




## AN INVESTIGATION INTO THE FACTORS AFFECTING THE SUSTAINABILITY OF THE LAND REFORM PROGRAMME BENEFICIARIES IN KWA ZULU-NATAL PROVINCE

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### ABSTRACT

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This article sought to investigate factors affecting the sustainability of the land reform programme beneficiaries in Kwa Zulu-Natal Province, South Africa. A consistent decline on production is an enormous concern in land reform in Kwa-Zulu Natal. As a result, the Department of Rural Development and Land Reform is confronted with unproductive farms irrespective of the funds invested in them where there is no evidence on the ground that these farms were recapitalised. In an attempt to reverse this declining trend in production levels; an in-depth understanding of the underlying challenges was needed hence this research attempted to provide possible solutions to the problem. Some of the findings in this research indicated that the key factors influencing the sustainability of land reform programme beneficiaries in KwaZulu-Natal include the financial literacy, general education, specific skills in a field of agriculture and financial management capability. The key recommendations of the study are that land reform programme beneficiaries should be assisted with acquiring particular agricultural skills, financial and human resource management skills, and supported in access to affordable financing. The study recommends that government must select the correct beneficiaries based on their interest and knowledge of agriculture, to train the under skilled beneficiaries and equip them with relevant farming skills. These beneficiaries need to be supported on various aspects of financial, human resource and operations.

**Contribution/Originality:** This study contributes in the existing literature by adding insight into the South African government's approach in accelerating their land redistribution programme. The programme is aimed at redressing some of the past historical injustices relating to land by bringing in more beneficiaries into the agricultural sector to ensure more sustainability in production and food security.

### 1. INTRODUCTION

Land reform is a very sensitive and challenging issue in South Africa. This study is motivated by the fact that land reform has persisted to be a pressing matter for the South African Government to rectify as one of the key issues since 1994. This study focusses on land reform with specific reference to factors affecting the sustainability of the land reform programme beneficiaries in Kwa Zulu-Natal Province. This study looks at practical solutions for the department of rural affairs and land reform on support programmes that may be implemented to assist land beneficiaries.

## 2. BACKGROUND TO THE STUDY

The recapitalisation and progress within the Land Reform Programme (LRP) was time-honored in 2009 with a sole perseverance of helping beforehand destitute residents from African, Coloured and Indian societies for agricultural purposes. The LRP was established on the basis of the audit outcomes that were done in 2009 which indicated that all farms that were bought by the Department of Rural Development and Land Reform (DRDLR) were badly managed and unproductive as a result of lack of skills and sufficient knowledge after these farms were handed to the previously disadvantaged communities. The DRDLR beleaguered all the farms acquired by the Department since 1994 to make certain that they are maintainable and may provide food security in the South African economy. It was then established that the department had inadequate capacity to implement post-settlement support hence (RADP) was established.

The purpose of the RADP is to intensify the production of food, warranting that there is ample food in the country, advancing developing farmers to commercial farmers, generating job prospects in the agricultural sector and making certain that farms are well maintained and productive in the Kwa Zulu-Natal (KZN) Province. The RADP enclosed historical and impending land business deals emphasizing Terrestrial Transformation strategies: Areas targeted for RADP intervention included all beneficiaries who received land under Land Reform Programme both State and privately owned land. The objective of RADP was that all land reform farms will be funded hundred percent (100%) based on the needs of each farm and should be 100% productive.

Furthermore, the [Department of Rural Development and Land Reform \(2014\)](#) strives to deal with the challenges regarding shortage of basic staple needs at domestic including nationwide level. The policies at disposal were under scrutiny to devise the best approach to address the gap on land issues. Due to the racial disparities and sensitivity of land issues, policies were then modelled many different times despite a number of engagements that were undertaken with most societies with regard to land rules in terms of reversing the legacy of the 1913 Inherent Land-dwelling Act as gazetted by the State. Proactive Land Acquisition Strategy (PLAS) as a mechanism to buy land and register it in the name of the department of the RDLR and lease it out to previously disadvantaged groups for a period of three years.

The major objectives and targets intended by the South African citizens/farmers are basically to advance land administration (Tenure Reform) and spatial scheduling for assimilated expansion in rural areas. Other significances and concerns are to endure land reform influence on compensation, redeployment, ownership reform and growth. Taking into account the issue of recapitalisation and progress, guidelines and directives were established in 1999 which sought to make available widespread funding to all farms attained through PLAS as well as subsistence farmers and privately owned farms. Farmers were then required to develop and provide business plans aligned to the prerequisites on every farm in excess of a five-year period to demonstrate their turnaround time in terms of productivity or return on equity. The funding mechanism was on a sliding scale. Due to lack of integrations on various policies land reform has not yet been achieved. Although engagement was conducted on different platforms regarding programmes through workshops to a number of societies', shortfalls still exist based on the strategy applied. Currently Government is still revising relevant policies annually to ensure that they are compatible to land recapitalisation in order to close gaps to stimulate sustainability on the farms ([DRDLR, 2014](#)).

## 3. RESEARCH PROBLEM

The [DRDLR \(2014\)](#) reports that an envisaged outcome of the land redistribution process is the creation of vibrant, equitable and sustainable rural communities, an integrated and strategically planned rural development programme and enhanced land reform programme. The critical aim is societal interconnection and comprehensive improvement of the rural scenery and economies. Unfortunately, the majority of these farms that benefited from this program (land recapitalisation) for a period of five years have not demonstrated and have not brought forth

anticipated outcomes; however, production has deteriorated irrespective of the capital funds devoted to these farms hence these farms are operating at a loss.

The DRDLR (2014) further stated that they have a complete record of all the farms which have received recapitalisation funding with the aim of tracking production linked to funds invested on respective farms.

The core problem which this article address revolves around the consistent decline in production on farms that were previously recapitalised through land reform initiatives, which in turn resulted in unproductive farms and a loss of funds for the department of rural affairs and land reform. In an attempt to reverse this downward trend in production levels; an in-depth understanding of the underlying challenges was needed.

#### 4. PURPOSE AND OBJECTIVE OF THE STUDY

The main purpose of this article was to investigate the factors affecting the sustainability of the land reform programme (and beneficiaries) in Kwa Zulu-Natal Province.

Within this context, the major objectives were identified as follows:

- To investigate recipients' views of the land restructuring process.
- To assess the level of skills acquired by farm beneficiaries through the terrestrial restructuring agenda.
- To recommend solutions to the department of rural affairs and land reform on support programmes that can be implemented to assist land beneficiaries.
- To assess factors affecting the sustainability of the land reform programme.

#### 5. BRIEF LITERATURE REVIEW

James (2011) argues that the redistribution land in South Africa permitted those people who were displaced to settle on farms that were previously owned by white farmers but it did so in a manner which combined forces of state and market in an uneasy manner. The World Bank's willing buyer/willing seller model was set to be practically achieved through a scheme of government grants for individual families (a Settlement Land Acquisition Grant/SLAG of R16, 000 at the time of research). The purchase of land from sellers was possible only if these grants were pooled, and this led, in many cases, to the recruiting by elites of new settlers purely on the basis that their grants, once joint, would allow for the acquisition of a suitably-sized farm. Such strategically-mobilised groups derogatorily described as 'rent-a-crowds', often found it was unsustainable to live on the land to whose purchase they had contributed: it would then revert by default to the original initiator. As some of these contradictions were resolved, redistribution, initially designed in the interests of poorer people, began to be oriented towards the provision of land for those with greater resources who could utilize them to continue or to create a commercial farm venture.

##### 5.1. Recipients' Opinions of the Land Reform Programme

The Land Reform Programme (2012) shows that land reform programme is a platform embarked on by a National Government that includes the reallocation of agronomic land amongst the dispossessed, warranting sustenance of food, creation of jobs and adding to the Gross Domestic Product (GDP) through farming. The values underpinning the novel techniques towards ecological land reform, for instance, deracialisation of country economy for collective and unrelenting progress, democratization and reasonable land distribution, usage across gender, race and class; and firm production restraint for definite national food security.

The ambition of the DRDLR strategy ratified in 2014 intends to discourse the post-settlement backing on all terrestrial transformation initiatives. Post-settlement provision on the basis of the South African Land Reform denotes to give full support to heirs after land has been transferred to them Rungasamy (2011). This land may be delivered in the form of Agricultural leeway amenities, infrastructural sustenance services, financial, training, capacity building and entrance to local or global markets. Land Reform may be an achievement if inclusive

livelihood is provided to the recipients, but without ample backing the LRP will remain to produce pitiable outcomes in nourishing the means of support of the rural people. Hall (2007) is of the view that 55% of ventures did not an implementation plan on how production was going to be achieved in these farms.

Kariuki (2009) reasons that the programme has been condemned for not achieving the set targets or provide on its manifold purposes of past recompense, redeployment of affluence and prospects and cost-effective progression as planned. Hall (2007) argues that the legatees characteristically do not have the essential equity or the monetary skills to efficiently run vast commercial businesses. Thus Land reform programmes/outlines employed by NDRDLR have not been important in attaining the planned goals and resourcefulness. Cousins (2013) revealed that the majority of the ventures in South Africa have not been fruitful. This may be advocated to shortage of skills although ample funding may be provided. Therefore, department was not able to attain its political its obligation of halving the level of insufficiency by 2014 and making sure there is food security for all citizens.

Furthermore, Cousins (2013) is of the view that three new policy documents redefine land land redistribution policy: the State Land Lease and Disposal Policy (SLDP), the Recapitalisation and Development Programme Policy (RDPP), and the Agricultural Landholding Policy Framework (ALPF). These are founded on critical elements of policies that are currently in place such as the PLAS and the Recapitalisation and Development Programme (RDP). All these policies refer to the 2011 Green Paper and its concept of a four-tier land tenure system including the rural economy chapter of the National Development Plan (NDP). The State Land Lease and Disposal policy (SLDP) refers to the farms that were acquired through PLAS. It focusses on black South Africans and delineates four categories of farmer beneficiaries such as:

- Households without or with limited access to land including those for subsistence production.
- Small-scale farmers farming for subsistence and selling part of their produce on local markets.
- Medium-scale commercial farmers that are at present farming commercially at a small scale and with the will and capacity to grow, but restrained by land and other necessary resources.
- Large-scale or well established commercial farmers farming that are at a reasonable commercial scale but are constrained by location, size of land and other resources or circumstances and with potential to grow.

Figure 1.1 below demonstrates the South African new land redistribution policies.

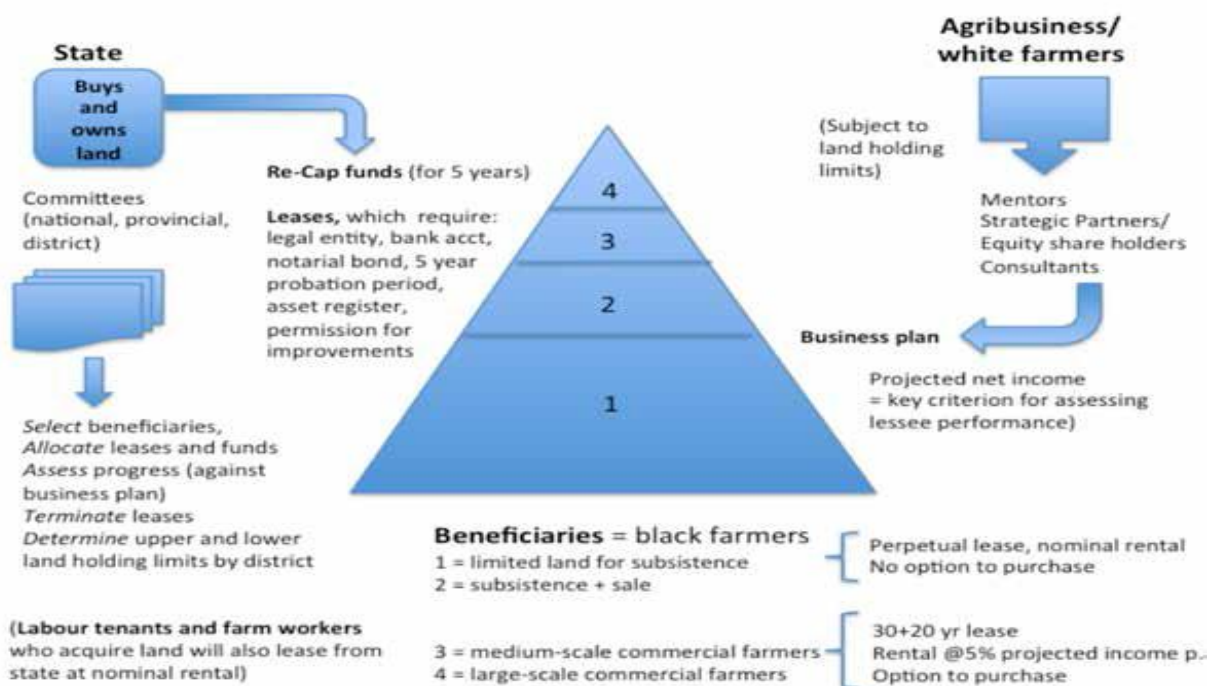


Figure-1.1. New land redistribution in South Africa

Source: Cousins (2013)

Figure 1.1 indicates that categories 1 and 2 will be leased state land at a nominal rental of R1.00 per annum, without providing an option to purchase. Labour leaseholders and farm workers who obtain land in terms of the stipulations of the current legislation on security of tenure will also lease from the state but pay only a minimal rental. Categories 3 and 4 will rent out state land for 30 years, with leases that may be renewed for additional 20 years with an opportunity to purchase.

The first five years of the initial lease will be considered as a probation period in which the performance of the lessee will be evaluated and new lessees will pay no rental in this period. For categories 3 and 4, the rental thereafter will be calculated as five percent of projected net income, as set out in an approved business plan. Leases will require beneficiaries to establish a legal entity with its own bank account in order to engage in business activities have notarial bonds entered on their leases, provide tax clearance certificates, maintain an asset register and seek permission to make improvements (Cousins, 2013).

### **5.2. The Level of Skills Received Through the Land Reform Programme**

Although the DRD preserves complete records of all claimants who are engrossed in the tilling of land, the conditions on the selections criteria is unclear, the needed skills for agricultural purposes, monetary and human resource expertise are not distinctive. As a result, the buying and identification process for the claimants of these farms is not clear. This has been evident through the land that has been assigned to farmers who have not been interviewed or whose farming skills have not been interrogated. Most of these farms that have been procured and allotted to formerly deprived groups are badly managed regardless of capital injected in these ventures. Implemented policies have ascertained that there has not been a proper planning process that clearly sketches necessary skills, farming production objectives, deficient (or non-existent) post- change of farm ownership upkeep facilities, extension lead services and market access. Hall (2007) is of the view that land issues in KZN Natal are well-thought-out as too intricate for the municipality to appropriately fare due to political impact.

### **5.3. Characteristics of Land Reform Programmes**

According to the DRDLR (2014) report most of the essential areas on the application for rural expansion comprises of food security, rapid and unrelenting fiscal progression. Other critical areas include political maturity, social permanence including growth, self-sufficient and assertive societies. Furthermore, the reviewed policy of DRDLR (2013) shows that the State should organise means to converse both the human and quantifiable circumstances of those displaced by aforementioned land policies. This emanated from the Polokwane agreement and the July 2011 African National Congress (ANC) Lekgotla that decided that the widespread rural development strategy must be accomplished and reinforced with devoted funding for communal, agricultural and together with a spatial scheduling classifications.

### **5.4. Lack of Engagement on Legatees and Other Progressive Countries**

Kahn (2007) states that the government has not been successful and failed to focus satisfactorily in addressing the predicament of the underprivileged in South Africa with regard to social inequalities. Families are faced with the scarcity of food hence the gap between the rich and poor has broadened. Cousins (2013) suggests that policy-making in terms of land has turned into a rather adhoc in current years. First-hand guidelines did not succeed in considering previous experience from execution of preceding policies. Consultation on different commodities in KZN is very acute so as to comprehend the matters on the ground and warrant that the acknowledged gaps are attended to on time. Engagement with other African countries on areas has demonstrated to be fruitful and to be amalgamated on the policy assessments (Cousins, 2013).

The policy framework and accompanying legislation explicitly aimed to realise the existence of separate kinds of persons with different kinds of rights. In doing so, it basically separated the types of moral action which

accompanied these: historically-based redress, on the one hand and egalitarian-style justice framed to address present-day inequalities on the other. The former was less, the latter more, egalitarian in intent. But the peculiarity between these different aspects and categories of people was indistinct. As people desired to claim land, various constituencies had differential recourse to the restitutive and redistributive aspects, sometimes pitting them against each other in a series of disputes in which different kinds of moral claims relating to property were made (James, 2011). Furthermore, James (2011) maintain that there were loopholes – allowing aspirant farmers with no former basis on the land to try to prove dubious connections to it through restitution, while others with a genuine sense of entitlement recognized the difficulties of proving this and endeavored to benefit from redistribution instead. And while the state moved in a more market-oriented direction for land redistribution it nonetheless subsidised land restitution at a previously unimagined scale, which involved providing expensive land for free to land claimants and, later, barring them from mortgaging or selling the land.

### 5.5. Prospective weaknesses on Land Reform Programme

Kariuki (2009) asserts that not much has been done by those in political positions in trying to remedy the land issues including post-settlement sustenance to the beneficiaries of land reform. South Africa is endowed with rich agricultural land hence it is essential to provide opportunities whereby all stakeholders are able to utilise the available land productively and to add value to the economy of the country. Different natural resources are abundant in South Africa but do not have the potency required to achieve the objectives of Rural Development and Land Reform which projected that 100% efficiency on production on farms for the period 2015/2016. Impartiality and political deliberations have been the key issues. The main objective for most countries is the ethnic profile of proprietorship outlines and the connection with spatial personality of scarcity that is immensely focused in the former homelands (Kariuki, 2009) Furthermore, Kariuki (2009) suggests that some of the ecological limits and weaknesses of land reform has been the argument on whether South Africa's physical and natural features allow them to meet the inflated requirements and prospects of land reform. One of the challenges impeding land reform in South Africa has been the availability of land that can be utilised for agricultural purposes and economical costs related with the transfer of acquired vast prime land to the rural disadvantaged societies. This raises a critical question as to whether access to land is the contributor to, or current restriction of rural occupations. It is estimated that 82 million of South Africa's 122 hectares (ha) are considered land earmarked for commercial purposes of which an estimated 15 percent is possibly arable (Kariuki, 2009). Taking Namibia as an example, Kariuki (2009) argues that, the whole of Namibia for instance, has a dry climate with an estimated yearly rainfall ranging from 650 millimeters (mm) to in the far northeast to below 50 mm in the southwest. Therefore, agricultural prospects for production are relentlessly constrained by rainfall and the availability of water. Only 8 percent of the country is suitable for dry land cropping; about 69 per cent is classified as semi-arid, and 28 per cent as arid. Prolonged periods of drought affect heavily on Namibia's agricultural sector and the fragile security of food of the rural poor. Given such agronomic limitations, and notwithstanding the political and social reality that land reform is obligatory, such historically informed goals of land reform will need to be separated from the idea that farming is the source of great wealth (Kariuki, 2009).

In a study enquiring into the agrarian reform, rural development in Africa: a case of Eastern and Southern Africa, Kariuki (2009) came to the conclusion that after 14 years of democracy in South Africa, there is a consensus across the political divide that the state's initiatives and programme on land reform is in dire complications. It is evident that since its implementation, the programme has been criticised for failing to achieve its targets and to deliver on its multiple objectives of historical redress, redistribution of wealth and opportunities and economic growth. The target for land reform as suggested by the World Bank and adopted in the Reconstruction and Development Programme (RDP) in 1994, was to transfer 30 percent of agricultural land within the first five years of democratic governance. However, by 1999, less than 1 percent of agricultural land had been transferred through

all phases of land redistribution. Kariuki (2009) further allude to the fact that following a detailed review of land reform in 2000, the government adopted a revised and no doubt more practical target of transferring 30 percent over a prolonged time frame of a further 15 years by 2015. Redistributing 30 percent of land by the year 2014 is equal to about 25 million hectares. As at 30 June 2008, land reform had delivered 4.9 million ha since 1994. This translates to 5 per cent of land redeployed. The current estimates in stand at 5.2 million ha of land redistributed. Lyne and Darroch (2003 cited in Khan (2015)) attest that added to the failure of the LED agricultural programmes and projects, one discovers resistance from White commercial farmers to sell parts of their agricultural holding as a reason. Even those farms that were sold were of infertile soil quality. The situation was further exacerbated in cases where Black agricultural entrepreneurs did not have ample farming skills to take part in commercial farming methods in order to produce value added goods for the commercial markets. Baiphethi and Jacobs (2009 cited in Khan (2015)) state that traditionally, many Black families in the rural areas engaged in subsistence farming on little plots of land to complement their food security and beyond this never did obtain skills to engage in big agri-business ventures. Khan (2015) stresses that a lot of emphasis was put on large scale agri-business as LED projects in the rural district municipality which necessitated high capital investments, skills and expertise. Support to start small scale farming activities through the use of co-operatives was hardly considered as an interim measure considering the stalemate prevalent on land reform progress and the protracted and intricate nature of the land claim process. This was despite the knowledge that co-operatives are known to grow into large scale agri-businesses and in this case several White Agri-business Forums with a wealth of expertise in commercial agriculture could serve as an important resource base to train emerging Black commercial farmers.

Hentze and Menz (2015) argue that the main reason affecting land reform assessments are the heterogeneity and the contradictoriness of assessment criteria. Some of these criteria include the pace of redistribution; the improvement of living conditions for beneficiaries; quantitative agricultural production metrics; the security of land tenure; access to land; the effectiveness of administration; the legality and legitimacy of the land reform process, and; land degradation and land use change characteristics. Additional complexity is introduced by contradictions among some of these aspects.

## 6. RESEARCH METHODOLOGY

Bryman and Bell (2011) state that there are two major types of research strategies that are well known globally and these are quantitative research and qualitative research paradigms. Quantitative research may be referred to as a research strategy that involves quantification in the collection and analysis of data that:

- Implies a deductive approach to the relationship between theory and research in which the accent is placed on the testing of theories;
- Incorporates the practices and norms of the natural scientific model and positivism in particular; and
- Embodies a view of social reality as an external, objective reality.

In contrast, Bryman and Bell (2011) assert that qualitative research can be considered as a research strategy that normally accentuates words rather than quantification in the collection and analysis of data and that:

- Primarily underlines an inductive approach to the relationship between theory and research, in which the emphasis is placed on the generation of theories;
- Rejected the practices and norms of the natural scientific model and positivism in particular in preference for an emphasis on the ways in which individuals interpret their social world and;
- Embodies a view of social reality as a constant shifting emergent property of individual's creation.

The researcher chose to use the quantitative research strategy as this afforded an opportunity to target many farm owners in order to socially understand reality factors affecting the sustainability of the land reform programme beneficiaries in the Kwa Zulu-Natal Province. Furthermore, discussed and linked the views of the participants with the reviewed literature. This article also made use of the cross-sectional research design to gather

data relating to the views of the land beneficiaries through the surveys. The researcher chose this research design in order to reach as many farm beneficiaries in Kwa Zulu-Natal as possible taking into account the limited time of this study.

## 7. RESEARCH FINDINGS

The literature review identified a number of factors impacting on the sustainability of land reform programme beneficiaries. There are various factors that directly or indirectly affects the sustainability of land reform beneficiaries within the various land reform programmes within South Africa and globally. Limited access to adequate affordable capital is one of the limiting factors to the sustainability of the land beneficiaries (Land Reform Programme, 2012). LRP (2012) also mentions the lack of experience and expertise in financial management as a factors leading to poor financial decisions and unsustainable practices. Although the limited financing that land reform beneficiaries improved sustainability of the farming project, especially initially, lack of prudent governance practices and poor monitoring of the project undertakings may result in high risk and financial loss due to limited accountability and good governance. One of the factors important in agriculture is the experience of the employees and managers as it is a very practical field. Hall (2007) posits that one of the critical success factors in technical and practical sectors is the expertise and experience of the staff and managers. Figure 1.2 below illustrates perceptions of each participant regarding the level experience of their farm managers.

### 7.1. My Farm Manager Has Enough Experience

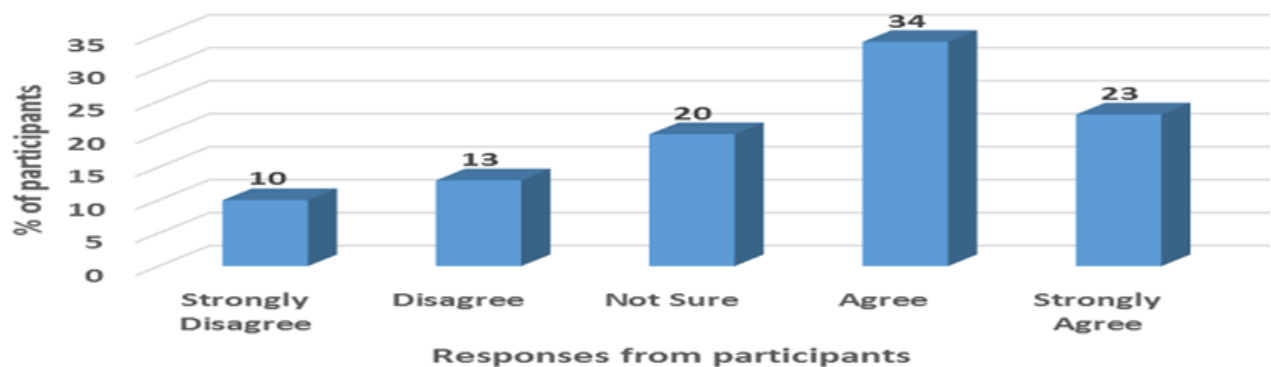


Figure-1.2. My farm manager has enough experience

Magula (2017)

It can be shown from Figure 1.2 above that shown that a total of 57% either agreed or strongly agreed that their farm managers had enough experience to manage the allocated land economically. A further 20% neither agreed nor disagreed that their farmers had enough experience, with the rest (23%) either disagreeing or strongly disagreed that their farm managers had enough experience. These findings demonstrate that there was generally a positive consideration on the experience of the managers, but also a significant percentage on the contrary. According to Mfunywa (2012) adequate experience in the particular agricultural sector is critical for any manager to possess if ever there will be successful agricultural activities. According to Kariuki (2009) management is the science of planning, organizing, scheduling, controlling and executing resources to achieve the set goal. As a science, the principles of management also apply in the management of farms by managers within the farming environment require experience at a managerial level in order to achieve key deliverables. The finding above indicates that less than 20% agreed that their managers were adequately experienced raises the doubt of whether these managers would be able to achieve the desired level of productivity.



### 7.2. The Employees on My Farm are All Trained in Agriculture

The Land Reform Programme (2012) considers training is one of the essential and basic aspects of ensuring successful business undertakings in practical sectors requiring skills. Agriculture is one of the fields in which the knowledge and skills need to be transferred to employees if they have to perform adequately due to the unique nature of the field. In Figure 1.3 below, the responses regarding whether farm employees of the land reform beneficiaries were trained is shown.

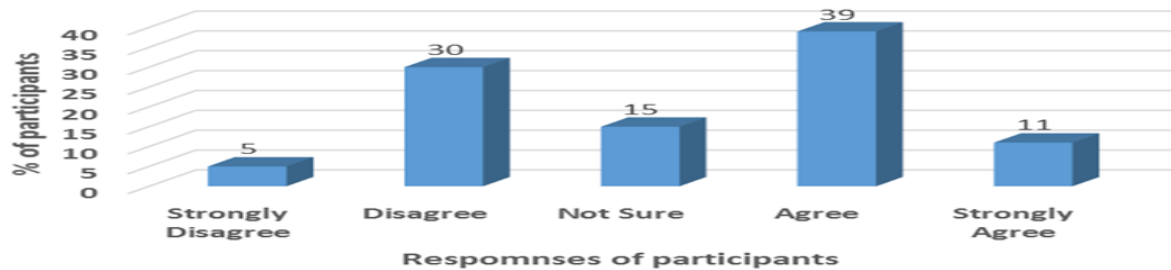


Figure-1.3. The Employees on My Farm are All Trained in Agriculture

Magula (2017)

In Figure 1.3 above, a total of 50% participants either agreed or strongly agreed that all their employees at their farms were trained in agricultural skills. Only 15% of the participants neither agreed nor disagreed that their employees were trained in agricultural skills, with 35% either disagreeing or strongly disagreeing that their employees were trained. Overall, this demonstrates that also 50% of the land reform beneficiaries had their employees trained, which is crucial for productive agricultural activities; a significant percentage of farmers had not had their employees trained in agricultural skills. O'Sullivan (2009) posits that adequate training and skills development would be crucial in improving productivity. The importance of training within the production and manufacturing sectors is a critical success factor in achieving the desired level of productivity. Metelerkamp (2011) states the role of transfer of learning towards effecting production by ensuring that people that are adequately trained learn on the job, where they are mentored and gain experience which then increases the efficiency of the employees within the sector. The findings are disappointing in the low rate of training of farm workers as this limited the extent to which the implementation of farming methods in a productive manner is implemented.

### 7.3. Some Employees on My Farm are trained in Financial Management

Financial management is considered to be an important skill in any business entity since it serves as a backbone of measuring business performance. Hentze and Menz (2015) posit that any business should practice sound financial management principles in order to maintain liquidity, profitability and long-term sustainability. Figure 1.4 below illustrates the extent to which some employees at the farms owned by the beneficiaries are trained in financial management.

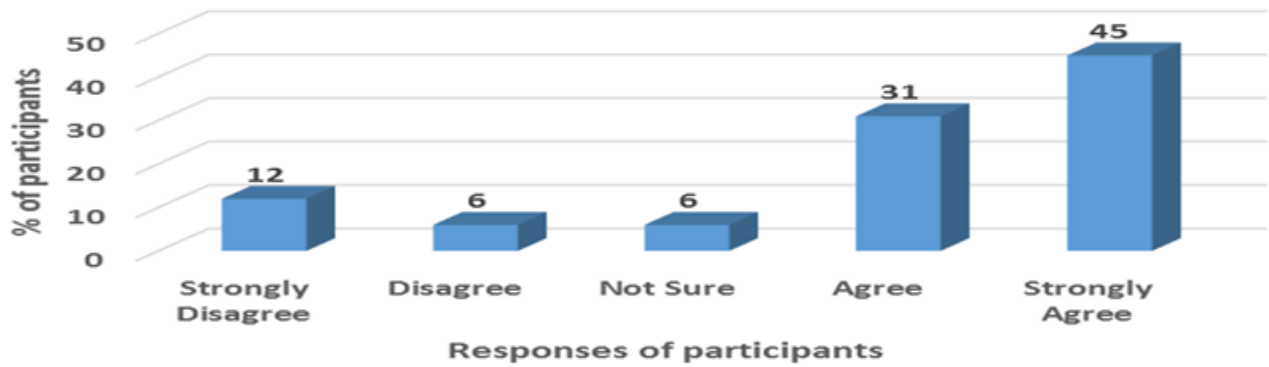


Figure-1.4. Some employees on my farm are trained in financial management

Magula (2017)

In Figure 1.4 above, it can be shown that most farmers (76%) either agreed or strongly agreed that their employees had been trained on financial management. Another 18% of the participants either disagreed or strongly disagreed that they had trained some of their employees on financial management responsible for assisting the farm in this regard. The rest of the participants neither agree nor disagreed that they had trained some staff on financial management. Metelerkamp (2011) argued the importance of the presence of some of the employees understanding financial management to help in making financially sound decision. According to Nogantshi (2011) employee motivation is one of the factors impacting on the productivity of a workplace, and further state that the personal circumstances of an employee influences their motivation to perform their work better. Training or providing basic orientation to farm employees on financial management potentially allows them to understand and apply the principles of saving money and investing, therefore improving their personal circumstances and therefore having greater motivation to work.

7.4. Some Employees on My Farm are All Trained in HRM

The agricultural sector is a labour intensive sector that invariably employees many people. In this regard, Department of Agriculture Forestry and Fisheries (2013) posit that adequate human resource policies, procedures and practices are required in order for the smooth flow of labour productivity. Figure 1.5 below illustrates the responses of the participants regarding the training of some of their staff on human resources management (HRM). In the below Figure 1.5, it can be shown that most participants (54%) either agreed or strongly agreed that they had trained some of their employees in human resource management, with 21% neither agreeing nor disagreeing that they had trained some of their staff on the subject. Another 25% of the participants either disagreed or strongly disagreed that they had trained some of their staff in human resource management. These findings show that although most of the beneficiaries of the land reform and redistribution exercise had made efforts towards improving human resources practices, up to half of the participants had yet to do so. Cousins (2013) stated that adequate management of human resources in a field depending on physical labour such as agriculture was crucial.

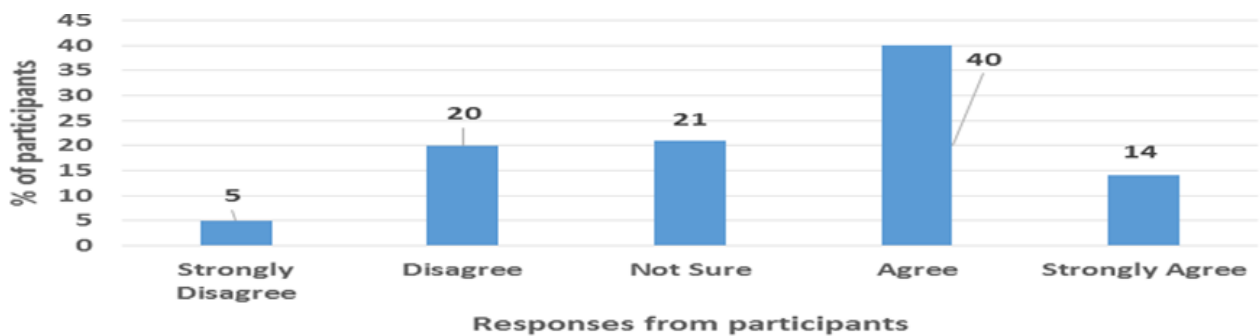


Figure-1.5. Some employees on my farm are all trained in HRM

Magula (2017)

These findings according to literature are supportive of good business practice. Hall (2007) alludes to the fact that low income bracket earning labour force must be oriented to and acquainted to human resource practices and labour relations legislation in order to attain a level of protection from employers by knowing their rights and duties. Hall (2007) also asserts that it is the duty of every organization to ensure that all employees at any level is oriented to the Basic Conditions of Employment Act in order to ensure that they understand the minimum human resource and policy expectations and avoid unnecessary abuse.

### 7.5. There is on-Going Training Taking Place for Employees

Ongoing training and skills development is an important part of any business which depends of the knowledge and skills of employees (O'Sullivan, 2009). In agriculture, the various technical aspects of the processes such as land preparation and crop husbandry requires ongoing training and mentoring to maintain and sustain the businesses.

Figure 1.6 below illustrates the responses of participants regarding the ongoing training of farm employees.

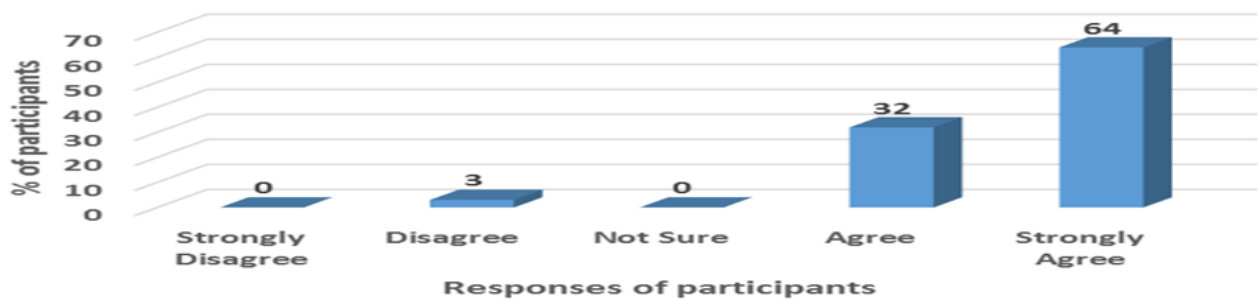


Figure-1.6. There is on-Going Training Taking Place for Employees

Magula (2017)

In Figure 1.6, it can be shown that 97% of the participants either agreed or strongly agreed that their employees received ongoing training, with only 3% disagreeing with the statement. These findings agree with the assertions of Dlamini (2015) that ongoing training improved the productivity and other outcomes of labour intensive work tasks. However, it could have been more informative if the type and methods used in the ongoing training was discussed and evaluated. Further, there should be ideally a process of pre-training and post-training evaluation of the performance and productivity so that the value of the ongoing training can be determined.

In view of this, it is important to the land reform programme that since the current policy does not take into account whether the beneficiaries themselves have training in the agroindustry, training and transfer of training be factored into the strategic approach in supporting the programme (Rungasamy, 2011). The role of ongoing training in the various aspects of animal or crop husbandry, processing, manufacturing and marketing of agricultural products in enhancing the industry's capability and robustness may provide a cornerstone of measuring the effectiveness and success of the land reform programme in the future (Rungasamy, 2011).

### 7.6. I Have Adequate Skills to Manage your Financial Resources

Hall (2007) argued that entrepreneurs need to possess adequate knowledge and skills in order to manage financial resources. Hall (2007) further states that one of the key reasons for the lack of survival and sustainability of small businesses is poor financial management skills. Figure 1.7 below shows the responses of participants regarding their own financial management skills.

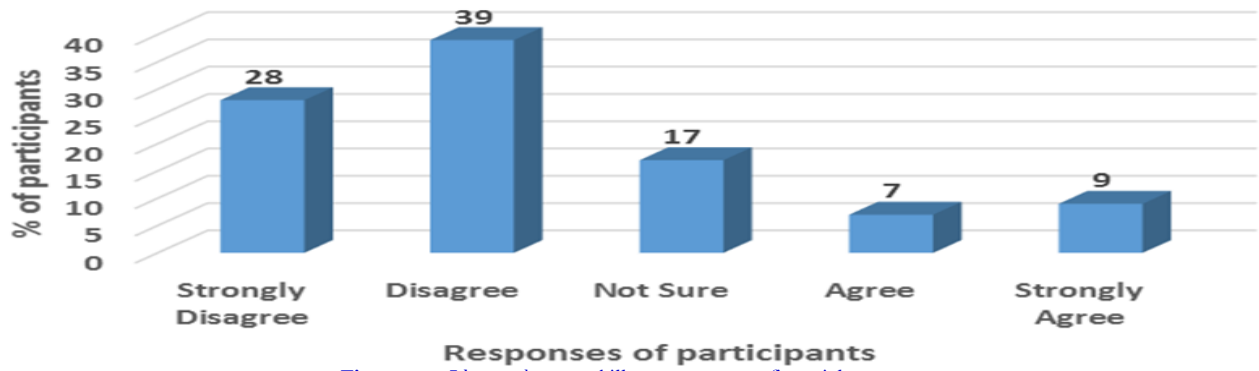


Figure-1.7. I have adequate skills to manage my financial resources

Magula (2017)

In Figure 1.7 above, it can be shown that most participants (67%) either disagreed or strongly disagreed that they have adequate skills to manage their own financial resources. Only a total of 16% either agreed or strongly agreed that they had adequate skills to manage their own financial resources, with 17% neither agreeing nor disagreeing that they had financial management skills. These findings demonstrate that, overall, 84% of the new land owners did not have adequate financial management skills. Hall (2007) explains that poor financial management is one of the factors responsible for poor business survival and lack of profitability; these findings highlight the need for the training and mentoring of the beneficiaries of the land reform and redistribution in financial management.

Masoka (2014) mentions that small businesses often choose to prioritise the mastering of financial management, from the recording of business transactions to practicing good governance such as limiting personal withdrawals. Financial literacy remains the cornerstone of sustainability and land reform beneficiaries ought to attune to.

**7.7. I Have Adequate Skills to Budget and Allocate Funding Received into the Various Profitable Production Lines**

In any business undertaking, Democratic Alliance (2013) posits that the capability to manage finance, especially the activities of budgeting and tracking of expenditure. It is important that farmers have the know-how to appropriately allocate budgets to performing units and to track the expenditure in all the units of the farming projects. Figure 1.8 below shows that the opinions of the beneficiaries of the land reform regarding their capability to allocate budgets and track expenditure.

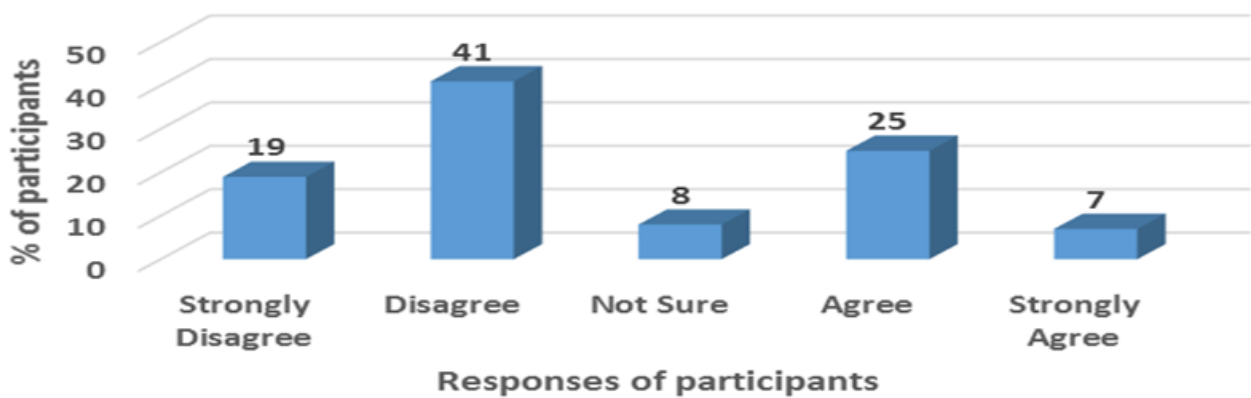


Figure-1.8. I have adequate skills to budget and allocate funding received into the various profitable production lines

Magula (2017)

In Figure 1.8 above, it can be shown that most participants (60%) either disagreed or strongly disagreed that they had adequate skills to allocate budgets to the various profitable lines within the farms. Another 32% of the patients however either agreed or strongly agreed that they were capable of budgeting and allocating funding's of different streams or units within the farm. These findings demonstrate a significant need for the responsible authorities to intervene and provide adequate training and mentoring on financial management and the skills to make and track budgets. According to Democratic Alliance (2013) entities such as the Land Bank and the Department of Agriculture need to equip the beneficiaries of land reform.

The findings above support the findings of Kahn (2007) that in general, the entrepreneurs of small and medium enterprises in South Africa lack the capacity correctly allocate resources in a way that will sustain their various business streams. Land reform beneficiaries are not unique to this due to multiple factors – limited financial literacy, poor knowledge of business and the limited understanding of the importance of expenditure analysis on the sustainability of their newly acquired assets. DAFF (2013) posit that the relevant governmental departments, including private sector players, ought to assist with capacitating land reform beneficiaries in the whole continuum of managing finances, from sourcing capital, strategic planning, budgeting and prudent financial practices.

**7.8. I Have Adequate Skills to Develop and Implement Business Plans**

According to O’Sullivan (2009) a business plan is a blue print that defines how an organisation will implement its activities, including the resources required and the deliverables to be achieved. The capability of the land reform beneficiary to develop business plans for their entities has a bearing on the planning, implementation and monitoring of the farming projects, which are elements feeding into the profitability and long-term survival of the farming projects.

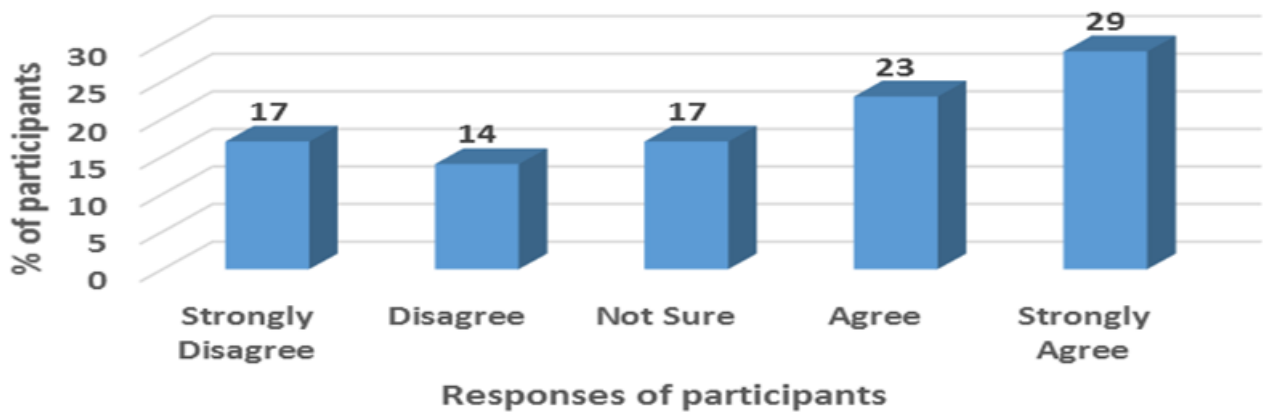


Figure-1.9. I have adequate skills to develop and implement business a plan

Magula (2017)

From Figure 1.9 above, it can be shown that a majority (53%) of the participant’s ether agreed or strongly agreed that they possessed adequate skills to develop and implement business plans. A further 17% of the participants neither agreed nor disagreed that they were able to develop and implement business plans, and a further 31% of the participants either strongly disagreed or disagreed that they had skills to develop and implement business plans. Although the majority highlighted existing capacity to develop and implement business plans, more needs to be explored in terms of their knowledge of business planning in agricultures. In order to improve the skills of business planning within the agricultural sector, authorities and governmental agencies focusing on business development such as the Small Enterprise Development Agency and the other organizations mandated to support new entrepreneurs in the agricultural sector.

DRDLR (2013) highlights that within the agribusiness industry, just like other production and processing industries, business planning is critical for success factor to averting poor performance. The role of possessing adequate skills to develop and implement a business plan are often the first step in business since the plan allows one to start from forecasting, resource planning, budgeting, and many other processes which in a business sense should guide the land reform beneficiary's year by year business practices.

### 7.9. I have Adequate Skills to Successfully Monitor the Farming Projects

According to Hentze and Menz (2015) monitoring of any project undertaking directly impacts on the successful achievement of the project's deliverable. Figure 1.10 below shows the responses of the land reform beneficiaries regarding their skills in ensuring the monitoring and evaluation of their farming projects.

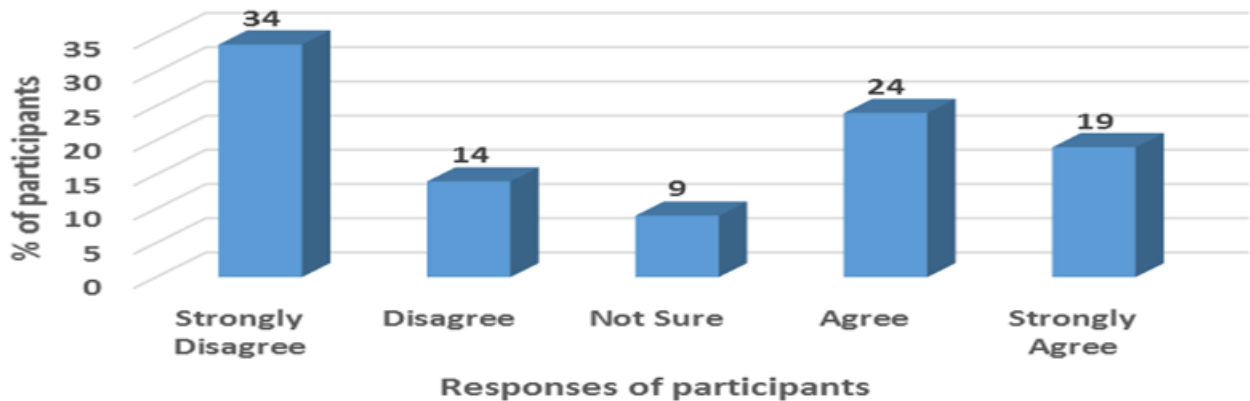


Figure-1.10. I have adequate skills to successfully monitor the farming projects

Magula (2017)

Figure 1.10 above shows what is already almost half of the participants (48%) of the participants either disagreed or strongly disagreed that they possessed adequate capacity to successfully monitor and evaluate their farming projects, with 9% neither agreeing nor disagreeing to the same. A further 43% of the participants, however, either agreed or strongly agreed that they were capable of successfully monitoring their farming projects. The interpretation of these results shows a need for the Department of Agriculture and Land Reform to invest adequate and urgent resource in the training and mentoring of the current and intended beneficiaries of the land reform programme on monitoring the implementation of agricultural project undertaking to improve survival and sustainability of these projects. According to Dlamini (2015) lack of monitoring the implementation of any activity or process is one of the key drivers of increased risk and failure to achieve targets. In this view, every stakeholder be it the land reform beneficiaries or those supporting them upstream or downstream of the agribusiness line ought to ensure continuous monitoring of the core activities.

### 7.10. The Land Reform Beneficiaries Should Have the Expertise in Agriculture

LRP (2012) highlights an ongoing debate of whether the actual beneficiaries of the land reform process should be people with expertise in one or more fields of agriculture in order to legitimize the process as not only looking as restorative justice, but also aiming to achieve an economically viable process. Figure 1.11 below depicts the opinions of the participants regarding the proposition of whether beneficiaries of the land reform process must have expertise in a field of agriculture.

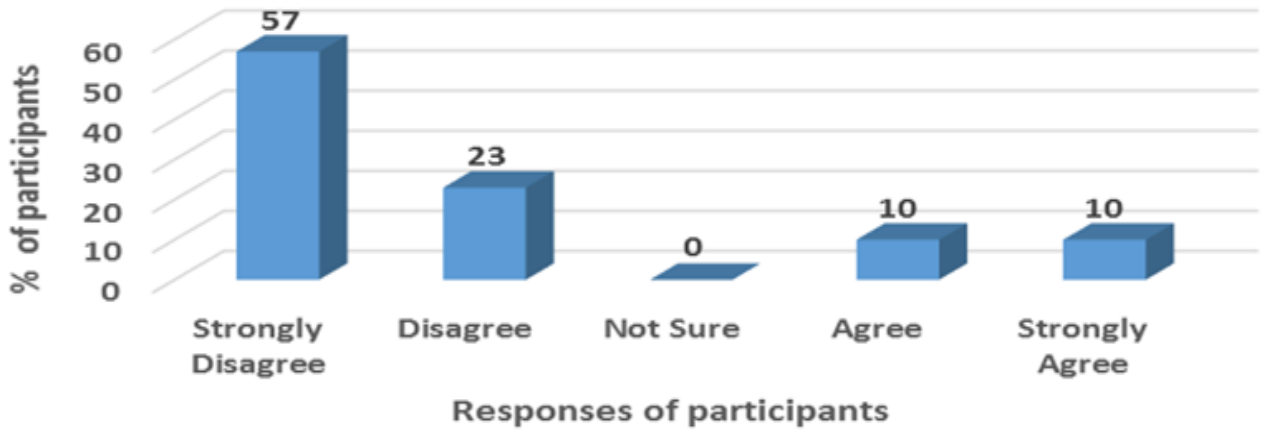


Figure-1.11. The land reform beneficiaries should have expertise in agriculture

Magula (2017)

In Figure 1.11 above, it can be seen that most participants (80%) either disagreed or strongly disagreed that land reform beneficiaries should have expertise in agriculture. The rest of the participants (20%) either agreed or disagreed that the land reform beneficiaries should have expertise in agriculture. The majority view that expertise in agriculture was not necessary for land reform beneficiaries is in contrast to [Nhundu et al. \(2015\)](#) who explains that, as a technical field, agriculture can only be well managed by persons trained in the trade. However, one probable reason why the participants did not want to consider expertise in agriculture as a prerequisite benefiting from land redistribution because they may be viewing the process from a restorative justice viewpoint, hence the criteria of claiming land is based on restoring aspects of past injustices. However, one of the critical issues raised by [Dlamini \(2015\)](#) is that in the ideal sense, true beneficiaries of land reform should have a decent education, and hence side-lining them would bring serious conflict to the very democratic and political process that underpins the values of the constitution.

**7.11. The Land Reform Beneficiaries should have Financial Management Know-How**

Any entrepreneur needs a good level of financial management knowhow as this is one of the critical success factors in the sustainability of businesses ([Cousins, 2013](#)). As many of the recent beneficiaries of the land reform programme use the land for commercial farming, adequate financial management is crucial for the survival and profitability of the farming projects. Figure 1.12 below illustrates the findings of the primary study of beneficiaries of land redistribution regarding their views on the need for financial management know-how.

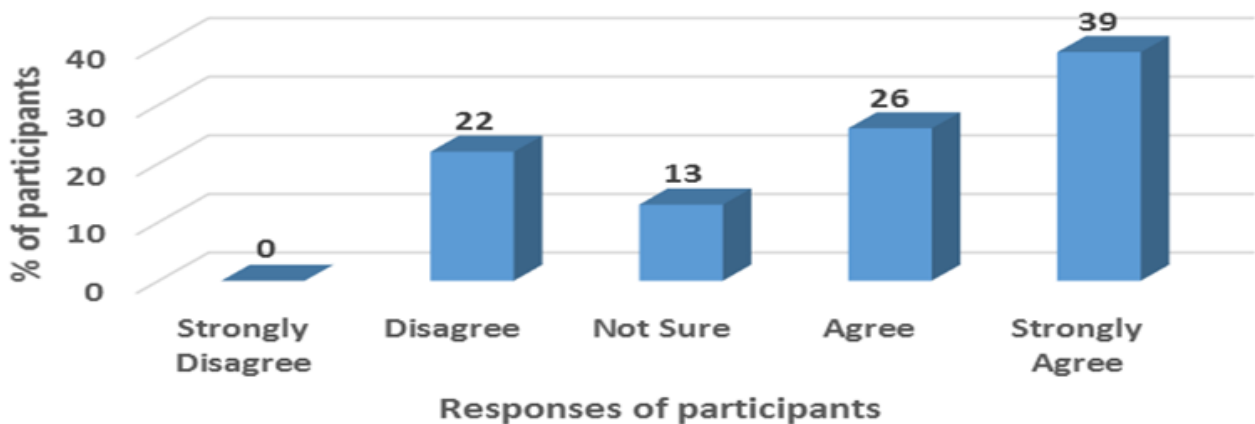


Figure-1.12. The land reform beneficiaries should have financial management know how

Magula (2017)

In Figure 1.12 above, it can be shown that most participants (65%) either agreed or strongly agreed that the land reform recipients should have financial management know-how. Another 22% disagreed that the new land owners needed to have financial knowhow, with 13% neither agreeing or disagreeing with the statement. The overwhelming majority view that the beneficiaries of the land reform programme need to have financial management knowhow aligns with the assertion of Cousins (2013) that adequate financial management practice was crucial in managing any business, and that poor financial management practices invariably lead to business failure.

**7.12. The Land Reform Beneficiaries should have at Least Human Resource Management Knowledge**

Hall (2007) states that in any business, the role of managing people is critical for success. In the agricultural sector where much of production is labour incentive, which most farms employing many employees, managing the human resources becomes central to the success of the organisation. Figure 1.13 below illustrates the responses of the land reform recipients on the need for human resource management skills.

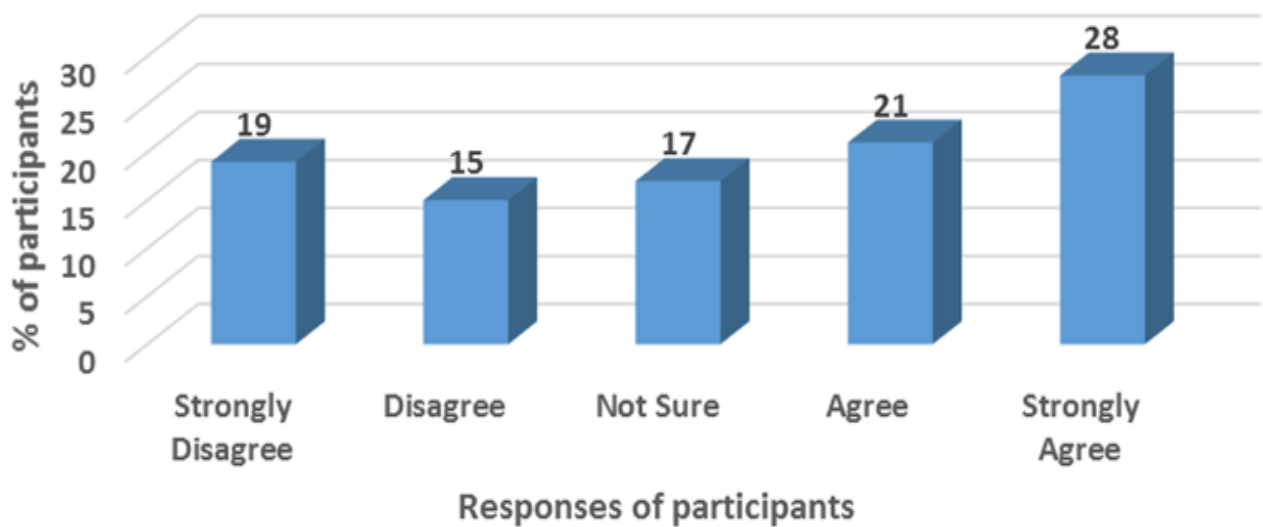


Figure-1.13. The land reform beneficiaries should have at least HRM knowledge

Magula (2017)

In Figure 1.13 above, it can be demonstrated that almost half (49%) of the participants either agreed or strongly agreed that land reform beneficiaries should have human resource management. Another 34% either disagreed or strongly disagreed that land reform beneficiaries needed human resource management knowledge, with the rest (17%) of the participants neither agreeing nor disagreeing with the statement. The findings show that half of the participants agree with the statement that land reform beneficiaries need enhancement of their human resource knowledge to be able to optimally using people to ensure sustainable productivity within the agricultural businesses.

Some of the key factors impacting on the sustainability of land reform beneficiaries are the lack of application of contemporary aspects of human resource management, marketing management, and financial management. Cousins (2013) posit that modern principles of management must also apply to the agriculture sector; however, this is always not the case. Inadequate marketing efforts, limited monitoring of the farming projects, and limited efforts by farm managers to have a full spectrum of managers to ensure that human resources, operational divisions, financial management, and other facets of the agricultural are adequately managed for success.

According to DRDLR (2014) the section criteria for allocating land during the land reform process impacts on the sustainability of the farms. DRDLR (2014) further states that in South Africa, land redistribution exercise was meant to be a part of a broader restorative justice undertaking, meaning that a requirement would be evidence of inappropriate dispossession of land in the past, regardless of the beneficiary’s capability to economically use the



land. Therefore, the allocation of land to people without the experience or interest in agriculture sets these recipients for failure. According to [DAFF \(2013\)](#) the lack of adequate training and support in the particular areas of land use, impacts on the sustainability of the new land.

## 8. CONCLUSIONS OF THE FINDINGS FROM THE PRIMARY RESEARCH

The findings of the primary research have unveiled answers to the research questions. Various aspects relating to financial and human resources, knowledge and experience in land use, availability of support to the land beneficiaries, and personal interest in working the land are cited as factors impacting on the sustainability of the land reform programme. The findings of the study are discussed in as far as they answered the research questions.

### 8.1. What are the Land Reform Beneficiaries' Views of the Land Restructuring Process?

In this study, most of the land reform activities (57%) perceived themselves as having adequate experience to enable them to manage the land awarded for agricultural purposes. Almost half of the participants viewed themselves as capable to economically manage the land given to them, and that the process of awarding land in the land reappportionment should take into account the experiences, capability and interest of the beneficiary in economically using the land. The beneficiaries were of the view that the land reform process was merely to redress past and present injustices regarding land ownership. About half (48%) of the participants however agreed that the beneficiaries can perform better if they are provided with adequate backing from government and non-governmental structures.

### 8.2. What is the Level of Skills Acquired by Farm Beneficiaries through the Terrestrial Restructuring Agenda?

In this study, participants mentioned a number of key factors that are crucial for the sustainability of farming projects at land allocated through the land reform programme. The provision of adequate, subsidized financing for the first few years would assist with averting early business failure linked to the cost of capital. The fact that at least 80% of the beneficiaries have only learnt till secondary school (matric), inadequate financial and strategic decisions are likely to take place to the level of educations. Even when part of the capital is made available to the successful beneficiaries of the land redistribution exercise, the lack of adequate financial management skills negatively affects the sustainability of the farming projects.

Although initial financing of the land reallocated happens, the poor financial management skills among most of the beneficiaries expose these recipients to early business failure. The lack of adequate knowledge of financial management, human resource management, and other areas eventually require that these beneficiaries be trained so that more sustainable oversight is given to capable hands at the supported organisation.

According to [Democratic Alliance \(2013\)](#) some of the key factors impacting on the sustainability of beneficiaries of land redistribution include the effect that the land was "free", thereby not pressing on the beneficiary that the land was precious. Further, the awarding of land during the land redistribution may have targeted some people who were not prepared to use the land for agriculture. [Dlamini \(2015\)](#) states that inadequate monitoring contributes to lack of business sustainability. The lack of adequate training available for the beneficiaries of land from the redistribution exercise impacts negatively on the undertaking of agricultural projects.

## 9. RECOMMENDATIONS

In this study, the challenge at hand was to investigating the factors affecting the sustainability of the land reform programme beneficiaries in KwaZulu-Natal. Various factors have been described from both the literature review and the primary study has alluded to the key aspects impacting on the sustainability of the land reform programme beneficiaries. In an endeavour to address the negative factors impacting on the land reform

beneficiaries, the following recommendations can be made based on the findings of the literature review and field study.

- ***Allocating land to the right people.*** It is recommended that the condition on giving a beneficiary land for farming is for them to present a work plan on how they will use the land for economic purposes. This should also include the ongoing monitoring of project implementation to ensure that the chances of projects completing in time are ascertained.
- ***Training and developing beneficiaries.*** It is important to ensure that adequate training resources and practice before the people are given the resources so that the use of human resources is correctly trained and strategically placed to make the best out of the resources available and the use of proper management processes.
- ***Management development of farm owners.***

It is critical that the new farmers that have just been deemed eligible for land however need to manage effectively manage their entities. Management development of the new farmers by various organisation can ensure that the farm owners and some of the employees within the farm are trained working within management development.

- ***Expertise in agriculture.*** As agriculture is a practical vocation with the implementation of agricultural projects based on a scientific model. O'Sullivan (2009) therefore suggests that for the best outcomes, the beneficiaries of the land redistribution programme must ideally have strong knowledge base in the part of agriculture that they endeavour to focus on.

## 10. CONCLUSION

In this study, many findings were documented regarding the sustainability of beneficiaries of the land reform programme. Although the land was provided, various factors limited the extent to which this land could ensure economic gains within the agricultural sector and personally to the beneficiaries. The fact that sometimes the land is awarded on the basis of achieving a set restitution or restorative justice means that not all land will be utilised immediately. Although support in terms of financing is given to the beneficiaries of the land reform programme, key aspects of business development and support are still very limited, and this include marketing management, financial management skills and operational management.

Training of the new farm managers and employees in the various aspects of farming the appropriate commodities is crucial because the land distribution process focuses on the poor and unemployed need to be capacitated if there will be a potential achievement of sustainability. Mfunywa (2012) further states that ongoing mentoring of the new farmers and their employees is crucial for ensuring the survival and sustainability of the new farms. Some of the factors impacting on the sustainability of land reform beneficiaries including access to adequate and affordable capital, knowhow and expertise in agriculture, and the capability of the beneficiaries in managing financing, operations, human resources and other aspects of managing key new agricultural land.

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