An Agribusiness development approach of beef cattle in selected areas of Bangladesh

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Abstract

The study was pursued to ascertain the existing internal and external factors, alternative strategies and priorities of the strategies applied in enhancing beef cattle agribusiness at Pabna and Sirajganj districts in Bangladesh. The primary data and present study were collected by employing various techniques such as survey, FGD, KII and observation methods. The total sample size was 180 which were selected through convenience sampling technique. The following analytical tools used were employed i) IFE-EFE analysis ii) SWOT analysis, iii) SWOT matrix, and iv) QSPM model. By analyzing all the factors from SWOT four strategies were developed to determine the beef cattle development. The best strategy was selected by using QSPM matrix. The results IFE is 2.610, EFE is 2.438 and the total weighted score is 5.833 indicates that beef cattle sub-sector agribusiness are opportunity to explore their strengths and minimize their weaknesses. The beef cattle agribusiness development through the implementation of the integrated or contract farming that supported to backward and forward linkage and support services.

Keywords: Beef cattle agribusiness, Strategies, IFE-EFE Matrix, SWOT analysis

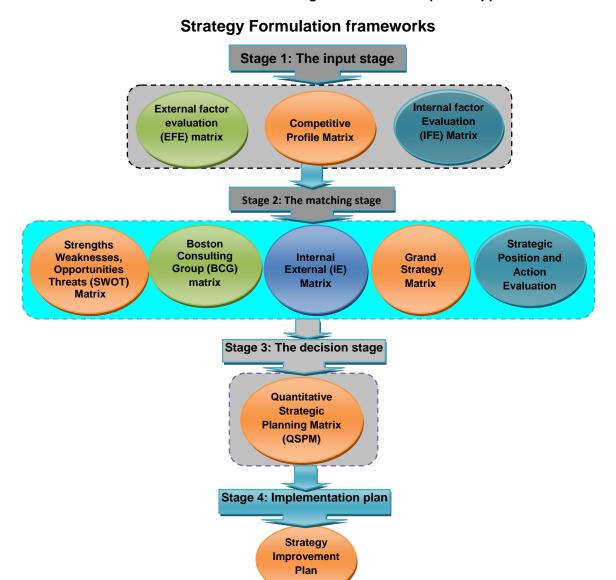
Introduction

Livestock agribusinesses play a significant role in our economy through contributing to poverty eradication by creating rural employment and to gear up the achievement of higher economic growth. Livestock is an integral component of agricultural economy of Bangladesh. Performing various functions as provisions of food, nutrition, income generation, savings, draft power, manure, fuel, transport and cultural function and earning foreign currency by exporting meat, hides and skin and value added waste products, etc. About 36% of the total animal protein comes from the livestock rest of them (64%) come from poultry, fish and pluses. Bangladesh has huge number of livestock and poultry population with a very high density but low productivity. The country has about 23.4 million cattle, 1.45 million buffalo, 25.6 million goats, 3.16 million sheep, 221.30 million chicken and 41.23 million ducks (GOB, 2012). Beef cattle are the important and potential sub-sector to economic improvement, where this sub-sector has a strategic value in the fulfillments of human need that increases steadily along with the increasing of per capita income. The study aimed to examine the existing characteristics of the farmers, i.e. their social and economic characteristics in relation to the development of beef cattle farming, to determine factors influencing the policy of beef cattle farming, and to design the strategic plan. The study is intended to contribute information and ideas in relation to sustainable beef cattle farming and also provide inputs for policy makers to develop the management plan for beef cattle development in order to fulfill the national food security needs.

Materials and Methods

The study was conducted in Pabna and Sirajganj districts. Two Upazilas namely Shatia from Pabna and Raigonj from Sirajgonj districts were selected because of the concentration of beef cattle fattening activity. Total sample size was 180 including beef cattle producers and different agribusiness actors (i.e. live cattle traders, brokers, butcher - cum -meat traders, meat processor and beef by-products traders etc). Convenience sampling technique was used for selection of respondents of the study and questionnaires survey, FGD, KII and observation methods were adapted for collection of primary data. Secondary data were also collected from the various sources. Results of the analysis were presented in the form of tables and matrix form. Data were analyzed by using SPSS software.

In this study, the following techniques were used which were also used by David *et al.*, (2009), Ananto *et al.* (2011), Achmad *et al.* (2012) and Prastuti *et al.* (2012).



Results and Discussion

The results of the present study are presented in following heading to develop the beef cattle agribusiness strategies.

Internal Factor Evaluation Matrix (IFE matrix):

IEF Matrix is a strategic management tool used for evaluation of strengths and weaknesses for internal factors affecting the development of beef cattle in study areas. From Table 1, it can be seen that the highest weight score is 0.256 which implies that factors that are effective are innovation. These are important internal factors which are effective to develop the beef cattle in northern Bangladesh to support the food estate program. The result also shows that the sum of total weight score is 2.610. Therefore, it can be concluded that the strategy of developing beef cattle in northern Bangladesh has been effective in using the strength and minimizing weakness factors which had contributed to negative impact similar to Gunawan (2001). Suryana (2009) in his study also stated that in order to enhance the role of beef cattle as meat suppliers and livestock income sources, it is advisable to apply an intensive maintenance system with an improved feed management and improved quality of cattle with disease control.

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Table 1. IFE (Internal Factor Evaluations) Matrix

Interr	al Strategies Factor	Weight	Rating	Score	
		{Coefficient	(1-4)	(coefficient	
		importance (0-1)}		* rank)	
Stre	ngth				
S1	Domestically produced	0.064	4	0.256	
S2	Beef cattle are renewable natural	0.059	4	0.236	
S3	Large number of labour force.	0.057	4	0.228	
S4	Government is committed to develop the sector	0.054	4	0.216	
S5	High interest beef cattle rearing among respondents	0.052	4	0.208	
S6	Rapid growth supermarkets, superstore, restaurant and tourist hotel.	0.065	3	0.195	
S7	Availability of innovative technology	0.056	3	0.168	
S8	Favorable geographical location, climate and breed	0.046	3	0.138	
S9	Consumers preference for beef	0.041	3	0.123	
Total	Strength			1.768	
Weak	ness				
W1	Lack of feed and fodder	0.064	2	0.128	
W2	Lack of meat processing knowledge	0.063	2	0.126	
W3	Prevalence of Anthrax diseases	0.058	2	0.116	
W4	Lack of sufficient and proper slaughter houses	0.055	2	0.110	
W5	Limitations of supporting institutions related to beef cattle	0.048	2	0.096	
W6	Inadequate institutional support	0.048	2	0.096	
W7	Lack of working capital	0.064	1	0.064	
W8	Limited number of local cattle breed	0.053	1	0.053	
W9	No organized marketing system	0.053	1	0.053	
Total	Weakness			0.842	
Total		1.00		2.610	

Source: Field Survey 2014

As for the improvement of genetic quality of the female calves, it is suggested to keep them in the breeding area for subsequent use as grading up cattle. Increased interest and motivation of cattle ranchers to expand their business can be facilitated through incentives in production.

External Factor Evaluation Matrix (EFE Matrix):

EFE matrix is used the weighting scoring system to identify the value opportunity weight and threat for beef cattle producers in study area. Based on external evaluation matrix the results (Table 2) showed that the total score for the opportunity factor is 1.725 and the threat is 0.713 and total score 2.438 indicate beef cattle agribusiness has a significant opportunity while minimizing threat in the study area which is similar to Achmad M. et al., (2012) and Prastit.

R.A. et al. (2012). This is consistent with Nugroho (2006) findings which states that the development of animal husbandry as a part of agricultural development will be associated with the reorientation of agricultural development policy. Animal husbandry development has new paradigms, namely alignment to people in general, responsibility delegation, structural change, and people empowerment. Therefore, it is necessary to formulate strategies and policies that are comprehensive, systematic, integrated both vertically and horizontally competitive, sustainable and decentralized.

Internal External Matrix (IE Matrix)

IE matrix is a simple analytical framework that is based on final summary of internal and external factors (IFE, EFE). It can specify appropriate strategy for the beef cattle agribusiness. Based on the evaluation of internal factors (IFE) and external factors (EFE) of the agribusiness, the following results were obtained:

Final score of internal factors evaluation matrix (IFE): **2.610** Final score of external factors evaluation matrix (EFE): **2.438**

Table 2. EFE (External Factor Evaluations) Matrix

Externa	ll Strategies Factor	Weight {Coefficient importance (0-1)}	Rating (1-4)	Score (coefficient* rank)		
Opport	unities	importance (0-1)		Tarik)		
01	Potential demand for beef over the country.	0.071	4	0.284		
02	Government support to develop beef cattle	0.065	4	0.260		
O3	Domestic and foreign private sector interested to invest.	0.074	3	0.222		
04	High potential for profitable slaughter and processing business	0.051	4	0.204		
O5	High value addition potential	0.067	3	0.201		
O6	Consumers express more interest and are willing to pay for safe food	0.061	3	0.183		
07	Domestic oriented processing plants have options to differentiate and diversify their products to satisfy some of the untapped markets	3	0.165			
08	Labor intensive and employment opportunities	0.041	4	0.164		
O9	Scope exists for developing backward and forward linkage.	0.014	3	0.042		
Total O	pportunities			1.725		
Threats						
T1	Low productivity	0.064	2	0.128		
T2	Increase in feed prices	0.061	2	0.122		
T3	Increase in cattle prices	0.046	2	0.092		
T4	Absence of pasture lands	0.041	2	0.082		
T5	Poor access to credit	0.065	1	0.065		
T6	High transportation cost (Illegal toll for cattle marketing)	0.063	1	0.063		
T7	Beef cattle smuggling and Indian traders are selling cattle on credit	0.061	1	0.061		
T8	Spread of cattle diseases	0.057	1	0.057		
T9	Lack of veterinary check of animal before and after slaughter and low hygienic handling the meat lead to health risk for consumers	0.043	1	0.043		
Total Ti	nreats			0.713		
Total		1.000		2.438		

Source: Field Survey 2014

Here IFE>EFE which indicates great opportunities to formulate the effective strategies for exploiting their strengths and minimize the weaknesses which is similar to Achmad *et al.* (2009) and Riston (2008). Based on the research on model policy for beef cattle development, Achmad *et al.* (2009) found the score of the internal and external factors was 2.603 and 3.457, respectively. They point out that the government policy should be aimed at intensive programs, such as market penetration, market development and developing products. The other government policy should also be aimed at integration programs such as backward integration, forward integration and product integration.

Formulating Alternative Strategies

Here different types of strategies were transferred to the strategic planning table after the examination of specific components of SWOT. The SWOT model is comprised of a two-dimensional coordinate table; each of its four areas is the maker of a group of strategies.

Based on various findings of SWOT analysis, four strategies are formulated which are presented in Strategic Planning Table (Table 3) and are described below.

SO strategy or Aggressive: SO strategy was formulated by maximum use of environmental opportunities with application of strengths of the beef cattle agribusiness.

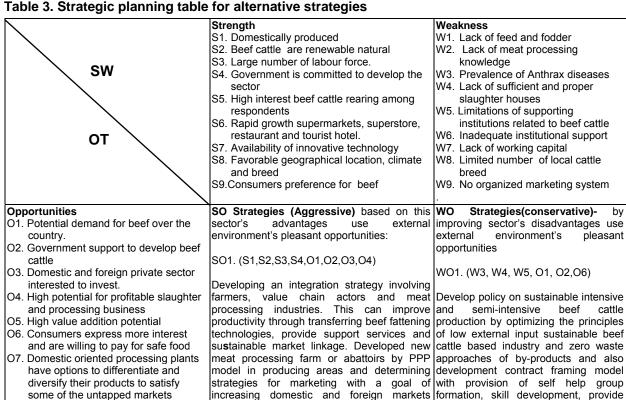
ST strategy or competitive: ST strategy was generated by using strengths of the beef cattle agribusiness to avoid facing threats.

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WO Strategy or conservative: WO strategy was formulated by considering the potential advantages latent in environmental opportunities to make up for the weaknesses.

WT Strategy or defensive: WT strategy was formulated by considering minimizing loss from threats and weaknesses

Table 3. Strategic planning table for alternative strategies



share.

Short-term strategy

Strategies(competitive)-based WT Strategies(defensive) - by sector's advantages overcoming opportunities of external sector's external environment's environment's influence

ST 1. (S1,S2,S3, S7, T1,T4,T6)

Development contract framing model with provision of self help group Optimizing government role by formation, skill development, provide supporting programs, which input and finally market linkage and increase agribusiness potential increasing the role of safe guards to with an integration system, guarantee the safeties of cattle increasing

Medium-term strategy

- W1. Lack of feed and fodder
- W2. Lack of meat processing knowledge
- W3. Prevalence of Anthrax diseases
- W4. Lack of sufficient and proper slaughter houses
- W5. Limitations of supporting institutions related to beef cattle
- W6. Inadequate institutional support
- W7. Lack of working capital
- W8. Limited number of local cattle breed
- W9. No organized marketing system

Strategies(conservative)improving sector's disadvantages use environment's pleasant opportunities

WO1. (W3, W4, W5, O1, O2,O6)

semi-intensive beef approaches of by-products and also input and finally market linkage.

Medium-term strategy

use improving its weak point in non-pleasant non-pleasant condition overcome its consequences WT. 1. (W1,W2, W3, W5, T1,T5,T6)

> knowledge ability of ranchers by training programs and assistance.

> > Long-term strategy

Threats

T1. Low productivity

O9. Scope exists for developing

opportunities

T2. Increase in feed prices

backward and forward linkage.

O8. Labor intensive and employment

- T3.Increase in cattle prices
- T4. Absence of pasture lands
- T5.Poor access to credit
- T6. High transportation cost (Illegal toll for cattle marketing)
- T7.Beef cattle smuggling and Indian traders are selling cattle on credit
- T8. Spread of cattle diseases
- T9.Lack of veterinary check of fattening in legal way after animal before and slaughter and low hygienic handling the meat lead to health risk for consumers

Source: Authors own illustration 2014

Choosing Priority Strategy by the QSPM matrix

QSPM matrix is made in order to choose and determine which strategy is the best to recommend to beef cattle development.

Table 4. Quantitative strategies planning matrix (QSPM)

SI.	External and internal factors	Weight	STRATEGY - SO							
No.			Stra	Strategy-I Strategy-II Strategy-III				Strategy-IV		
			AS	TAS	AS	TAS	AS	TAS	AS	TAS
	Opportunities	а	b	C=a*b	d	e=a*d	f	g=a*f	h	l=a*h
01	Potential demand for beef over the country.	0.014	3	0.042	4	0.056	4	0.056	2	0.028
02	Government support to develop beef cattle	0.041	4	0.164	2	0.082	4	0.164	4	0.164
O3	Domestic and foreign private sector interested to invest.	0.061	3	0.183	3	0.183	3	0.183	3	0.183
O4	High potential for profitable slaughter and processing business	0.051	4	0.204	3	0.153	2	0.102	3	0.153
O5	High value addition potential	0.071	4	0.284	3	0.213	3	0.213	4	0.284
O6	Consumers express more interest and are willing to pay for safe food	0.074	3	0.222	4	0.296	2	0.148	4	0.296
O7	Domestic oriented processing plants have options to differentiate and diversify their products to satisfy some of the untapped markets	0.067	3	0.201	4	0.268	3	0.201	3	0.201
O8	Labor intensive and employment opportunities	0.065	4	0.260	3	0.195	3	0.195	3	0.195
O9	Scope exists for developing backward and forward linkage.	0.055	3	0.165	3	0.165	2	0.11	4	0.22
	Threats									
T1	Low productivity	0.063	1	0.063	2	0.126	4	0.252	4	0.252
T2	Increase in feed prices	0.043	1	0.043	1	0.043	3	0.129	4	0.172
T3	Increase in cattle prices	0.065	1	0.065	3	0.195	3	0.195	3	0.195
T4	Absence of pasture lands	0.064	2	0.128	2	0.128	4	0.256	3	0.192
T5	Poor access to credit	0.061	2	0.122	3	0.183	4	0.244	4	0.244
T6	High transportation cost (Illegal toll for cattle marketing)	0.057	1	0.057	3	0.171	3	0.171	3	0.171
T7	Beef cattle smuggling and Indian traders are selling cattle on credit	0.046	2	0.092	3	0.138	3	0.138	4	0.184
T8	Spread of cattle diseases	0.041	2	0.082	2	0.082	3	0.123	3	0.123
Т9	Lack of veterinary check of animal before and after slaughter and low hygienic handling the meat lead to health risk for consumers	0.061	1	0.061	3	0.183	4	0.244	4	0.244
	Strength		<u> </u>				<u> </u>			
S1	Domestically produced	0.059	4	0.236	2	0.118	3	0.177	2	0.118
S2	Beef cattle are renewable natural	0.064	4	0.256	2	0.128	3	0.192	2	0.128
S3	Large number of labour force.	0.057	4	0.228	3	0.171	3	0.171	1	0.057
S4	Government is committed to develop the sector	0.065	3	0.195	3	0.195	2	0.130	2	0.130
S5	High interest beef cattle rearing among respondents	0.056	3	0.168	2	0.112	2	0.112	2	0.112
S6	Rapid growth supermarkets, superstore, restaurant and tourist hotel.	0.052	4	0.208	2	0.104	1	0.052	1	0.052
S7	Availability of innovative technology	0.046	3	0.138	3	0.138	3	0.138	2	0.092
S8	Favorable geographical location, climate and breed	0.054	4	0.216	3	0.162	2	0.108	3	0.162
S9	Consumers preference for beef	0.041	3	0.123	4	0.164	3	0.123	3	0.123
1014	Weakness	0.004		0.400	2	0.400	_	0.400	2	0.400
W1 W2	Lack of feed and fodder	0.064 0.053	3 4	0.192	2	0.192	3 1	0.192	3	0.128 0.159
W2 W3	Lack of meat processing knowledge Prevalence of Anthrax diseases	0.053		0.212		0.106		0.053		0.159
W4	Lack of sufficient and proper slaughter houses	0.048	2	0.096		0.144	2	0.048	4	0.144
W5	Limitations of supporting institutions related to beef cattle	0.063	2	0.126	4	0.169	2	0.126	2	0.252
W6	Inadequate institutional support	0.055	2	0.11	3	0.165	2	0.11	3	0.165
W7	Lack of working capital	0.055	2	0.118	2	0.103	2	0.118	3	0.103
W8	Limited number of local cattle breed	0.053	2	0.126		0.120	2	0.126	2	0.106
W9	No organized marketing system	0.048	3	0.144			1	0.048	2	0.096
	Total of attractiveness score (TAS)		ΓŤ	5.436		5.520		5.254		5.833
		•						•		

N.B: Attractiveness score (AS) is: 1=not attractive, 2=somewhat attractive, 3= reasonably attractive, and 4= highly attractive

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Based on the SWOT matrix analysis these strategies chosen to be implementing to the real condition of beef cattle development Table 4 shows that the value TAS is 5.833, which is chosen as best strategy to develop beef cattle agribusiness. The implementation of strategy IV is supported by strategies I, II and III because in order to streamline the provision of developing integrated strategy involving farmers, actors and meat processors in the value chain. These findings are consistent with the results of Ananto *et al*, (2011). Furthermore the researchers recommends improving beef productivity through transferring innovative beef fattening technology, increase support services and sustainable market linkage. New meat processing firms or abattoirs may be developed by PPP model in producing areas and adopting marketing strategies for increasing share in domestic and foreign markets share. This model should be supported by government through providing advanced technologies, for cattle fattening, feed processing and meat processing, which would lead to innovative beef cattle agribusiness.

Strategy to improve beef cattle agribusiness

Table 5 provides a summary of key findings that impede the competitiveness of beef cattle agribusiness in the study areas necessary interventions doing with the concerned agencies for taking necessary actions.

Table 5. Strategy to improve of beef cattle agribusiness

Insura/Devisors/Decklero									
	ue/Barriers/Problems	Int	erventions/Solutions	Actions taken by					
	A. Technical problems and solution								
1. 2.	Lack of beef breeds Lack of standard cattle fattening	1.	Development of beef breeds for increased productivity at farm level.	Government					
	technologies and feed ingredients	2.	Encourage the rural poor cattle farmers in cattle fattening	NGOs+ Government					
	at local level		using improved technologies, quality beef production and	+Private enterprise					
3.	Lack of veterinary service		establishing linkages with markets actors.	,					
4.	Marketing skill and capacity	3.	Increased ratio of vaccination and mapping for disease	Government .+DLS					
5.	Use of unauthorized growth		prediction	DLS+ Veterinary					
	promoter for cattle fattening	4.	Develop local service provider or private	University					
6.	Lack of slaughtering and	5.	Use of fattening techniques towards organic cattle	NGOs+ Private					
	processing facilities		farming.	enterprise					
		6.	Policy update to discourage used of growth promoter for	Government					
			fattening	Government +DLS					
		7.	Arrangement of training for butchers on scientific methods						
			of slaughtering, meat processing and preservation	Government					
			technique.						
		8.	Bangladesh Agricultural Universities and BLRI should						
			encourage research in various aspects of cattle farming						
B. E	Economic problems and solution								
1.	Lack of working capital for beef	1.	Arrangement of adequate amount of credit at low rate of	NGOs + Banks					
	cattle agribusiness		interest.	NGOs+ Dept. of					
2.	Lack of coordination of different	2.	Facilitate and linking farmers with different agribusiness	Extension					
3.	actors Lack of processing factory	2	operators (Company) and traders. Encourage entrepreneurs is established meat processing	Private enterprise					
3. 4.	Lack of processing factory Lack of contract farming and self	٥.	factories in north Bengal	Private enterprise					
4.	help groups	1	Organize self help group for access to inputs and support	Farmers and NGOs					
	neip groups	٦.	service with provision of contract farming.	I amiers and NOOs					
		5.		NGOs + Private sector					
		١٠.	help improvement of existing cattle farming system into	NGCO 1 IIVate sector					
			private enterprises.						
C. N	Marketing problems and solution								
1.	Lack of cattle market infrastructure		Improve market infrastructure	Government					
	and disposal system of waste	2.		Private enterprise +					
	products		information between farmers and agribusiness actors	media					
2.	Lack of marketing and distribution	3.		Private enterprise					
	system	4.		Government					
3.	Processing in unhygienic condition		quality, safety and competitive meat price for high income						
		_	domestic market Dhaka, Chittagong etc.						
		5.		Government					
			slaughter house.						

Source: Field survey 2014

Conclusion

Based on SWOT analysis the weighted scores are 1.725, 2.438, 1.768, and 0.842 for opportunities, threats, strength and weakness respectively. Opportunities and strength scores are higher than the threats and weakness of beef cattle agribusiness. The results indicate the great opportunity to explore the beef cattle agribusiness. From the QSPM matrix analysis results show that SO strategy is the best strategy among the four strategies and total attractiveness score (TAS) is 5.833. So the strategy IV is chosen and other strategies will support strategy IV. Some recommendations to enhance beef cattle agribusiness in the study area are forwarded below:

- Preparing strategic plans for beef cattle agribusiness combination with producer and meat processor by public private partnership.
- Formal production- marketing contract farming of beef cattle may be introduced.
- Encourage investment on commercial cattle fattening, meat processing, butcher equipment and distribution network
- Arrangement for access to institutional credit with reasonable interest rate may help to enhance production of beef cattle
- Introduction of suitable/appropriate vehicles for transportation of cattle during buying and selling.
- Encourage donor agencies for taken development projects like Samiriddhi, SDVC, CLP, **M4P**, Value chain etc
- Raising awareness among the farmers, traders, value chain actors to use beef fattening technology.

Acknowledgements

The authors are thankful to the beef cattle entrepreneurs and different agribusiness actors in the study areas who participated in the study. The author also thankful to **Mr. Hanny Jørgensen**, Danish Agricultural Advisory Service (DAAS), Denmark for his valuable comments to improve the paper

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