers whenever they need urgent cash. Despite the fact that contract farmers have the chance to get cash in advance, to my surprise these farmers were also involved in side selling.

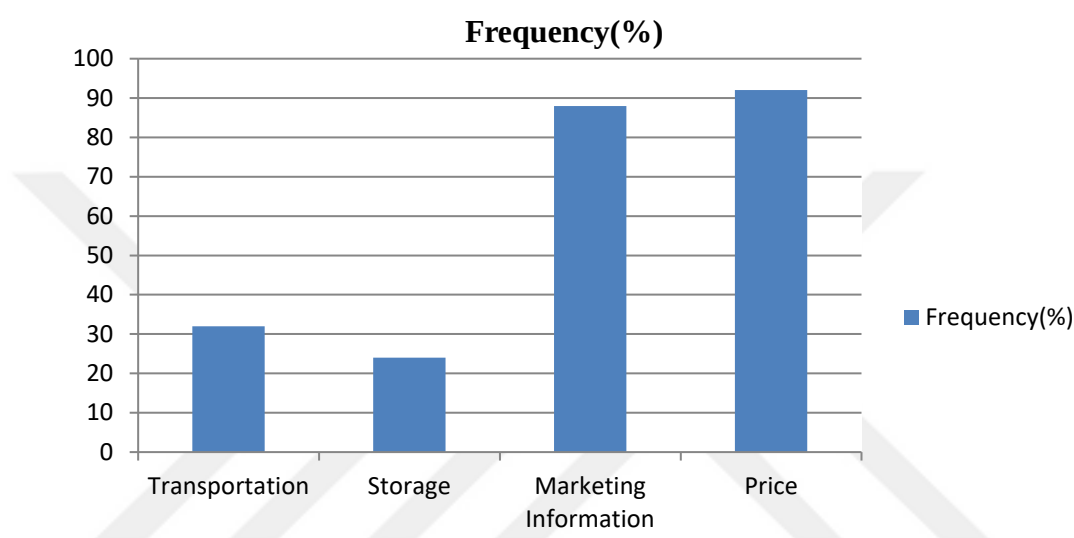
This is not only breaking the law of the country but also it can compromise the calculation of profit thereby not knowing whether farmers are making profit or not.

4.3.2. Reasons for choosing a Marketing Channel

Other things constant, farmers are expected to choose a marketing channel that brings maximum benefits. Different farmers may have different reasons for using a particular marketing channel. It is however important to note that farmers for some reasons may opt to use a certain marketing channel disregarding the availability of other channels which can give them more benefits. Among other reasons is resistant to change or negative attitude towards other marketing channels. In this study farmers were asked to explain why they are using a particular marketing channel. This question was closed with some possible reasons given to farmers to choose however farmer were allowed to explain or clarify their answers.

Many farmers marketing through contacts argued that the main reason they choose contract marketing over the other was that bale rejection rate was very minimal in contract marketing. Independent farmers also agreed saying that bale rejection was one among other reasons that will force them to change marketing channel in the future. Farmers also claimed that tobacco leaf buyers tend to buy leaf from independent farmers at a lower price than the others. The figure below shows some of other reasons influencing farmers to use a particular marketing channel.

Figure 4. 9. Reasons for choosing a Marketing Channel



The figure 4.9 above shows information about contract farmers only. Transport, storage, price, marketing information were among other reasons for choosing to be in agreement with a leaf buyer. However, the majority were attracted to contract marketing because of the market information given by the leaf buyers as well as the price offered for their tobacco.

Some independent farmers argued that even though contract farmers get a lot of money from their operations, a bidding to some of the contract terms is costly.

4.3.3. The prices of tobacco during 2017/2018 tobacco Season

According to reports contract farmers sold their tobacco at higher price than independent farmers. This made several smallholder farmers to join contract marketing system. On the opening day of tobacco market, the maximum price for contract was 2 USD/kg and for auction was 1,9 USD/kg.

It was also reported by auction holding limited that independent farmers fetched as low as 80 cents/kg for their tobacco.

Table 4. 13. The Prices of tobacco during 2017/2018 tobacco Season

Marketing System	Maximum Price (USD/Kg)
Auction	1,9
Contract	2

It can be noted from the table 4.13 that the prices of tobacco are not significantly different among the different channels. Under normal circumstances farmers would opt to market through auction to prevent being committed to the terms and conditions of the contracts. However, the number of farmers joining contracts keep on increasing because of other benefits which includes opportunity to have cash advances and getting farm inputs easily.

4.3.4. Price satisfaction

It is the nature of human beings to want more than what they are getting. Smallholder farmers also demand to get higher income from tobacco farming more than what they are getting currently. When farmers were asked whether they were satisfied with the prices or not, it was observed that the of majority respondents were not satisfied with the prices they receive from the leaf buying companies.

Table 4. 14. Price satisfaction among the respondents

Marketing System	Price satisfaction (%)
Auction	22
Contract	70

They commented that tobacco farming was a good industry in the past but due to other economical changes in the country, money earned from tobacco farming its barely enough to solve household problems. Some of the respondents further explained that they feel their household economy is better off when farming tobacco although income earned is not worthy the hardworking involved to get a good tobacco leaf. However, it can be seen from table 4.14 that the levels of satisfaction were different under the two marketing channels. Farmers under contracts seemed to be better off than independent farmers.

Due to the fact that the majority of farmers under contracts receive necessary inputs to support them from the leaf buying companies, the quality of their leaf tends to be of much higher quality than that of independent farmers.

Independent farmers also claimed that even if the quality of the leaf was the same, leaf buyer tends to offer higher prices to farmers under contracts. This was backed by agriculture analyst in national newspaper.

4.3.4. Challenges Smallholder farmers faces while using a Marketing Channel

Both independent farmers and farmers under contracts have a number of drawbacks that they need to overcome. However, independent farmers seemed to have more challenges from the farm to the market. Transportation problem was the first challenge to all the farmers disregarding whether they are independent or under contracts. Mthiramanja is a remote area situated far from well developed roads. This makes transportation cost to be very high thereby reducing the profit made by farmers.

Farmers under contracts complained that a bidding to some of the terms is a challenge they are facing. For example, due to the quota agreed in the contract, farmers find it a problem to marketing the excess tobacco if the quota was surpassed. In addition to that farmers who took loan from the leaf buyers in form of inputs complained that the deductions made after sale of the leaf are too much. Other farmers solved this problem by funding themselves with other sources of income rather than taking loan from the leaf buyer. The first problem independent farmers face was to get loan to buy inputs for tobacco due to lack of collateral. This reduced the quality of leaf produced thereby getting low prices at the market.

4.4. Market information.

Information is power. This is true for any kind of information including market information. Agriculture market information is vital to the success of every farmer involved in agribusiness. Unfortunately, due to dispersed markets and poor infrastructures in many developing countries including Malawi smallholder farmers lack reliable information to base their decision on which markets to allocate their produces. This problem is among the challenges hindering smallholder farmers in most sub-saharan to prosper. Improving access to information may help poorly functioning markets work better, improve farmers' bargaining power with the wholesalers or middlemen which in turn can improve the economic position of smallholder farmers (Yanagizawa and Svensson,2008).

Market information do not only help farmers but also it can be used by traders to spot opportunities and markets where they can make higher profits. In addition to that government can also study the movement of prices across agriculture markets and pin point areas with potential food insecurity.

Countries in Africa are trying to solve this problem by building a market information system through the use of technology to reach farmers.

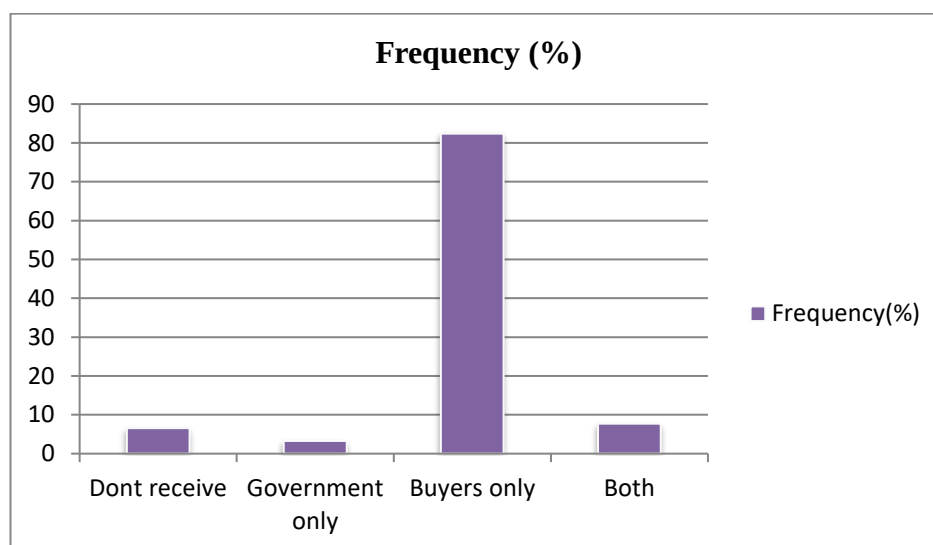
Tobacco is a crop which has a structured marketing system in Malawi. However, farmers do not have a wide choice of marketing channel to market their tobacco. Chirwa (2011) pointed out that the lack of information circulation in the sector is one of the factors that increase the problems of transparency. A farmer who is well informed about the market conditions may have the opportunity to decide whether to cultivate tobacco or not and also to choose a marketing channel that will provide higher returns to tobacco cultivation efforts. It was discovered during the study that smallholder tobacco farmers in the area do not have adequate market information. This made the farmers to plan on the expected income they are going to get from their produces. Reliable and timely price information is necessary for the marketing system to be effective in coordinating the activities of producers and all actors in the sector (Dubov et al., 1981). Despite the unquestionable benefits of market information, it is unfortunate that tobacco sector in Malawi which is the major component forex earnings and has a well-structured marketing system in Malawi still has more problems as far as the transfer of market information is concerned.

4.4.1. Market information service providers.

Market information can be provided by different sources depending on the aim of the service provider. The provider of market information can be government or commercials. In many African countries, governments are the main source of agriculture market information and this is considered as a good public service to its people (Ferris, 2006). Government departments regard information as part of the infrastructure that improves the lives of people. The information such as prices of agricultural products and weather are provided for free. Market information can also be provided by business institutions. For example, a company may provide the information about the price of agriculture inputs it is selling in order to attract farmers to buy their products. Some companies may provide market information in order to attract farmers to sell their produces to that particular company.

In some circumstances private market information providers may impose a fee to compensate their expenses. The respondents were asked about their source of market information. The analysis is summarized in the figure below.

Figure 4. 10. Market information service providers



The figure above shows that the majority of the farmers obtain market information from the buyers. This is because a lot of smallholder farmers in the area operates under contracts with a number of buyers. Tobacco leaf buyers had a lot of motives to provide information to the farmers.

Among other reasons may be to motivate the farmers to continue producing tobacco. The farmers who said they don't receive market information were independent farmers. Despite the fact that the government is responsible for providing agriculture information to the smallholder farmers, it was observed that smallholder farmers gets little market information from the government. However, the farmers also explained that the government was much involved in providing information concerning production and other types of agricultural information. It is necessary to point out other NGOs also provide agricultural information through the government extension system.

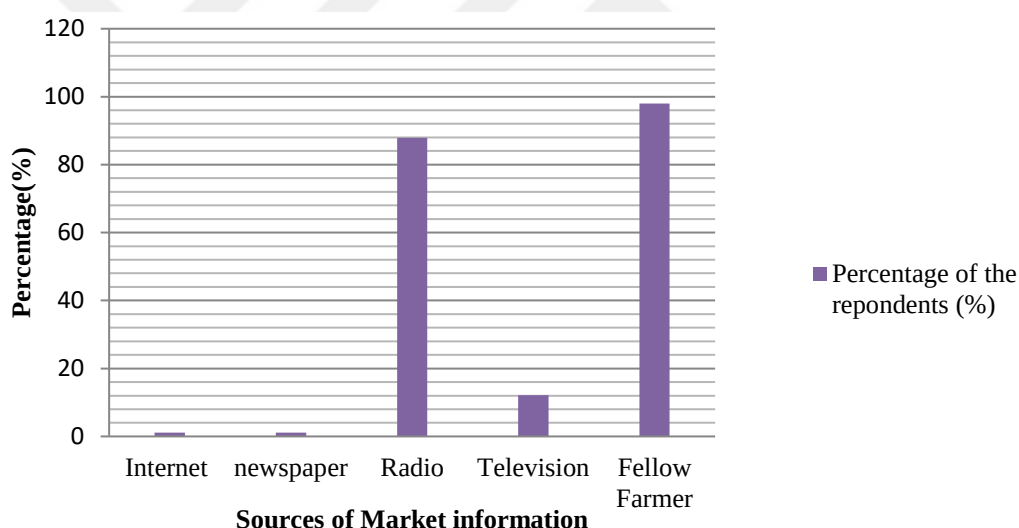
4.4.2. Sources of market information

These are channels used by information providers to disseminate information to farmers. Information providers can distribute information through tradition and non-traditional channels. There is a wide range of medium information providers can use to disseminate information such as bulletin boards, notice boards, electronic media boards at marketplaces, newsletters, bulletins, magazines, newspaper articles, radio, television, websites, email, social media, SMSs, apps, web-based mobile service and social media. However, the choice of mode of communication depends on the demographic characteristics of the farmers as well as the urgency of the information.

Another thing to be considered when disseminating information is the purpose of the information. If the aim is to Provide rapid and up-to-date price information to farmers and traders radio or phone is likely to be used but for longer-term reports and analyses can be printed or published.

The most appropriate media are also likely to vary according to the audience and the state of development of a country. For example, for farmers living in very remote areas a notice-board near the market is suitable for disseminate information about local market (FAO, 2017). Due the advancement of technology the use of cell phones has developed in many African countries. This can be very convenient way of providing market information than radio which is mostly used in least developing countries (Kleih et al, 2004). Figure 4.11 main sources of market information for farmers according to the respondents. It shows that the majority of the farmers access market information information through their fellow farmers

Figure 4. 11. The main sources of market information



It was observed that although the majority of the farmers get information from their fellow farmers, some of stated that they don't even trust the information since some farmers tend to lie or spread information which is wrong to the public. It can be seen in figure 4.14 that the second widely used source of information is radio. A number of studies (Kleih et al, 2004; Ferris et al 2006; FAO, 2017) have also reported that in Africa the widely used source general agriculture information is radio.

This is because many farmers have their own radio and they tend to listen when doing their farm activities as well as at home. Mthiramanja being a very remote area the access to newspaper and internet is not widely spread.

Other factors which might contribute to minimal use of newspaper and internet is low levels of education and poverty.

The major sources of Market information namely Radio and fellow farmer were further analysed to find out the usefulness of the information to the farmers. The results are presented in table 4.15 below.

Table 4. 15. Market information and degree of usefulness.

		very useful	Useful	some little	not useful	Total
Radio	Count	52	7	19	2	80
	% of Total	56,5	6,5	20,7	2,2	100
Fellow Farmer	Count	3	9	72	5	89
	% of Total	3,3	9,8	78,3	5,4	100

The results indicate that farmers find information from the radio more reliable than from their fellow farmer. The respondents explained that they are more comfortable when information is heard from the radio because they know it's coming from a reliable source. On the other hand, information from their fellow farmers tends to be baseless hence unreliable.

4.4.3. Challenges when accessing market information.

Smallholder farmers in least developing countries find it challenging to find reliable and timely market information (Jacob and David,2009). This is due to Lack of a reliable agricultural market information system that limits the farmer's ability to participate in agricultural value chains for both domestic and international markets. The situation is the same in Malawi where markets are dispersed and not well organised (Malawi government, 2016).

In a study conducted by Yanagizawa and Svensson (2008) pointed out that access to market information resulted in higher farm-gate prices, a result consistent with the hypothesis that market information improves farmers' relative bargaining position vis-à-vis local traders.

However, respondents in Mthiramanja area highlighted that they are many challenges farmers face when accessing market information. The first problem was that sometimes the prices given on the radio is higher than the prices they get from the markets.

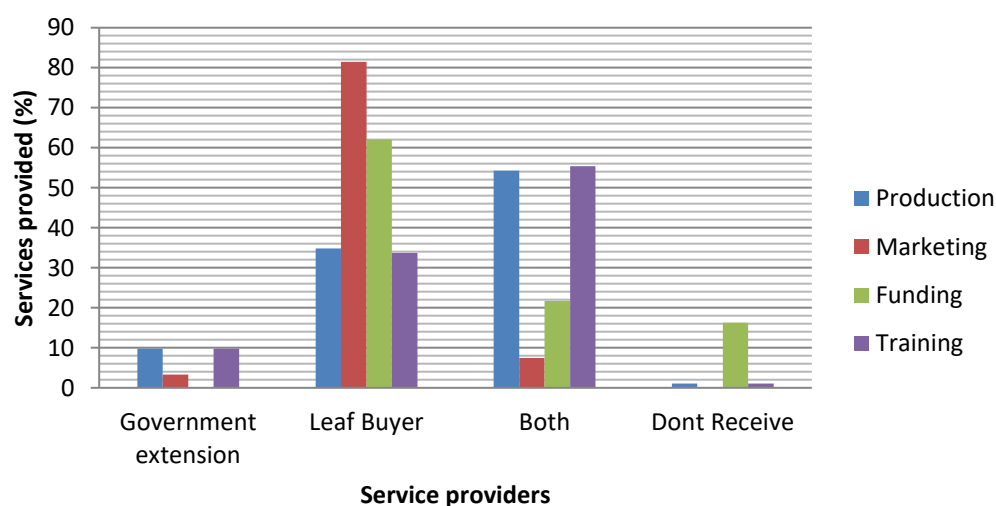
This is because of the long time it takes from data collection to data dissemination which affects the timeliness of the information. In addition to that accessing reliable information required to incur some expenses such as airtime and transportation cost to the main markets which is hard and challenging for the poor small-scale farmers.

4.4.4. General access of agricultural services by farmers

This study has emphasized much on the significance of market information. However, they are other types of services that are vital to the success of the farmers. These may include trainings, funding, market information as well as production information. Malawi is among countries in Africa whose agriculture needs support from production to marketing (IFAD, 2007). Tobacco farmers in Mthiramanja area receive these services from the government or the leaf buyers. Apart from them, Non-Governmental Organisations may also have projects to help the farmers.

Since NGOs projects uses the government extension system, for the sake of this analysis NGOs and government are considered as one body. The table below shows the type of services provided to farmers and the providers of the services according the respondents.

Figure 4. 12. Agriculture service providers

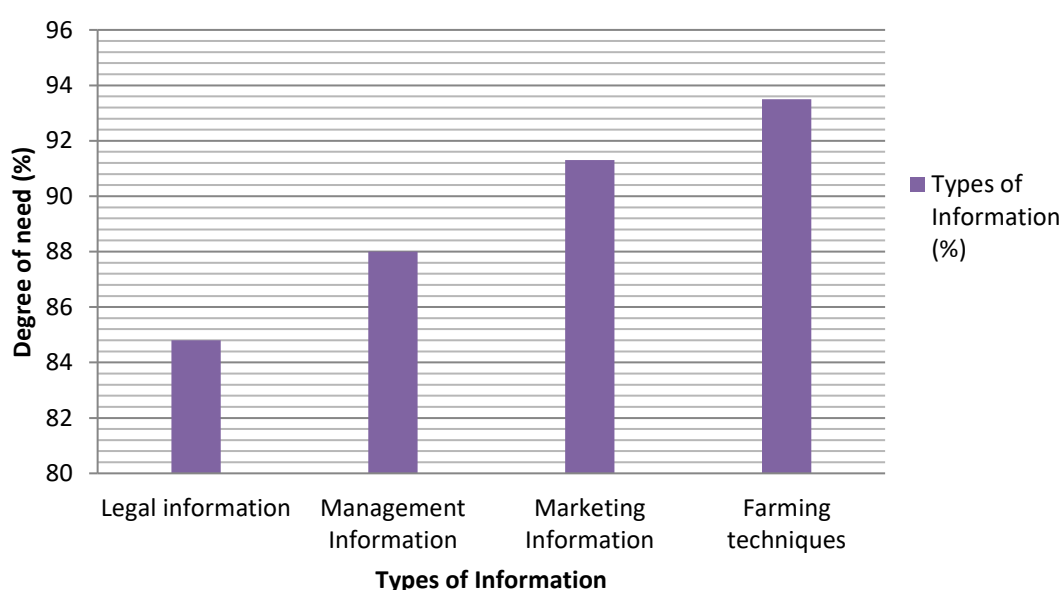


The figure 4.12 shows the picture of extension services provided to farmers in Mthiramanja area. In a nutshell it shows that the participation of the government in tobacco industry is perceived by the respondents not to be very high. This of course does not necessarily mean the government is not showing effort in helping the farmers in the area. However, the system now allows smallholder farmers and leaf buyers to be highly connected due to their agreements.

4.4.5. Information needs by farmers.

Information is regarded as a crucial resource and an important commodity for development in all sectors of life including agriculture (Odini, 2014). Well informed farmers are the key to the development economy especially when the country's economy highly depend on agriculture. Farmers were asked point out the type of information they think is better for them. On average the farmers responses showed that they need all the types of information however the degree of significancy changed from farmer to farmer. The table below summarize the results.

Figure 4. 13. Information needs by farmers.



Although the differences are not significant, the figure above shows that farmers are more concerned about farm techniques far more than legal information. Legal information however it is also becoming necessary due to the rise in number of smallholder farmers in contracts. In a country where agriculture is the backbone of the economy, marketing information is of great importance to the producers. Therefore, there is a need for the government to improve extension services and find ways to increase adoption rate of new skills by the small-scale farmers.

4.5. Comparing the characteristics of auction farmers and contract farmers

The findings showed that the mean of age, number of family members and the percentage of agriculture income were almost similar. This means that they were not functioning as discrimination variables among the two groups. On the other hand, the means of total size of land, size of tobacco land, and labor were high in farmers under contracts.

In other words, the results showed that the mean of total size of land were higher in farmers under contracts (5.2055) than independent farmers (3.9444). The results also indicate that farmers with contracts have higher income compared to independent farmers. This indicate that farmers under contracts were more resourceful and they earned more than independent farmers. Although they were some differences among the two groups, it was noted that the differences of many variables were not significant.

Table 4. 16. Comparing the characteristics of auction farmers and contract farmers

Variables	Auction Farmers		Farmers under contracts		t	p
	Mean	Std dev	Mean	Std Dev		
Income from tobacco (MK)	170111	118749,3103	395685	218335,4247	49,098	0,000
Total size of land (acres)	3,9444	0,76001	5,2055	2,97307	3,222	0,002
Size of tobacco land (acres)	0,9028	0,46288	1,6986	0,74414	5,701	0,000
Price satisfaction (%)	0,22		0,7		3,973	0,000
Access to market info (%)	0,73		0,92		1,495	0,154
Age (Years)	46,11	10,588	45,49	11,942	-0,201	0,841
Number of Family members	7	1,815	7,32	2,185	0,565	0,574
Agriculture income (%)	97,6667	3,75735	96,6575	6,08098	-0,888	0,380
Tobacco farm exper (Years)	13	6,651	15,07	7,777	-574	0,585
Labour (No. of people)	5,17	2,282	6	2,494	1,29	2,000

The findings also showed that farmers under contracts had better access to market information than independent farmers. Although the difference turned out to be insignificant more farmers with contracts (92%) reported to have access to market information than auction farmers (73%). This is due to the fact that farmers under contracts are more connected to the buyers which allows them to have access to more reliable information. Price satisfaction were seen to be much higher in farmers who are under contracts (70%) than auction farmers (22%).

Independent farmers who sold their tobacco through the auction complained that they were unable to fetch higher prices even if the quality of tobacco is the same as that of farmers with contracts. This claim was concurred by agricultural reporter of a national newspaper.

4.6. Factors affecting the choice of marketing channel

In this section the variables that has been discussed in this study were tested to measure its significance. As earlier explained binary logistic model will be used to find out factors that affect smallholder tobacco farmers' choice for a marketing channel. The choice of marketing channel will explain the farmers choice to participate in Auction or contract market. The results for the analysis are presented below.

Table 4. 17. Case Processing Summary

Unweighted Cases ^a		N	Percent
Selected Cases	Included in Analysis	91	100,0
	Missing Cases	0	0,0
	Total	91	100,0
Unselected Cases		0	0,0
Total		91	100,0

Table 4. 18. Dependent Variable Encoding

Original Value	Internal Value
Contract	0
Auction	1

Table 4. 19. Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	42,783	9	,000
	Block	42,783	9	,000
	Model	42,783	9	,000

The table above is presenting the test of whether the model that includes the explanatory variables is an improvement over the baseline model (Model without explanatory variables). The test of the model shows that chi square is statistically significant.

Table 4. 20. Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	37,203 ^a	,388	,646

The Nagelkerke R Square is the most used to interpret data and has the range 0-1. Although Nagelkerke R Square it is advised should not be overly emphasized, it is important to note that the model explains 66% of variation in the outcome.

Table 4. 21. Hosmer and Lemeshow Test

Ste p	Chi- square	df	Sig.
1	6,154	8	,630

In Hosmer and Lemeshow test of goodness of fit above it indicates that our model is a good fit $P=0,630$ ($P>0,05$)

Table 4. 22. Classification Table

Observed			Predicted		
			Marketchannel Contract	Auction	Percentage Correct
Step 1	Marketchannel	Contract	72	0	100,0
		Auction	5	10	66,7
	Overall Percentage				94,3
a. The cut value is ,500					

It can be observed from the classification table above that 72 farmers were predicted to use contract market channel and out of those 72 were observed giving us 100% accuracy rate. On the other hand, out 15 farmers who were observed to market their leaf through auction only 10 were predicted by the model giving us the accuracy rate of 66,7%. The overall classification rate is 94.3% which is good classification rate though the accuracy rate for predicting auction is not much high.

Table 4. 23. Binary logistic results

		B	S.E.	Wal d	Df	Sig.	Exp(B)
Step 1 ^a	Education	-,584	1,175	,247	1	,619	,558
	Aincome	- 1,625	,884	3,383	1	,066	,197
	GMembership	- 4,217	1,763	5,722	1	,017	,015
	Distance	,085	,100	,733	1	,392	1,089
	Marketinfo	- 2,708	1,287	4,426	1	,035	,067
	Pricefairness	- 1,485	1,112	1,783	1	,182	,226
	Age	,091	,058	2,450	1	,118	1,095
	TFfarmexperie	-,006	,080	,005	1	,944	,994
	Gender	5,047	1,760	8,222	1	,004	155,547
	Constant	-,786	6,087	,017	1	,897	,455

a. Variable(s) entered on step 1: Education, Aincome, Group Membership, Distance, Market information, Price fairness, Age, Tobacco Farming experience, Gender.

In this study we analysed our data using binary logistic specifically enter method. The results of the analysis showed that Annual income, Gender, Group membership and Market information.

Gender has a significant ($p < 0.05$) positive relationship with market channel. The logit coefficient for gender was 5,047 and its exponential beta was 155,547. This means that the odds of female participating on auction markets were 155,547 higher than the odds of participating on contract market channel. The level of female tobacco farmers was generally low according to statistics as well as our sample. This is probably due to the fact that female farmers were generally less resourceful than male farmers which might hinder their ability to attain the minimum contract requirements.

Annual income was found to have negative significant ($p < 0,10$) relationship with market channel. The results on this analysis implies that as the income of farmers increases the odds of them participating in contract markets were higher than the odds of them participating in auction markets. As it was observed during the study that some small-scale farmers were interested in participating in contract markets.

However, they were unable to do so because of their inability to meet minimum requirements. Though it was not proved, this effect was only true up to certain extent. In other words, as the farmers income becomes much higher and producing large quantity as well as better quality of tobacco without help from the buyer, they would be more likely to join farmers marketing tobacco through the auction.

Group membership was also one of the variables having significant ($p < 0,05$) negative relationship with the market channel. The farmers in groups were expected to make better decision through collective ideas from different members. In the analysis, the results show that the odds of farmers selling their tobacco through contract were higher than the odds of selling independently through auction. However, some of the farmers in groups were complaining that the buyers refused to buy their tobacco if the quota of the group was reached. This forces them to sell the remaining tobacco directly to auction which cost them extra expenses. They further explained that due to the interest accrued to the loan they obtain from the leaf buyer's their net income tends to be very low.

Market information was also among the factors which affect farmers decision on choosing how to market their products. The results of our analysis showed that market information had a significant ($p < 0,05$) effect on the decision made by farmers. Market information and market channel had a negative relationship, implying that the odds of farmers who were more informed about the market information to sell their tobacco leaf through contract were higher than the odds of selling independently in auction markets.

Market information is very important to the success of any marketing system. Improving access to information may help poorly functioning markets work better, improve farmers' bargaining power with the wholesalers or middlemen which in turn can improve the economic position of smallholder farmers (Yanagizawa and Svensson, 2008). Farmers who are well informed about markets tend to make better decision than farmers who are not.

Reliable and timely price information is necessary for the marketing system to be effective in coordinating the activities of producers and all actors in the sector (Dubov et al., 1981). A number of studies (Kleih et al, 2004; Ferris et al 2006; FAO, 2017) had also reported that in Africa the widely used source general agriculture information is radio. This is because many farmers have their own radio and they tend to listen when doing their farm activities as well as at home. However, farmers in the area complained that sometime the information they get from the radio do not align with the situations on the market. This is because the use of radio as a tool to disseminate information has a weaker response potential than other conventional extension methods (Demiryurek, 2006).



5. CONCLUSION AND RECCOMENDATIONS

Malawi is a country whose economy heavily depend on agriculture sector. The sector comprises of estates and smallholder farmers however it is dominated by smallholder farmers. They are many crops grown in Malawi which are grouped into cash crops and food crops. They main cash crop which has a significant contribution to the country's GDP is Tobacco. Tobacco is grown in many parts of Malawi by both estates and smallholder farmers. Smallholder farmers are much engaged in burley tobacco production while the estates grow flue-cured tobacco which is more complicated and requires more resources. The smallholder sector has taken over burley cultivation producing about 98 percent in 2009 from 63 percent in 2006 since the liberalisation of the sector (Chirwa, 2011)

The marketing system for tobacco in Malawi is the most organized and controlled. Although that's the case, the system is questioned by many stakeholders if it is the best for the tobacco farmers especially poor smallholder farmers. Tobacco in Malawi is marketed through auction and contract. Farmers marketing through contract has been increasing over the past decade. Auction holdings limited (AHL) is the biggest organisation controlling the tobacco sectors in Malawi. AHL owns all the auction flows in Malawi which reduce the competitiveness of the industry. AHL also owns a company that buys tobacco on the auction flows as well as a company that supply agriculture inputs to farmers. In additional to that AHL has connection with the government which gives it power to monopolise the sector and create a barrier for other investor.

The aim of this study was to analyse the marketing system in tobacco industry on the perspective of smallholder farmers. Much emphasis was put on the market information and the market channels used by smallholder farmers. The study was conducted in Mthiramanja extension planning area which is situated in Mangochi, Malawi. Structured questionnaire and interviews were used to collect data from the farmers as well as other stakeholders. The data were analysed using Statistical Package for the Social Sciences (SPSS)

5.1. Conclusion

Agriculture is very crucial to the development of developing countries especially those ones whose economy depends on it. Despite the fact that the development of markets is the key to the success of the sector many countries whose economy depend on agriculture have poor markets structures. Lack of proper markets infrastructures is one of the factors hindering the smallholder farmers to have access good markets which could maximise their returns. These infrastructures include roads, rail, air, and lake and river transportation, value adding processing equipments and storage facilities (Malawi government, 2016). This problem is exacerbated by lack of business knowledge among the farmers as well low levels of youth participation in farming activities. These problems in turn limit the famers ability to access market information which might help them in making better decision as to which market channel more profitable.

Malawi is one of the countries in Sub-Saharan Africa struggling to develop its markets for the benefit of the smallholder farmers who are the majority. Tobacco is the main crop whose marketing system is well organised compared to other crops. However, smallholder farmers seem to hardly benefit from the industry. Smallholder farmers are not having enough market information which might give them bargaining power in tobacco markets. Since tobacco in Malawi can be legally marketed through contracts and auction, farmers seem to have limited choices to market their leaf. Farmers have to decide to market their tobacco directly to the auction flows or market it through contracts with the buyers.

In this study, it was found that the demographic characteristics of the farmers with contracts and independent farmers were not significantly different. However, the size of land under tobacco production and income earned were higher in contract farmers than independent farmers. The minimum requirements of the contracts set by the leaf buyers discriminated some of the farmers especially those who had limited land. The income level of contract farmers was higher because of their ability to produce good quality leaf. In additional to that contract farmers sold their tobacco at higher price than independent farmers.

As it has been reported earlier, farmers with contracts earned more per Kg than independent farmers. Independent farmers reported that they sold their tobacco at much lower prices despite the fact that the quality of their tobacco was the same as that of contract farmers.

Farmers in the area also reported that bale rejection is very minimal in contract farmers as compared to independent farmers. These might be among other reasons causing the shift of farmers to contract marketing system. Although contract farmers are offered higher prices, many farmers were upset by the deductions that are made after selling tobacco.

Examining the factors influencing the choice of marketing channels by smallholder tobacco farmers was among one of the main aims of the research. The results of the analysis showed that annual income ($p<0,10$), gender ($p<0,05$), group membership ($p<0,05$) and market information ($p<0,05$) were the factors affecting the choice of farmers. Many similar studies also found the above variables as factors affecting the choice of marketing channel (Sacco, 2013; Davis et al 2017; Ntimbaa, 2017) In our study we found out that decision made by farmers on how to get their tobacco to the market is affected by a number of factors. The factors which were found to be significant include Annual income, Gender, Group membership and access to market information.

5.2. Recommendations

Although the market system in tobacco sector is the most structured in Malawi, they are still more problems which need to be solved. There is a need for the amendment of the policies governing the market system. Most farmers producing tobacco are just scraping by despite the fact that they are producing the most important crop to the country's economy. The government need to put in place policies which aims at improving the warfare of the smallholder farmers just as it benefits the leaf buyers.

Generally, smallholder farmers in Malawi lack formal education services. This is because Malawi lack proper infrastructures and it has no enough extension workers. This problem do not only hinder the farmers ability to access reliable information but also affects the farmers ability to continue what they have learnt from the different projects. This problem was exacerbated by the use of mass media as a method to disseminate information such as radio in which the rate at which farmers adopt innovations from these sources is very low (Demiryürek, 2006). Unlike disseminating information through radio, information service provider should make use of technological devices like phones.

The government should find means to deliver all kinds of agricultural information to smallholder farmers based on their demographic characteristics and capabilities.

Demiryürek (2015) suggested the use of multiple extension methods such as television programs, printed materials, group discussions and field demonstrations would help increase the adoption rate and the sustainability of the projects. This would help smallholder farmers in making proper decision on which crops to grow, production techniques to use and marketing channel to use.

Despite the fact that most of the farmers are in groups, the farmers are not able to enjoy the potential benefits of being a group member. The government and other stakeholders should use this opportunity to provide high quality market information through the groups. In addition to training the farmers proper tobacco production methods, the government should train the farmers on business management, finance, accounting and other related topics which may allow them to calculate the profitability of their farming activities. Lack of adequate knowledge of business management is a big problem causing smallholder farmers unable to make proper decisions resulting in farmers obtaining relatively low profit margins for their output in agricultural commodity markets

The stability of prices is also important to the success of smallholder farmers. Farmers who are under contracts tends worry on the deductions that are made by the buyers. The main reason behind this is that farmers take credit and advances in hope of selling their tobacco at a good price. Farmers marketing their tobacco independently through auction complained about low prices and bale rejection while farmers under contracts too much deduction after tobacco sales. This led to all farmers being unsatisfied with the net income they get from selling tobacco. Therefore, there is a need for improvements in the prices and its stability.

Another important point is that prices should be known during the signing of the contract. When farmers are aware of the prices, they might be able to decide which marketing channel is more beneficial to them.

Unlike disseminating information through radio, market information service provider should make use of technological devices like phones. This will help to improve the quality and the usefulness of the information.

The government should create a system which will allow farmers to sell their tobacco at district level. This will not only reduce the transportation cost but also it will reduce congestion at the main auction flows.

Marketing system comprises of many actors across in the value chain. However, this study only focused on the producers only. There is a need for future research to focus on the whole marketing system and the transfer of information among the actors.

In addition to that, this study was limited to smallholder farmers only. It is suggested that future studies should include both smallholder farmers and large-scale farmers to have a better understanding of the challenges in the marketing system. There are many critics against tobacco production in Malawi, a study on the alternative crop will help farmers to be able to try out new options.



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CURRICULUM VITAE

SUMANI SHAMS ALLIE

Email : sumaniallie@gmail.com

CAREER OBJECTIVE

To be an outstanding person in an organization in contributing more to the success and achievements of the organization goals through conducting tasks activities with integrity.



PERSONAL INFORMATION

Date of birth : 15 December 1993

Place of birth : Mangochi, Malawi

Nationality : Malawian

Gender : Male

Marital status : Single

EDUCATION DETAILS

A. Education level : Masters

Department : Agriculture Economics

School : Ondokuz Mayıs Üniversitesi (Not graduated)

B. Education level : Bachelors Degree

Department : Business Administration

Period : October 2010- June 2014

School : Ondokuz Mayıs Üniversitesi

C. Education level : Secondary School

Period : 2006- 2009

School : Asalam Boys Secondary School

LANGUAGE SKILLS

- English
- Turkish
- Swahili

COMPUTER SKILLS

1. Microsoft Office : Word
: Excel
: Powerpoint
2. SPSS
3. Accounting Packages
 - IFMIS
 - Tally
 - Quickbook.

EXPERIENCE

- A. Period : July 2014 - June, 2015
Position : Accountant Assistant
Place of work : Machinga ADD
- B. Period : July 2014 - June, 2015
Position : Computer trainer
Place of work : Liwonde, Private
- C. Period : July 2013 - October, 2013
Position : Accountant Assistant
Place of work : Balaka District Council

COMPETENCIES

- Fast learner
- Ability to meet deadlines
- Job Completion
- Attention to details
- Respecting the authorities
- Good Communication Skills
- Excellent Computer skill