

Problems and Prospects of Honey Value chain in Peshawar, Khyber Pakhtunkhwa: A Grounded Theory Analysis

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Abstract

The turmoil in world economies since last one decade has resulted in surging recession and un-employment. Entrepreneurship is considered a prime remedy to this situation as it has widespread benefits ranging such as economic growth and social stability (e.g. reduced crimes rate and terrorism) (Ajaegbu, 2012; Green Baum and La Free, 2007). Pakistan, an Agri-based country, employs a significant number of people in farming and allied sectors (like livestock, forestry, crops, poultry, horticulture, fisheries and bee keeping), which serves as one of the main avenues for entrepreneurial ventures and job creation (Wolf, McElwee & Schoorlemmer, 2007). Honey production sector is a primary allied sector of agriculture (Gallai, Salles, Settele, & Vaissière, 2009) providing direct and indirect employment (Bammann, 2007). It is highly feasible for underdeveloped countries as it can be undertaken with elementary training. Although there is abundant research on honey sector in agriculture sciences (Osborne, Williams, & Corbet, 1991) it has failed to attract business and entrepreneurship scholars. This study uses grounded theory methodology to gain an insight on the nature of the of honey value chain in Peshawar. Open ended interviews, employing an interview guide, was used to collect data to generate a general explanation honey sector. The results show that honey sector is an export-based business that was pioneered and dominated by Afghan entrepreneurs in Khyber Pakhtunkhwa. Lack of government support has compelled the honey sector to operate in an informal business environment. It is found that without government support the honey value chain cannot thrive towards its full potential. Thus, the government must take steps to take proactive actions to harness the honey value chain in Peshawar.

Introduction

In the past decade, the world-wide recession and unemployment has led a variety of economic and social challenges. Developed countries have suffered but the strength of their economies enables them to absorb these shocks. The developing and underdeveloped countries, with burgeoning youth population, are least equipped to face these crises and thus have resulted in a variety of socio-economic crisis. Dearth of economic activity leading to Joblessness and poverty create pressing

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social and political pressures and fuels regular and irregular migration. Although underdeveloped nations can benefit from the momentum create by advanced nations, the current scenario may require more innovative and indigenous solutions.

Most developing countries are largely dependent on agriculture sector for employment creation that creates 60 to 70% jobs (World Bank, 2019). However, agriculture sector job may not be the most sought after, especially by the youth, because they are generally perceived to be low skilled and paid with hard labor. Unlike more secure agriculture-based employment that lie upstream and downstream, direct farming jobs are vulnerable (McKinsey Global Institute, 2012). Nevertheless, a large number of underdeveloped countries possess a significant agriculture sector where most people are employed in farming and allied sectors (like livestock, forestry, crops, poultry, horticulture, fisheries and bee keeping). The value chain involves all the activities, processes and means that re used to take any product from beginning stage of supply to the final consumer thorough various intermediaries process. The value chains based on farming sector provide abundant self-employment opportunities. A significant proportion of working hands prefer to start their own businesses and become entrepreneurs in various levels of farming (and related sector) value chains. In fact, the issue of farming entrepreneurs has attracted the European policy makers (Wolf, McElwee & Schoorlemmer, 2007)

Honey sector is considered as a one of the primary allied sectors of agriculture around the world (Gallai, Salles, Settele, & Vaissière, 2009). Entrepreneurs in honey value chain provide employment to a large number of workers (Bammann, 2007). The recent rise in demand for Manuca honey originating from New Zealand is considered to be one of the most successful examples of farm-based entrepreneurship. Honey business does not require high level of education and short-term specialized training can equip an individual to start a micro enterprise Thus, it is one of the most feasible areas of self-employment in underdeveloped countries. Although there is abundant research on honey sector in agriculture sciences (Osborne, Williams, & Corbet, 1991) it has failed to attract business and entrepreneurship scholars.

The dearth of research in honey value chain has significant impact for Khyber Pakhtunkhwa. Where honey business not only fulfills the needs of local population but is also a major export product. Thousands of tons honey is exported to different countries of the world resulting in generation of foreign exchange. Nevertheless, the lack of in-depth understanding of honey value chain has left it largely as informal sector. No specific policies have been coming into force to organize and enhance this natural produce.

An organized and in-depth study has not been conducted from indigenous entrepreneurship or indigenous self-employment perspective.

The aim of study is to gain an insight and generate knowledge on how and under which conditions multi-stakeholder platforms contribute to the development of the honey value chain. It explores the value chain of honey to understand its problems and prospects.

Literature Review

Beekeeping and honey trade have been carried out in KP for decades. Honey business enterprise contributes towards increasing income and better livelihoods. Beekeeping and honey trade play a critical role in the livelihoods of the rural communities in five ways. Firstly, it is an income generating activity and a source of self-employment, secondly, honey and its various allied products like royal jelly, propolis, bee wax, pollen and bee venom have high medicinal worth. Thirdly, it supports agricultural activities through facilitating critical processes like cross pollination and improves crop yield. Fourthly, it contributes immensely to forest conservation efforts and lastly it facilitates healthy linkages between biodiversity (insects and plants) towards sustainable livelihoods. Honey sector not only brings financial benefits but also contributes to social and environmental aspects thus allying with the triple bottom line requirements. In other words, it has social, economic and environmental benefits for the people, profit and planet respectively. The honey sector in Khyber Pakhtunkhwa is operated by idempotent and indigenous entrepreneurs mostly operating in the informal sector.

Entrepreneurs in the beekeeping sector represents a fundamental issue for sustainable development (Popa, Mărghițaș, Arion, & Pocol, 2012). Potential entrepreneurs can influence the wellbeing of the environment by implementing the principles of sustainability in the production, use and disposal of the bee products. In this way, they can differentiate their products and gain better access to certain markets. Entrepreneurs oriented towards innovation should balance activities that benefit themselves, other people, and nature by creating new, more environmentally sustainable products, improve the practice of labeling and build local and regional networks. Opportunity driven beekeepers should discover opportunities that generate profit such as the conversion towards organic beekeeping and branding of products. Therefore, it is profitable for beekeepers to build enterprises that directly contribute to sustainable development by improving the quality of the products and by increasing their attractiveness to consumers. Entrepreneurial behavior within the beekeeping exploitations is a main component of sustainable development. Those honey traders who have applied innovative and

entrepreneurial mind set have achieved great milestone and are able to market their products and attract customers.

Entrepreneurial activity creates jobs which at the macro level increases the overall efficiency of the economy by utilizing the human resource for creation wealth. While at the micro level it is an interface for a single individual of society to create value through novel combination leading to a means for self- sufficiency. However, the nexus of this activity is an entrepreneur who creates jobs (for themselves and for others) by introducing new ways of doing things (Amri, 1998) whereas the larger actors in society may hinder or facilitate this activity in variety of ways.

Entrepreneurship plays a critical role in socio- economic progress of nations and can be bracketed as a major differential factor between the developed and underdeveloped world and its replication is desirable for nations. However, spreading the benefits of this vital mechanism is not a straightforward matter because entrepreneurship is a multidimensional and complex phenomenon. The elusive nature of entrepreneurship deems it necessary to track its diverse conceptualizations. Literature on entrepreneurship is found in various fields and the phenomenon has been analyzed from a variety of viewpoints. Early economists observed the phenomenon of entrepreneurship occurring in the marketplace, their definitions pinpoint an entrepreneur at the center stage of the action. Some of the early definitions about entrepreneurship, from economists, by Cantollin, Turgot & Say and Schumpeter signify this centrality of role of entrepreneurs (Bruyat, 2000).

Since honey value chain has remained informal and knowledge has not been generated, therefore it has evolved spontaneously. Various processes have interactively emerged. Formal policy guidelines have not been identified. In order to find out the mechanisms of this value chain it is important to conceptualize it from macro (broad) as well as micro (individual) level. The macro level endeavors to understand the agent structure relationship between the honey entrepreneurs (input suppliers, producers, processors, wholesalers, retailers, exporters and consumers both local and international) and the value chain.

Research Methodology

For this study to explore the dynamics of honey value chain at micro and macro level, it important to use a research approach where the researcher can get 'close' to participants. The nature of reality will vary from person to person and thus the assumption of intertwined subject-object is invoked.

The research questions and objectives of this study relate well to the constructivist paradigm. The research aim guides this decision, where

the exploration of meaning making process of the honey entrepreneurs in relation to the construction and exploitation of opportunities is scientifically understood. Thus, honey entrepreneurs develop subjective meanings of their world according to their unique experiences.

Honey Entrepreneurs' activities are carried out in a social context of entrepreneurs (Jack and Anderson, 2001) which consists of individual and institutional actors, whose interactions shape a value chain. Thus, the value chain of honey entrepreneurs is a socially constructed, grounded in individual entrepreneur's experience and emerges in discourse (Bygrave, 2007). At the strategic level, the research will be carried through grounded theory with a constant comparison method. In this method the theory is generated from the research that is grounded in data. The origins of this method can be traced back to Barney Glaser and Anselm Strauss (1967) when they published a book titled "The Discovery of Grounded Theory". They explained that data yields theory systematically, through inductive interpretation (Locke 2001). The core philosophy of this method revolves around eliciting data in natural settings where the situations are well recognized, and the element of discovery is given precedence over preconceived notions (Glaser & Strauss, 1967; Strauss & Corbin, 1990).

The population of this study constitutes the honey entrepreneurs in Khyber Pakhtunkhwa. A sample can be selected through probably or non-probability sampling procedure. The former is based on randomization so that every member of population has an equal chance of being selected. Probability sampling can use systematic, stratified, cluster, and simple random sampling methods. This is tailor-made to decrease selection bias. On the other hand, the non-probability sampling procedures depends on researcher's judgment and provides an opportunity to select the most suitable participants from the population.

Sampling method

Research design guides the sampling method. Qualitative studies generally require smaller sample for in-depth study of the phenomenon (Patton, 2003). Thus, sampling is purposive to the end that a certain criterion is used to select the most appropriate participants (Ritchie, Lewis and Spencer, 2003). Selecting participants is based on the presence of particular characteristics which are directly related to fulfilling the criteria of the research. Thus, purposive sampling fulfils two objectives a) including participants who possess key feature directly related to the research questions 2) ensuring reasonable diversity within the sample to cover most type of cases (Patton, 2002; Lewis and Ritchie, 2003).

Findings of the Study

The primary themes of the study emerging from the study about the nature of the honey value chain is that Honey value chain is a highly export oriented business. The theme consists of four main categories:

- a) Importance of Resolution of Pak-Afghan issues
 - b) Dependence on Gulf market
 - c) Negative bearing of uncertainty in Gulf region
 - d) Government support critical for expansion of exports
- Each category is explained in the following:

a) Importance of Resolution of Pak-Afghan issues

Honey value chain was initially monopolized by Afghan immigrants (and some individuals hailing from tribal areas around Pak-Afghan borders) but later on Pakistanis from settled areas initiate their own enterprises. Currently the value chain consists of both Afghans and Pakistanis. The diplomatic relationship between countries have been far from perfect in the recent past and that has a negative bearing on market dynamics. Thus, it is considered important to maintain a cordial political relationship between the two countries.

“Until Pakistan-Afghanistan issues are not resolved we are happy with our current state of business” (2)

b) Dependence on Gulf market

Moreover, Saudi Arabia is considered to be the primary export market where honey consumption is very high. In fact, honey value chain has grown in response to the demand generated from this market.

“The future of honey business is bright conditioned to govt. support and attention. We produce some good export quality of honey like sidra honey which is in high demand in Dubai, Qatar, Saudi Arabia and Kuwait. The political conditions in those countries is a little fragile which affect the business. If it gets resolved, it will help improve the business.” (3)

c) Negative bearing of uncertainty in Gulf region

The Saudi market exhibited high growth till 2012 however, the honey business was hit by uncertain conditions in the Arab region with adverse effects. Political as well as economic situations have worsened. General security situation within Saudi Arabia and war with Yemen are considered as the primary political drivers while oil market slump is contributing to increasing economic slump.

“Unexpected profits are a pleasure moment for all businessmen but due to

Arabs political conditions it suffers greatly” (0A)

“Due to political and insecurity issues in Arab world effect our business and hoping to be resolved so as business will improve” (2)

d) Government support critical for expansion of exports

Nevertheless, the honey entrepreneurs believe that growing local market has kept the value chain afloat and with proper government intervention and support new avenues for export can be explored. One of the those is the European market. However, this requires a serious approach from the government like arranging trainings and taking be good care of various levels of honey value chain. The participants pointed out that this type of support has been extended to other sectors such as fisheries and farming etc.

“With government support, it can be exported to other countries like Asia and Europe.” (2)

“With government support this sector can create a big difference and can be a big source of foreign reserve. Arranging seminars workshop, research, training for bee keepers, deforesting which is catastrophic for this sector must be observe. If other projects like farming, fishing has got attentions so as this also need supports, In terms of small financing, training and development etc. So far nothing is done by government. This business is running because it is profitable, people doing by its own resources and they exporting to gulf countries. Security is the most important for every business so as for honey business. There are restricted areas which are very good for honey productions but due to security issues we cannot access.” (3)

To sum up, it can be argued that the honey value chain is formed predominantly to serve the international market. However, there is next to no diversification as the value chain has been formed to serve the honey market in Saudi Arabia. The sole dependence on Saudi honey market has set back the business as political and economic situation deteriorated. However, with current local market growth and possible future government support the honey value chain can be expanded into the lucrative European market. The importance of friendly political and social situation is not only dictating the demand side dynamics but is also instrumental to the supply side market at the local level.

The honey value chain exhibits a rich diversity of elements that have emerged serendipitously within the informal sector. The value chain exhibits organic properties of self-adjustment and re-organization in response to internal and external pressures. The property of self-adjusting organizations is highly sought after and is a topic of high interest for

organizational researchers. It is recommended that strong formal policies should be crafted to govern the Pakistan-Afghanistan business relationship so that honey value chain can be managed to the benefit of entrepreneurs and economies of both the countries. The dependence on gulf countries and the uncertainty in their business environment clearly shows that export orientation to Islamic countries is the primary means of survival for honey value chain. Thus, it is necessary to adopt a proactive export-oriented policy and high-quality control through formal institutions to ensure the Gulf market.

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