

AN ASSESSMENT OF SHARED VALUE IN THE SMALLHOLDER LIVESTOCK MARKET IN SOUTHERN ZAMBIA: A COMPARATIVE ANALYSIS

Musika supports the creation of 'shared-value' in rural agricultural markets. Shared-value can be defined as business approaches that a company uses to generate economic value, in a way that also produces value for society by addressing its challenges (Porter and Kramer, 2011). In order to stimulate the creation of shared-value in the rural livestock markets, Musika supported the development of commercial linkages between veterinary firms and the rural livestock farmers in Zambia. Musika provided both equipment and logistical support that would enable the veterinary firms provide an extension-based sales model or a bundle of services to the rural livestock market, which would include veterinary products, extension services and genetic and nutrition services. After four years of implementing these initiatives, Musika conducted a study that aimed to examine the extent of shared-value in the intervention areas against non-intervention areas. To do this, the survey collected data on cattle production from the program's beneficiaries (user group) and non-beneficiaries (non-user group). In addition, data on business performance was collected from the veterinary firm supported by Musika to provide services to the rural livestock farmers. The key findings of the study are outlined below:

1. Farmer Level Results

A. Livestock Productivity

The results showed that livestock productivity was higher among the farmers in the user group than those in the non-user group. Farmers in the user group experienced a lower mortality rate of about 1.7% per household herd, while farmers in the non-user group experienced a higher mortality rate of about 5.8% per household herd. In addition, the calving rate per household herd was found to be higher for the user group at 67%, than for the non-user group at 53%.

B. Milk Production and Sales

Farmers in the user group experienced significantly higher milk production than those in the non-user group. For instance, in the wet season, farmers in the user group produced about 339 liters per month while those in the non-user group produced 225 liters per month. Similarly, for milk sales, households in the user group had sold about 137 liters of milk in the wet season, which was 44% more than households in the non-user groups. This shows that increased milk production translated into a higher marketable milk surplus for farmers in the user group than for those in the non-user group.

2. Firm Level Results

A. Effects of the Extension-Based Rural Sales Model

To implement the market initiative, the veterinary firm changed its business model from an over-the-counter sales model to an extension-based sales model. The results from the firm level survey showed that the firm had experienced significant growth in product sales after it changed its business model from an over-the-counter sales model to an extension-based rural sales model. The extension-based model improved the firm's business-to-person interactions which ultimately led to an increase in product purchases per client. In addition, the firm also gained the customers' loyalty as well as new clients due to customer referrals and expansion into new geographical areas. The aggregated sales for all the veterinary firms Musika supported increased over three fold between 2014 and 2015 because the firms were using an extension-based distribution network to service the farmers in the rural areas.

B. Challenges of the Extension-Based Rural Sales Model

Despite achieving positive results, the extension-based business model also led to a number of constraints such as increased operational costs and challenges associated with managing the growth in business that came as a result of using the extension-based business model. Even with this, the firm indicated that it was generating positive earnings as a result of investing in the rural market.

Cattle Mortality Rates, Calving Rates and Milk Production and Sales

Indicators	User group	Non-user group
1. Mortality rates		
Average mortality rate per household herd	1.7%	5.8%
2. Calving rates		
Average calving rate per household herd	67%	53%
3. Milk Production		
Milk Production per household per month during the wet season (litres)	339	255
Milk Production per household per month during the dry season (litres)	132	133
4. Milk sales		
Milk sales per household per month during the wet season (litres)	137	95
Milk sales per household per month during the dry season (litres)	38	23

The results showed that the livestock farmers and veterinary firms were experiencing a mutually beneficial commercial relationship which was deriving shared value. Therefore, Musika continues to link rural farmers across the country to sources of improved veterinary services. It believes that enhancing farmer's access to improved markets will give them confidence to invest in their own production and to use markets to graduate out of poverty.