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Transactional Costs Inhibiting Sustainable Entrepreneurial Agrarian Growth: Reflective Evidence from Small scale Farmers (SSFs) in South Africa

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ABSTRACT Small-scale farmers (SSFs) in peri-urban areas have limited access to factors of production in spite of their important role in South Africa's economy and in the welfare of both rural and urban households. Productivity of SSFs is often constrained by high transactional costs among other constraints. This study provides a reflection on challenges faced by successive small-scale farmers (SSFs) in South Africa, particularly as it relates to agricultural transactional costs. It examines the transactional cost patterns in terms of their sources and some spatial agglomerations. The results suggest that SSFs experience high transactional costs that significantly inhibit sustainable agrarian growth. Investments in farming skills, vocational training, entrepreneurial alternatives, training on financial and management skills may improve income opportunities for SSFs, and hence enhance their ability to reduce costs. Better roads, telecommunications and legal institutions are also required to cut costs and enhance investment in SSFs growth. Implications and recommendations are provided in-text.