

## **ASSESSMENT OF BUSINESS MANAGEMENT DISCIPLINES IMPLEMENTED IN SMALL HOLDER DAIRY FARMS IN KHARTOUM STATE**

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**Abstract:** This study was performed to outline the profile of dairy business concepts and strategies implemented in small holder dairy farms in Khartoum state in the Sudan. Data was collected from three dairy compounds chosen using simple random sampling via a structured questionnaire, total numbers of farms under study were 120 farms. Data was then analyzed using Statistical Package for Social Sciences (SPSS). Several results were withdrawn some of which were; the dairy sector is one of the attractive investments, most common marketing channels implemented are selling directly on the farm, most of the farm managers have low awareness regarding the importance of pre-business plans. The study suggested introduction of modern business Management concepts that can assist in economical use of farm resources and providing dairy producers with research and user friendly “how to” information for improving business management with focus on pre- business plans and opening new marketing channels of dairy products.

**Keywords:** Sudan, profile, pre- business plans, marketing channels, strategies.

### **Introduction**

Dairy production is defined by (de Leeuw et al 1996) as a biological efficient system that converts large quantities of roughage, the most abundant feed in the tropics to milk the most nutritious food. The dairy industry also occupies a special position among the other livestock sectors due to four interrelated features (Perera 1999) stated that the first factor is related to the specific properties of milk in that it is a bulky and heavy commodity which is produced on a daily basis. Secondly, the socio- economic position of the majority of the farmers involved is small- scale producers, with a weak and vulnerable position on the market. Thirdly, dairy cooperatives hold a strong position in milk marketing and processing. The fourth and final is the fact that milk is a very valuable but an extremely raw material to make a wide range of products.

In an uncertain environment, a farm business needs a structured approach to planning, the common method of assessment of alternatives and choices is the preparation of a business

plan, it not only forces a manager to make and defend choices but also provides a document to show to investors and customers, a standard business plan includes an analysis of the farm's industry, position, plans for marketing, production, financing, organizing and staffing, the act of writing a business plan improves thinking, decisions and communication (Olson 2004).

As for production practices modern milk production systems take advantage of innovations in parlor management, computerized records, and efficient feeding systems to expand production (Bailey 1997). (Kemp et al 2001) have argued that long-term sustainable farming system models need to be implemented within a 4-dimensional perspective that includes financial / economic, ecological/environmental/biophysical, social/human and dynamic time indicators. (Charry et al 2003) summarized the outcomes of this national forum highlighting the readiness to step forward, in organizational terms, from the different sectors that constitute the farm business management profession.

The general objectives are to implement actions that will create new perceptions and new opportunities for "professional" farmers. Farm management as a discipline has often been criticized for not delivering the benefits to practitioners that are expected of it (Rougoor et al 1998). In farm management, a framework for investigating the management practices requires the researcher to distinguish between, and integrate three separate but interrelated processes: management, decision-making, and problem-solving (Scoullar 1975). The terms "management process", "decision-making process", and "problem-solving process" are used interchangeably in the literature (Scoullar 1975; Cary 1980) and all three have been used to describe the management practices of farmers.

In Sudan dairy business management concepts are often confused with husbandry concepts implemented in dairy farms, less research has been advocated to these managerial aspects in terms of research and expertise, thus the main objective of this research aims at focusing more effort on this field of study to elaborate the importance of adopting business managerial skills in dairy farms.

## **Methodology**

### **Area of Study**

The study was carried in Khartoum state – Sudan, geographically Khartoum is comprised of three towns: Khartoum, Khartoum north and Omdurman. The state contains 11 Dairy compounds authorized by the government with each compound comprising a number of small holder dairy producers making a total of 2295 dairy farms.

### Population of the study & sample selection

Small Dairy farm owners in Khartoum state were the population of this study, they are owned farms of different sizes, three compounds were chosen using simple random sampling, furthermore and due to the heterogeneity among producers a number of 40 small holders were chosen from each compound under study, using simple random sampling making a total of 120 producers.

### Data collection & statistical analysis

The study was mainly based on primary data collected from the selected sample through a structured questionnaire that was designed and distributed to the selected producers. Collected data was analyzed using the computerized Statistical Package for Social Sciences (SPSS) to obtain the frequency distributions, the weighted measures and central tendency of the variables of the study.

### Results and Discussion

**Table 1.** Details of ownership, education and supervision

Item	Number	%
<b>Education</b>		
Illiterate	33	27.5
Primary School	27	22.5
Secondary school	28	23.3
Graduate	24	20.0
Post graduate	08	6.7
<b>Ownership</b>		
Manager owns the farm	101	84.2
<b>Supervision</b>		
Supervised by owner	96	95
<b>Type of ownership</b>		
No partner	81	67.5
Partnership	08	6.7
Family Business	31	25.8

**Source:** Computed data

Dairy production appears to be an attractive investment for educated people with ownership, management and supervision being in the hands of the farmer (Table 1). The farms are mainly an enterprise of the family.

**Table 2.** Details of previous experience, business plan performance and reasons, types of plans performed

<b>Item</b>	<b>Number</b>	<b>%</b>
<b>Experience</b>		
Previous experience	94	78.3
<b>Business plan performance</b>		
do not perform business plan	91	75.8
<b>Reasons for not performing</b>		
depend on personal experience	76	83.5
<b>Types of plans performed</b>		
Feasibility studies	12	41.4
Detailed Business plan	11	37.9

**Source:** Computed data

Previous experience among managers in Dairy farms seems to be the pre-requisite factor for entrance in this type of investment being more obvious considering the fact that most of them do not perform pre-business plans, nevertheless feasibility studies are of interest to a considerable number of producers as shown in ( Table 2).

**Table 3.** Details of supervision frequency, performance of sanitary measures, modern technology implementation and maintenance frequency

<b>Item</b>	<b>Number</b>	<b>%</b>
<b>Supervision frequency</b>		
Every day	106	88.3
<b>Performance of sanitary measures</b>		
regular sanitary procedures	115	95.8
<b>Modern technology implementation</b>		

No implementation	108	90.0
<b>Machine maintenance frequency</b>		
On a monthly basis	05	41.7
None	05	41.7

**Source:** Computed data

Everyday supervision of dairy farms is the most prevailing trend where sanitary procedures are performed on regular basis, despite the low implementation of modern technology in small holder farms. Machine maintenance seems to be equal between managers who perform maintenance on monthly basis and those who are not in much of concern for such procedure as shown in (Table 3).

**Table 4:** Details of marketing channels, pricing strategy, promotional efforts and farm profitability

<b>Item</b>	<b>Number</b>	<b>%</b>
<b>Marketing channels</b>		
Directly on the farm	96	80.0
<b>Pricing strategy</b>		
According to the market's price	114	95.0
<b>Farm profitability</b>		
Profitable	106	88.3
<b>Promotional efforts</b>		
I don't perform promotion activities	88	73.3

**Source:** Computed data

Most dairy producers do not take part in the marketing of dairy products rather being more concerned with production where most selling takes part in the farm with minimum promotional efforts exerted, while farmers set their price in accordance to the market price. Most producers are comfortable with the fact that dairy production is a profitable enterprise as shown in (Table 4).

**Table 5.** Details of types of records and ranking, risk ranking and management

Item	Number	%
<b>Types of records</b>		
Paper records	53	44.2
No records	64	53.3
<b>Ranking of records</b>		
Production records	28	66.67
Animal feeding records	8	19.04
<b>Types of risks</b>		
Special animal's risks	80	66.67
<b>Risk management</b>		
Seek solution after risk occurrence	40	33.3
Preplanning	48	40.0

Source: Computed data

Awareness of record keeping is low among dairy producers as most do not keep official records, and where producers are concerned with record keeping most valued are production records. As for risks, dairy producers are more concerned with risks in which their animals are involved; nevertheless risk management in small dairy farms is of low caliber as producers either seek solution prior to risk or preplan for such risks as shown in (Table 5)

### Conclusion

The research suggests the following:

- Identifying researchable issues that if pursued can produce information necessary for dairy system development.
- Introduction of modern business Managemental concepts that can assist in economical use of farm resources.
- Providing dairy producers with research and user friendly “how to” information for improving business management and opening new marketing channels of dairy products

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