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LINKING SMALLHOLDER VEGETABLE FARMERS TO HIGH VALUE MARKETS IN THE MANOKWARI REGION, PAPUA BARAT PROVINCE, INDONESIA

A thesis presented in partial fulfilment of the requirements for the degree of Master of AgriCommerce

at

Massey University, New Zealand

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2015
Abstract

The expansion of modern markets, such as supermarkets, may have critical implications for agriculture and rural development. For smallholder farmers, this phenomenon can provide opportunities to gain economic advantages by being linked into the supermarket channels. However, there are also challenges limiting the participation possibilities of smallholder farmers, since the supermarket channels require such high standards regarding the quantity and quality of agricultural produce supplied. Considering that market channels are a dichotomous choice for smallholder farmers, this study aims to identify and analyse key determinants affecting farmers’ participation in the supermarket channels, using a comparison to the traditional market channels.

A structured questionnaire was designed and face-to-face interviews were conducted with a random sample of 126 smallholder vegetable farmers in the Manokwari region, Papua Barat province of Indonesia. Factors influencing the market channel decision about whether to supply to supermarkets or traditional markets were analysed using binary logistic regression. Chi square analysis was used in comparing key factors between the supermarket and traditional market channels. Furthermore, a bivariate correlation was also run to find out the impact of market channel participation on farmer household income.

The empirical results suggested that education level of farmers, vegetables cultivated area, and farmers’ membership of the farmer groups were some of the key determinants that had significant and positive effects on the farmers’ decision about market channel participation. The results also revealed that the supermarket channel suppliers received higher average prices and paid more for transportation costs, compared to the traditional market suppliers. In addition, the results suggested that market channel participation and the household income generated from vegetable farms were positively correlated.

The results cannot be generalised to other contexts due to the nature of the study design. However, they may contribute to some useful implications. Since farm production capacity was essential for being linked to supermarket channels, technical innovations need to be prioritised in agricultural development strategies. Also, collective actions through farmer groups should be encouraged to broaden the roles, especially in accessing new emerging markets.
Dedication

I dedicate this thesis to my beloved wife, Juanita Rosalia Horman, who has provided consistent encouragement, support and patience during my study period, and to my children, Jovita Quaneisha Maspaitella and Joachim Xaverio Maspaitella, who have been great sources of motivation and inspiration. May God’s glory continuously shine on you all.
Acknowledgments

First, I would like to thank God who has guided and protected me during my study and stay in New Zealand. Especially when things seemed to be hard and difficult, He was there to help me.

I would like to thank my supervisors, Dr Elena Garnevska and Professor Nicola Shadbolt, for their time, valuable advice, constructive comments and support throughout my research work. Both have worked hard to keep me on the right track and complete my study.

I would like to thank the New Zealand Government for awarding me the scholarship which enabled me to pursue my study at Massey University. I also thank the International Student Support office, especially Sylvia, Jamie and Leuaina, for their advice and support during my study period.

I am also grateful to the staff and management of the Institute of Agriculture and Environment for supporting my research work. Also, I would like to express my thanks to my friends and course mates for their kindness and encouragement during my study and stay in New Zealand.

I would like to thank Marlen, Rony, Aras and Arif for their valuable time and support during the field work and interviews. Also, many thanks go to Muhammad Imran Siddique for helping me with the statistical data analysis.

My sincere thanks also go to some Indonesian families in Palmerston North - Mr Charly Talumepa and family, Mr Deni Rangkuti and family, and Mr Tedy Sutedja and family - for their prayers, support and encouragement.

Lastly, but certainly not least, I wish to thank my parents, my brother and my sisters for their unceasing encouragement and support throughout my life. May God richly bless you all.
# Table of Contents

Abstract.................................................................................................................................................. i  

Dedication ............................................................................................................................................. ii  

Acknowledgments .............................................................................................................................. iii  

Table of Contents ............................................................................................................................... iv  

List of Tables ........................................................................................................................................ viii  

List of Figures....................................................................................................................................... x  

Chapter One: Introduction .................................................................................................................. 1  

1.1. Background .................................................................................................................................. 1  

1.2. Problem Statement .................................................................................................................... 2  

1.3. Research Questions ................................................................................................................... 3  

1.4. Objectives...................................................................................................................................... 4  

1.5. Significance of the Study ........................................................................................................... 4  

1.6. Thesis Outline ............................................................................................................................. 4  

Chapter Two: Indonesian Agriculture and Vegetable Sector ...................................................... 6  

2.1. An Overview of Indonesia ......................................................................................................... 6  

2.2. Indonesian Agriculture Sector ................................................................................................ 9  

2.3. Indonesian Vegetable Sector .................................................................................................... 11  

Chapter Three: Literature Review ................................................................................................. 18  

3.1. Introduction.................................................................................................................................. 18  

3.2. Smallholder Farmer Participation in High Value Markets ...................................................... 18  

3.2.1. Economic Opportunities of Smallholder Farmer Participation ......................................... 18  

3.2.2. Challenges of Smallholder Farmer Participation in High Value Markets .................................. 20  

3.3. Determinants of Farmer Participation in Modern Food Market Channels .................................. 22  

3.4. Vertical Coordination Strategies in High Value Markets in Developing Countries ................. 27  

3.4.1. Vertical Coordination Strategies Used by Smallholder Farmers ............................................. 27  

3.4.2. Contract Farming .................................................................................................................... 30  

3.5. Role of Institutions in Enabling Farmers’ Participation in High Value Markets .................. 32  

3.5.1. Transaction Cost Economics .................................................................................................. 32
Chapter Four: Research Methodology ......................................................... 36

4.1. Introduction ............................................................................................... 36
4.2. Research Strategy ..................................................................................... 36
4.3. Target Population and Sampling Procedure ............................................. 37
4.4. Questionnaire Development .................................................................... 38
4.5. Data Collection .......................................................................................... 40
4.6. Data Analysis ............................................................................................. 40
  4.6.1. Data Entry and Cleaning ................................................................. 40
  4.6.2. Statistical Procedures of Data Analysis .......................................... 41
4.7. Model Specification, Variable Description and Expected Signs ................ 45
4.8. Ethical Considerations and Limitations of the Study ......................... 48
  4.8.1. Ethical Considerations ................................................................. 48
  4.8.2. Limitations of the Study .............................................................. 48
4.8. Summary .................................................................................................. 49

Chapter Five: Descriptive Analysis of the Samples ....................................... 50

5.1. Introduction ............................................................................................... 50
5.2. Farmer Demographics ........................................................................... 50
  5.2.1. Age of Farmer ............................................................................... 50
  5.2.2. Education ...................................................................................... 50
  5.2.3. Farming Experience ...................................................................... 51
  5.2.4. Family Size .................................................................................... 51
  5.2.5. Off-farm Employment ................................................................. 52
5.3. Farm Characteristics ............................................................................... 52
  5.3.1. Farm Size ...................................................................................... 52
  5.3.2. Types of Vegetables ...................................................................... 53
  5.3.3. Other Food Crops ........................................................................ 54
  5.3.4. Irrigation Methods ........................................................................ 55
5.4. Marketing Aspects ................................................................................................... 55
  5.4.1. Average Price of Vegetables.......................................................................... 55
  5.4.2. Income Generated from Vegetables............................................................... 57
  5.4.3. Marketing Channels of Vegetables................................................................. 58
  5.4.4. Distance to Supermarkets .............................................................................. 60
  5.4.5. Means of Transportation................................................................................ 61
  5.4.6. Transportation Costs ...................................................................................... 61
5.5. Institutional Factors.................................................................................................. 62
  5.5.1. Access to Extension Services......................................................................... 62
  5.5.2. Access to Credits............................................................................................ 63
  5.5.3. Access to Market Information ....................................................................... 64
  5.5.4. Collective Actions.......................................................................................... 65
5.6. Farmers’ Perception of Supermarket Channels ....................................................... 66
5.6. Summary .................................................................................................................. 69

Chapter Six: Data Analysis and Discussion .................................................................. 71
6.1. Introduction.............................................................................................................. 71
6.2. Factors Affecting Market Channel Participation: Binary Logistic Regression Analysis ........................................................... 71
6.3. Relationship between Variables: Chi Square Analysis ............................................ 77
  6.3.1. Relationship between Farmer Demographics and Market Channel Participation............................................................................ 78
  6.3.2. Relationship between Farm Characteristics and Market Channel Participation.................................................................................. 81
  6.3.3. Relationship between Marketing Aspects and Market Channel Participation.................................................................................. 84
  6.3.4. Relationship between Institutional Factors and Market Channel Participation.................................................................................. 88
6.4. Impact of Market Channel Participation on Vegetable Income............................... 91
6.5. Summary .................................................................................................................. 93

Chapter Seven: Conclusion and Recommendations ..................................................... 94
7.1. Conclusion ............................................................................................................... 94
List of Tables

Table 2. 1. Distribution of Indonesian population, 1990-2010 (%) .................................7
Table 2. 2. Macroeconomic indicators of Indonesia, 2004-2013 (%) ...............................8
Table 2. 3. Production and area of main commodities of Indonesia in 2011 .....................10
Table 2. 4. Food spending patterns of Indonesian households, 2007 and 2012 (%) .............15
Table 4. 1. Variable definition, unit of measurement and expected signs ..........................46
Table 5. 1. Age of farmers ..................................................................................................50
Table 5. 2. Educational background of farmers .....................................................................51
Table 5. 3. Farming experience of farmers ..........................................................................51
Table 5. 4. Family size of farmers .........................................................................................52
Table 5. 5. Off-farm employment of farmers ......................................................................52
Table 5. 6. Vegetable farm size ............................................................................................53
Table 5. 7. Percentage of farmers based on types of vegetables grown ..............................54
Table 5. 8. Average production of vegetables grown ..........................................................54
Table 5. 9. Other food crops grown by farmers ....................................................................54
Table 5. 10. Irrigation methods applied by farmers ..............................................................55
Table 5. 11. Average selling price of vegetables ...................................................................56
Table 5. 12. Average price received by farmers .................................................................56
Table 5. 13. Vegetable-generated income ..........................................................................57
Table 5. 14. Average income of vegetables grown .............................................................57
Table 5. 15. Marketing channels used by farmers ...............................................................58
Table 5. 16. Distance to supermarket in Manokwari city ..................................................60
Table 5. 17. Means of transportation used to get marketplaces ..........................................61
Table 5. 18. Transportation cost paid by vegetable farmers ................................................62
Table 5. 19. Attendance of extension meetings ....................................................................62
Table 5. 20. Access to credit ...............................................................................................63
Table 5. 21. Access to market information ..........................................................................64
Table 5. 22. Membership of farmer groups .......................................................................65
Table 5. 23. Membership of cooperatives .........................................................................66
Table 5.24. Perception of supermarket channels ...........................................................67
Table 5.25. Advantages of selling to supermarket channels..............................................67
Table 5.26. Constraints of selling to supermarket channels..............................................68
Table 5.27. Perceptions about government roles to improve supermarket participation ................................................................................................69

Table 6.1. Description of independent variables included in the logistic regression model ........................................................................................................72
Table 6.2. Binary logistic regression results on market channel participation .................73
Table 6.3. Age groups by market channel participation ................................................78
Table 6.4. Education levels by market channel participation .........................................79
Table 6.5. Farming experience by market channel participation ..................................80
Table 6.6. Family size by market channel participation ................................................81
Table 6.7. Vegetable cultivated area by market channel participation ..........................82
Table 6.8. Irrigation by market channel participation ....................................................83
Table 6.9. Livestock ownership by market channel participation ................................84
Table 6.10. Distance to supermarket by market channel participation .......................85
Table 6.11. Transportation costs by market channel participation................................86
Table 6.12. Average price by market channel participation ........................................87
Table 6.13. Attendance of extension meetings by market channel participation ..........88
Table 6.14. Access to credits by market channel participation ......................................89
Table 6.15. Access to market information by market channel participation .................90
Table 6.16. Membership of farmer groups by market channel participation ...............91
Table 6.17. The summary of the statistical results of market channel participation......92
Table 6.18. Correlation between market channel and vegetable income ......................92
List of Figures

Figure 2. 1. Map of Indonesia................................................................. 6
Figure 2. 2. Share of main sectors in the Indonesia's GDP, 2004 and 2013 .......... 9
Figure 2. 3. Trend of Indonesian vegetable production and harvested area, 1990- 2010 .............................................................. 12
Figure 2. 4. Production of selected vegetables in Indonesia, 2004-2014.............. 12
Figure 2. 5. Harvested area of selected vegetables in Indonesia, 2004-2014 ....... 13
Figure 2. 6. Indonesia's export of selected vegetables in 2012............................. 14
Figure 2. 7. Indonesia's import of selected vegetables in 2012............................ 15
Figure 2. 8. Indonesia's vegetable supply chain model ....................................... 17
Figure 3. 1. Methods of vertical coordination along the spectrum of control........... 28
Figure 3. 2. The vertical coordination continuum ............................................... 29
Figure 3. 3. Research framework .................................................................. 35
Figure 4. 1. Map of Manokwari region ......................................................... 37