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

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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.

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