

Market Governance Among Vegetable Smallholder Farmers of Mgeta, Tanzania

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Abstract

While many initiatives are focusing on linking farmers in higher governance chains such as contract farming and other collective actions by farmers themselves, little is known on options for lower levels of governance which are dominant among smallholder farmers in Tanzania. This study documented socio-economic and transaction costs variables that influence farmers in choosing marketing governance options. The study surveyed 300 vegetable smallholders of Mgeta Division. Logit regression with MLE was used to analyse data. Significant attributes were sex ($P \leq 0.05$), age ($P \leq 0.01$), primary school education ($P \leq 0.05$), and experience ($P \leq 0.05$). Age and experience were negatively related to selling of vegetables in a village market when compared to farm-gate. Negotiation related costs which were significant at ($P \leq 0.01$) were: farmers' location, time taken to negotiate with buyers, quantity sold, and average cost of transport. These variables (negotiation costs) were all negatively related to dependent variable (choice of market governance). Action research for gender mainstreaming in value chains is important. Policies which support primary school education are likely to nurture the use of open markets when compared to farm-gate participation. Private and public support can help in building open air markets in farmers' locations. Improvements in rural and feeder road networks and a review in fuel taxes are also important to reduce negotiation related costs.

Key words: Socio-economics, transaction costs, market governance