

Social Dimension Factors Influencing Access to Bank-Credit for Small-Holder Livestock Farmers in Rural South Africa

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Abstract – This paper investigates the association between the social dimensions of rural small-holder livestock farmers and their access to bank credit facilities in a South African rural setup, taking gender into consideration. In many emerging economies, small-holder livestock farmers frequently face difficulties in accessing bank credit facilities due to the weak status of their standing in society (social dimensions) and limited access to banking services. This is a threat to their sustainability and growth. A quantitative approach was used on a sampled small-holder livestock farmers in the Limpopo Province of South Africa. Regression analysis was conducted to determine the relationships between the factors of social capital and their association with access to financial capital. The study revealed that social capital has influence in securing bank finance among the small holder livestock farmers but not gender. These findings should guide policymakers, banking institutions, and the government in addressing the challenges faced by small holder farmers in accessing capital and help to understand the gender inequality relating to the access of bank credit facilities.

Keywords – Social capital, bank-credit facilities, financial capital, small-holder livestock farming, South Africa

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1 Introduction

Agriculture remains the backbone of the economies of many African countries, and is widely recognised as a source of income for many households. The agricultural sector further provides jobs for a sizable population (Bousbia, Geuroui, Aouadi, Teweldebirhan, Bessa, Symeon & Boudalia, 2024). In most economies, agriculture plays a vital role in economic growth and sustainable development (Qiao, Zheng, Jiang & Ding, 2019) through the farming output which can significantly provide the economy with the needed growth stimuli, also with a possibility of even spilling over to non-agricultural sectors. It is also broadly acknowledged that the agricultural sector is an effective instrument in poverty alleviation and food security (Gomina, Gomina, Egbubine, Anyanaso, Samuel, Ilesanmi & Obunukwu, 2024). However, smallholder farmers continue to face numerous challenges in their day-to-day operations.

The positive relationship between access to credit facilities and business growth is well documented (Jaiswal, 2020; Dar & Mishra, 2020; Simatele & Kabange, 2024). The ability to access bank credit facilities is seen as one of the significant success and growth factors in any business. There is also evidence that capital input has a strong relationship with the business' survival probability (Soto-Simeone, Sirén, & Antretter, 2020; Linder, Lechner & Pelzel, 2019). Scholars (Key, 2024; Hutchins, 2022) reported that farm credit increases people's living conditions by raising farm productivity, boosting self-confidence, raising profits and well-being of the people. However, smallholder farmers, especially the livestock farmers are increasingly faced with several challenges, including access to credit. This is spearheaded by bureaucracy, complex application procedures and restrictions by formal lending institutions (Whitaker, 2024). These challenges have influence in the farmers' capacity to increase production and profits particularly in developing countries. As a result, these farmers are forced to embark on lower-risk and lower-yielding agricultural activities that perpetuate a cycle of smallness and poverty. One of the main factors which lead to limited bank credit access is that banks find it difficult to gauge whether these farmers have the capacity and are willing to repay their debts (Kassegn & Endris, 2022). Owing to the credit crisis, which affected the financial sector in the past years, the financial sectors have now imposed more harsh capital capability requirements.

Whereas the commercial agricultural sub-sector consists of large, commercialised farmers using well-advanced technology and machinery thereby greatly contributing to overall economic growth (Morchid, Alblushi, Khalid, Alami, Sitaramanan & Muyeen, 2024), small holder farmers continue to use backdated technology and agricultural means due to funds unavailability, even though they have been earmarked as a strategic sub-sector for inclusive growth in rural areas. Thus, improving their productivity could assist in a great way in the achievement of socio-economic development programs especially in the rural areas. Small holder farmers are dominating in rural areas where the majority of the most impoverished population of South Africa is found (Gwebu & Matthews, 2018).

Socialisation facilitates the access to both intangible and tangible resources within a group. Social networks further allow members to shape the way they

view teamwork and the sharing of information. The same can apply to social capital which incorporates all forms of capital built through social networks. Social capital comprises of the network itself, the resources and assets that may be organised through that network. The size of social capital, therefore, depends on the size of the network connections one can mobilise. Social capital plays a vital role in firm development and growth, in the context of emerging markets (Clarke, Chandra & Machado, 2016). Social capital is even more crucial and common for securing scarce financial resources in developing economies (Mongrut, Berggrun, Alejandro & Garcia, 2024). According to Surmanidze, Beridze, Amashukeli and Tskhadadze (2023) small businesses can acquire social capital to improve their access to debt financing.

Small holder farmers also play a unique role in achieving the second United Nations's Sustainable Development Goal of ending hunger (Fan & Rue, 2020). In line with this goal of zero hunger by 2030, South Africa has made progress, but many challenges remain, especially persistent poverty levels among vulnerable groups, including women and children (Fofana, Chitiga-Mabugu & Mabugu, 2018). The target of zero hunger can be achieved by incorporating nutrition, food production, agriculture, and food systems (Atukunda, Eide, Kardel, Iversen & Westerberg, 2021). In South Africa, the reality is that small-holder livestock farming can play a significant role in rural development in line with this goal.

Several studies have examined the challenges of smallholder farmers (Lins, Servaes & Tamayo, 2017; Diao, Reardon, Kennedy, DeFries, Koo, Minten, Takeshima & Thornton, 2023). Some have focused on smallholder farmers and access to finance (Mongrut *et al.*, 2024; Hutchins, 2022) while others investigated their social capital (Soto-Simeone *et al.*, 2020; Hutchins, 2022). These studies have used different methodologies and data sets suitable for their study focus and thereby producing different inferences. This current study focuses on the influence of social dimensions on the small holder livestock farmers' access to finance in the Limpopo Province of South Africa. It contributes to the body of knowledge in the rural farming research focusing on access to banking facilities.

Further, this study explores the differential gender effects on the impact of social capital in securing bank finance. Despite the growing body of literature on women-owned businesses, their financing strategies, and the relationship of financing to business growth and performance remains crucial (Blanca, Cuevas, Hanson, Bhutta, Langlois, Laia, Gasparri & Borghi, 2024). Research on the effects of gender in the access to entrepreneurial financing in developing economies, in particular, is limited. Moreover, in the entrepreneurial literature, the discourse on gender and networking has been relatively limited (Leitch & Harrison, 2014). This study, therefore, aims to inform the various stakeholders, including managerial practice and public policy about the differences in how men and women entrepreneurs in developing economies leverage their social capital to secure business finance.

2 South African scenario

South Africa is classified as an upper-middle income country yet some of its development indicators depicts those of a low-income country. The country still struggles with high poverty level and hunger among the vulnerable groups (Fofana, Chitiga-Mabugu & Mabugu, 2018) and in the rural areas. According to the Statistics South Africa (2020), the majority of the South African population is made up of black Africans, most of who can be classified as poor. Women still face barriers in accessing finance and credit, especially the less educated ones (Simatele & Kabange, 2024). The historic norm of prohibiting black women to own property and their lack of access to credit acts as a barrier to collateral, making it difficult to operate in the small, medium and micro enterprise sector. These situations are common to the majority of black women in South Africa, especially in the rural areas (Kitole & Genda, 2024). According to Bin-Humam, Braunmiller and Elsaman (2023) women still do not have equal economic rights and access to resources such as formal finance and have less economic rights than men. Zeka and Alhassan (2023) also asserts gender gap between men and women in the access to finance.

Owing to rural poverty, household food insecurity, hunger, inequality and unemployment in South Africa, Wudil, Usman, Rosak-Szyrocka, Pilař and Boye (2022) suggest stimulating agriculture as key to solving these problems. Mathinya (2024) concurs that the poor should own or manage farming operations and rural enterprises. The government's New Growth Path also emphasised the expansion and commercialisation of smallholder agriculture. Despite these moves, entrepreneurship levels have remained low in the country especially among smallholder livestock farmers in particular.

3 Research Hypotheses

Previous studies have posited that securing credit facilities from a bank is influenced by the social capital variables of the entrepreneur (Pilatin, & Ayaydin, 2022). Recent studies show that, if opportunities for business growth and profitable economic activity arise, those entrepreneurs with strong social capital will be better at perceiving such opportunities and capitalizing on them.

Social capital is recognized as underpinning the value of firms (Neumeyer, Santos, Caetano & Kalbfleisch, 2019), and vital in potential creation of networks (Borgatti & Halgin, 2011). Sinyolo and Mudhara (2018) found that networking, which is part of social capital, can be used to reduce information asymmetry in banker/customer and creditor/debtor relationships. Also, business networks increase a business's legitimacy, which in turn positively influences the business's access to external financing (Sinyolo & Mudhara, 2018). Diao *et al.* (2023) adds that networks contribute to business success and continuity. This suggests that lack of networking can negatively impact on the securing of bank finance by both new and established small holder livestock farmers. Accordingly networks form part of social capital and can be in the form of strong associations (family and friends). Consequently, it is hypothesized that:

Hypothesis 1: Business owner's social dimensions is positively related to securing bank credit facilities.

A study by Halabisky, Jiménez, Koreen, Marchese and Shymanski (2023) addressing gender disparities in access to finance for businesses and reveals that women are more concerned about access to finance than any other business problem. This is more of a problem during the early stages of developing an enterprise. Similarly, Andrade, Azar, Kazembe, Mayher and Vincensini (2023) found that acquiring financial capital and dealing with financial institutions is particularly difficult for women business owners. Research also shows that women start their businesses with smaller amounts of financial capital and are less likely to raise finance from external sources (Liu & Cowling, 2024).

Moreover, it has been established in several entrepreneurship studies that on average women have access to fewer resources and less knowledge, and in many countries, they have a lower societal position than men (Sealy, Forsblad & Worts, 2024). In fact, the number, size, type, and scope of women-owned businesses are less than those owned by men. Currently a democratic nation, South Africa may still not necessarily favour certain gender in bank loan applications. The hypotheses developed below thus set out to examine gender in the bank application context.

Hypothesis 2: Male and female business owners stand equal opportunities in securing bank credit facilities

4 Literature Review

4.1 Smallholder livestock farmers

Smallholder farms vary between countries and in accordance with the stages of development across countries. In the developing countries, smallholder livestock farmers account for the bulk of food that is consumed, where more than one third of the food comes from the smallholder livestock farmers (Diao *et al.* 2023). Also, small and poor farmers, who may not be fully integrated in markets, produce their main staple food and they vary their production to achieve better diets. For commercial smallholders crops diversification acts as a risk management strategy to stabilise their income. The gap between small farmers' yields and technical potential yields reflects insufficient adoption of most productive technologies.

Smallholder livestock farmers deal with several challenges which threaten their survival, and these challenges continue to undermine the very source of their livelihoods. Among the challenges are the lack of human capital, denial of capital and limited access to infrastructure, markets and technologies (Fan & Rue, 2020). In recent years, smallholders have also become ever more vulnerable to factors like irregular climate, price volatility and health. Not only do these challenges threaten the already delicate food production systems, but also their survival and causes them to be more risk-averse and resort to subsistence-oriented activities, thus triggering smallholder poverty (Abdulai,

2022). The current existing smallholders are a diverse set of households living in different types of economies. In developing countries, smallholder livestock farmers are often trapped in a vicious cycle of low-intensity, subsistence-oriented farming, low yields and insufficient profits. These circumstances contribute to extreme levels of poverty in many rural areas including South Africa.

Though literature argues that traditionally, cattle ownership is often of greater importance for cultural and status reasons, rural farmers keep livestock also for income generation purposes. In South Africa, livestock rearing is one of the significant farming activities among the rural households as it is a major source of agricultural income for generations. However, despite the benefits, rural livestock farmers face challenges that limit their capacity to generate adequate income from their livestock which include livestock vulnerability to disease outbreaks (Bahta, Swain, Nigussie, Dhawan, Reddy, Tripathy, Omondi, Baltenweck & Sharma, 2022).

4.2 Smallholder livestock farmers and access to financial capital

Financial inclusion is vital to releasing the financial capability of excluded populations for inclusive development. Agriculture finance may be obtained from many sources which include cooperatives organisations, commercial institutions and development organizations (Okunlola & Ayetigbo, 2024). Despite this, financial institutions face countless risks and challenges associated with agricultural production and lending, which include seasonal variation of output, irregular cash flows and systemic risks such as irregular climate. Financing smallholder livestock farmers particularly has been a challenge especially where farmers lack relationships in chain actors leading to the lack financial networks.

The spectrum of financial institutions involved in financing agriculture is broad. While the knowledge of the client is important for any lending operation, it acts as an obstacle for new emerging smallholder livestock farmers entering the smallholder lending (Chandio *et al.*, 2020). Smallholder lending and payment terms need to be adaptable to the broad diversity of smallholder borrowers. Agricultural lending risks are different and need a variety of ways to mitigate it, such as client repayment history, crop variation and other income sources. There is, therefore need to focus on the broader financial needs of smallholder clients to reduce their vulnerability while improving profitability at the individual client level.

Bank finance is positively associated with smallholder livestock farmers' growth in both developed and developing world (Cowling, Liu & Zhang, 2016). With the importance of bank finance in the smallholder livestock farmers, it becomes imperative to deal with barriers to the access of finance by these smallholder livestock farmers. Smallholder livestock farmers need to be provided with an environment which enables them to access financial capital. Zhao and Jones-Evans (2016) advocate for the spatial differentiation in farmers' accessing finance. Smallholder livestock farmers should also engage in an implicit decision to raise capital to finance growth and expansion. According to Diao *et al.* (2023), however the limited extent of bank credit to

smallholder livestock farmers in sub-Saharan Africa is partly compensated by non-bank forms of credit, like loans from friends, families and business relations.

4.3 Dimensions of Social Capital

Resources entrenched in personal associations of entrepreneurs are considered critical for performance of small firms. It is well acknowledged in research that network relationships positively affect the activities of entrepreneurs as these relationships are rooted into the directing resource flow to interconnected entrepreneurs. Social capital represents the tangible and intangible resources arising due to the network relationships that exist in carrying business operations (Dar & Mishra, 2020) as it pertains the social relations between individuals and about what happens within these linkages (Pilatin & Ayaydin, 2022). In development among the poor communities, social capital can enhance efficient economic transactions by reducing uncertainties and information asymmetry between parties engaged in transactions. Small enterprises can be stimulated by increasing the entrepreneurs' confidence in the self-enforcement of informal contracts.

Social capital can lead to informal or formal financial sources where a farmer can easily have access to an informal credit from friends or formal credit through farmers' associations. The relationship can be in the form of strong or weak associations. Weak associations being loose relationships between individuals, and strong associations are found in a family or relatives. Weak associations enable farmers to get information that would otherwise be unavailable, difficult or costly to find. According to Diao *et al.* (2023) business networks and associations may provide the most consistent and effective support for emerging businesses. This support can be in the form of business advice or access to financial capital.

In rural communities where most smallholder livestock farmers inhabit, social capital plays a vital role. These social networks help reduce the resource constraints through access to information and credit support (He & Tang, 2023). The success of a smallholder farmer in raising external finance may depend on the amount of one's social capital which emerges from these networks and relationships (Levin, Walter, Appleyard & Cross, 2016). In the African rural context, social and local area dynamism determine farmers' daily actions and can even help to speed up disaster responses and reduce external risks (Mogues, 2019). Introducing to new technologies in these societies may work through social networking, otherwise the people they may act against adaptation decisions.

5 Research Methodology

The study employed a quantitative method, using exploratory and descriptive research tools. In obtaining primary data from small holder livestock farmers in a rural setting, a survey method was found to be most convenient for the research. Some of the social capital constructs devised by Manolova,

Manev, Carter, Gyoshev (2006) were employed and adapted for the South African context. Data for the study were gathered using a survey questionnaire from 361 small holder livestock farmers owners in the Limpopo, South Africa.

The design of the data collection instrument followed the rating scales. The structured questionnaire contained different kinds of items: dichotomous questions which elicited 'yes or no answers' in section B, Categorical questions also in section B utilised 'multiple choice' items to elicit a singular response. Section C was a 5-point Likert scale which examined how strongly respondents agreed or disagreed with statements and a constant sum scale where respondents are asked to distribute given points across given items. The questionnaire was designed to retrieve information as follows. Section A: Background on the business; Section B: Biographic data of the small holder livestock farmers; Section C: Financing the livestock farming business and Section D: small holder livestock farmers networking. The target population was small holder livestock farmers owners who were operating in the rural areas of the Limpopo Province.

The researcher engaged the services of 10 trained research assistants to carry out the survey and administer the questionnaires during the fieldwork. This was done under the close monitoring of the researcher. Due to the absence of a database of small holder livestock farmers, random cold contacts were made in the different rural areas to invite participation in the survey. The village herdsmen were key in the survey due to their overall leadership roles in rural village settings. They disseminated survey information and also coordinated the holding of information sessions with farmers. The respondents had to satisfy the following criteria: 1) Own 51% or more of the small holder livestock farmers operations; 2) be actively involved in the small holder livestock farmers business operations, and 3) have no more than 99 employees.

6 Results

6.1 Preliminary data

Out of the 500 questionnaires that were distributed, 361 were usable in the statistical analysis: representing a 72.2% response rate. The response rate is above the international standard of 51%, the rural settings provided opportunity for pre-survey information sharing within a well-knit community. The majority of the participants were male (n=247, 68.4%), and females were (n=114, 31.6%). The age-group distribution and structure ranged from 20 to over 60 years. The majority age group was in the 41 to 50 years bracket (46.9%, n=169). The respondents farming experience ranged from below 5 to over 30 years, where the majority was in the experience range of 6 to 10 years (43.2%, n=156). Nearly 45% (n=162) of the participants were managing their own livestock, about 21.9% (n=79) were managing for others, while 19.1% (n=69) constituted those who had some form of animal husbandry training. The majority of the farmers, about 89.5% (n=323) indicated that they knew that banks could assist with credit facilities. On the question of whether they hold a bank account, all the respondents indicated that they have an account with a bank,

although they stressed the fact that bank branches are located far way in the towns and cities. This indicator concurs with Chandio *et al.* (2020) on matters of availability and access to banking facilities in African rural settings.

Preliminary data also revealed that 78.3% (n=283) of the respondents did not have access to banking credit facilities, although they had some kind of personal savings. Results also showed that 7.4% (n=27) had some access to bank credit facilities only, while 19.2% (n=69) had a combination of non-bank and bank credit facilities. Concerning non-bank credit facilities, further analyses revealed that 59.1% (n=213) of the respondents had only savings as part of their capital structure when starting their farming ventures. There were no significant differences between males and females on utilization of savings as the only source of funds. Also, results confirmed that 31.3% (n=113) of the respondents sourced some funding from family members and friends. There was no significant difference between the type of credit facilities by respondents across gender.

6.2 Test of reliability analysis

Cronbach's alpha was used to test for reliability to ensure that only items that measure the same concepts under a dimension were included in the study (Yun, Ulang, & Husain, 2023). The scale of internal consistency of the entire range was measured. At the most, Cronbach's alpha of 0.70 was considered acceptable although measures around 0.60 would also be deemed adequate (Sabo, Kuan, Sarimah, Kuay and Kueh (2024). Therefore, using 0.60 as a threshold to decide whether or not to include an item in the construct, some items were excluded from the analysis to improve the overall Cronbach's alpha indicators. The remaining items had Cronbach's alpha greater than 0.80. The reliability test showed consistency and acceptable Cronbach's alpha well above the limits. The lowest consistency indicator was on Strong Network Associations which was slightly above 0.70 at 0.701%. Besides Strong Network Associations scale which remained moderate at 0.701, the remaining constructs increased their alphas as shown in Table 1. The overall Cronbach's alpha indicators for this study signified very high reliability and showed that all the scales in the survey were consistent.

Table 1: Reliability statistics.

Factor	Cronbach's Alpha	Cronbach's alpha based on standardised items
Social dimensions	0.824	0.832
Strong Network associations	0.693	0.701
Diverse network	0.901	0.911
Belonging to business network	0.815	0.833
Assistance from the business network	0.834	0.842
Strong relationship with bank	0.762	0.773

6.3 Social dimensions, Credit Application and Successful Applications

The data in table 2 provide illustrations of social dimensions construct cross-tabulated with the credit applications of the respondents as well as the frequencies on successful bank-credit applications. The variables included strong associations, a diverse network, belonging to a business network, strong assistance from a business network, and a strong relationship with bank.

Nearly 20% of the respondents did not have strong associations. That means that the small holder livestock farmers did not have to consult with any other person (such as family and friends, when seeking financial advice). The majority, 77% of the owners of the farms who had weak associations had success with their credit applications. Of the 59% who had a diverse network, 81% were successful in their credit facility applications, when compared to a 73% success rate for those who did not have a diverse network. Having a diverse network would then be associated with success in bank-credit applications.

Preliminary results also show that the success rate of applications was significantly higher for respondents who belonged to a business network than for those who did not belong to any business network (89.3% versus 69.1%). This evidence reveals that being a member of a business network is associated with potential success in applications for facilities in banks. It follows therefore that those businesses within the farming space who obtain assistance from their business connections and networks are highly likely to be more successful in sourcing bank credit than those who do not have such assistance. Results also indicated that 84.8% of the small holder livestock farmers who had built some relationships with the bank were successful. It is not surprising therefore that 19.7% of those who did not have a relationship with the bank

were successful in obtaining bank credit facilities. The indicators from the data analysis confirm the importance of networking and relationships in accessing assistance from the banks. Such relationships and networks take a long time to build, the capacity of which the small holder livestock farmers may not have.

6.4 Access to credit facilities by gender

The respondents were also required to show if they had applied for bank-credit facilities during the preceding three years and to indicate if their applications were successful or not; identifying themselves by gender. Results that a higher proportion of males (37%) had their bank credit applications successful compared to females (21%) applicants.

6.5 Social dimension variable regressed with access to bank-credit facilities

Social dimensions were regressed to assess which factors that influence the likelihood of applying for bank-credit facilities and potential success of the applications. The illustrative Models 1 and 2 are in Table 2. The independent variables revealed strong associations, a diverse network, belonging to a business network, strong assistance from the business network, and a strong bank relationship.

Table 2: Factor influencing access to finance

Social dimensions	Applications for bank-credit				Approved bank-credit facilities			
	B	S.E.	Wald	Exp(B)	B	S.E.	Wald	Exp(B)
Strong Network associations	-1.096	0.643	2.953	.338	-2.019	1.043	3.771	0.133
Diverse network	0.661	0.219	9.149	1.929**	0.631	0.241	7.001	1.879*
Belonging to business network	0.513	0.333	2.343	3.061**	2.051	0.621	10.849	7.789*
Strong relationship with bank	1.121	0.379	8.619	1.671	1.323	0.419	9.921	3.759**
Assistance from the business network	0.639	0.419	2.299	0.531	0.431	0.449	0.901	0.649
Constant	-1.777	0.331	29.439	0.169	-3.689	0.628	34.569	0.031

*p<0.05, **<0.005

As noted in Table 2, Models 1 and 2, containing the predictor variables, were found to be statistically significant, indicating that the models were able to distinguish between the social dimensions that influence the reasons for respondents to apply for bank-credit facilities and the success of their bank applications. The indicators showed that those farmers with diverse networks ($\beta = 0.661$ at $P\text{-value} < 0.005$) and/or belonging to some form of business network had a statistically significant contribution ($\beta = 0.513$ at $P\text{-value} < 0.005$) to Model 1 on bank credit applications. The predictor indicator of bank-credit

applications shows that those who belong to a business networks are 3 times more likely to apply for bank-credit facilities than those who do not belong to any business networks. The statistical indicators for bank-credit facilities approvals as reported in Table 2, revealed that diverse networks, belonging the business network and strong relationship with bank had statistically significant contributions to Model 2 at 7 times ($P\text{-value}<0.05$), 11 times ($P\text{-value}<0.05$) and 10 times ($P\text{-value}<0.005$) respectively. The predictive indicators reveal that the small holder livestock farmers who have a strong relationship with the bank are more likely to be successful in their applications than those who do not have such bank-client relationships. The implications of both the predictive Models 1 and 2 is that these farm owners will continue to lack effectual access to bank-credit facilities unless they fulfil the annotated dimensions when applying for bank credit facilities. In line with Brijlal and Yan (2015), having a strong relationship with the bank will greatly increase the chances of success in securing bank credit facilities.

7 Discussions of the results

The results illustrated in the above sections have supported the hypothesis in that the social dimensions of small holder livestock farmers are positively related to their potential to secure bank credit facilities. Results also proved that belonging to some form of business network, having diverse business networks, and having strong relationships with the banks positively influences and is associated with bank-credit applications as well as positively influencing the access to bank-credit facilities (success of loan applications).

The results reveal some underpinning social capital issues that hinder access to finance for small holder livestock farmers in South Africa. It is acknowledged that over and above the social capital dimensions, most cite collateral requirements as another major financing obstacle that places a critical barrier to accessing credit loans amongst farmers in Kenya (Karimi, 2023). Banks in South Africa place much weight and emphasis on the need for collateral at the expense of farmer potential capacity to produce or service their loans. Most banks servicing the farming community demand immovable property as collateral from bank-credit applicants (Gurero, 2024). The demands and challenges facing small holder livestock farmers is not unique to South Africa. Following the land reforms in Zimbabwe, the proportion of bank credit facilities to the agricultural sector in that country instantaneously diminished significantly due to the economic structural programme which began in 1991 (Makina, 2009).

Climatic conditions and weather also affect borrowers from the farming community, particularly small holder farmers who suffer the risk of such climatic hazards to their livestock (Bahta & Musara, 2023). Climate records show that South Africa is already beginning to experience the effects of climate change, notably rainfall variability and extreme events. These conditions, combined with warming trends, render land increasingly marginal for livestock farming. This poses a major threat to the small holder livestock farmers who depend heavily on rain-fed agriculture and climate sensitive resources.

According to Le, Sun, Choy, Kuleshov and Tran (2024) drought is the most common hazard threatening farmers. The timing and amount of rainfall received in any given season is also becoming increasingly uncertain, whilst the length and frequency of dry spells during the rainy seasons has increased. Such dependence on weather to often leads to less frequent and seasonal payment of bank credit, a scenario that is not welcome by banks or any other financial investors.

The relationship between social capital dimensions and bank funding is also partly discussed in the ambit of the prevailing economic conditions in South Africa. The declining economic conditions have resulted in certain banking institutions acting as barriers to bank credit access by small holder livestock farmers. Most banks prefer to lend to individuals who have guarantees or monthly salaries and wages in the form of salary backed loans (Makina, 2009). Salary-backed loans are perceived as a way of spreading risk to avoid loan repayment defaults because the salaries are received through the respective borrower banks (Makina, 2009). Besides favouring salaried and secured lending, most bank-credit facilities are availed to established companies and businesses, shunning small-scale farmers.

8 Conclusion

The aim of the research paper was to investigate the influence of dimensions of social capital on small-holder livestock farmers' access to bank-credit finance; and used gender as a variable in accessing bank credit facilities. It is also concluded that social capital dimensions are associated with the frequency of applications for bank-credit facilities, as well as the success of approved bank-credit facilities. Although a higher proportion of males than females applied for bank credit facilities, gender is independent of success in bank application. It was also found that having a relationship with the bank greatly increases the chances of making a successful application for a bank credit facility.

9 Author

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