

BIBLIOGRAPHY

KINGAY, RUTH ANN C. APRIL 2010. A Diagnostic Study of the Potential of Organizing Farmers Marketing Cooperative at Daclan, Tublay, Benguet. Benguet State University, La Trinidad, Benguet.

Adviser: Evangeline B. Cungihan, MSc.

ABSTRACT

The study was conducted to determine the potential of organizing a farmers marketing cooperative at Daclan, Tublay, Benguet. It aims to determine the marketing practices of farmers, perception of farmers about farmers marketing cooperative, and their willingness to support the organization of a farmers marketing cooperative.

The respondents were hundred farmers from the area of study. Survey questionnaire was used in gathering the data but a personal interview was done also. Data gathered was analyzed using percentage and frequency counts.

The study found out that most of the farmers sell their products to supplier-financier, using trucks owned by the supplier for transportation of their product, spending an average of P1/kg for transportation cost and using sack for packaging their products. Most of their products were disposed at La Trinidad Trading Post. They usually sell their produce on credit.

The results show that most of them were not knowledgeable about Farmers Marketing Cooperative. However, they said that in case it will be organized they would

be willing to support it. Furthermore, they said that farmers marketing cooperative has a potential to be organized.



TABLE OF CONTENTS

	Page
Bibliography.....	i
Abstract.....	i
Table of Contents.....	iii
INTRODUCTION	
Rationale.....	1
Importance of the Study.....	3
Statement of the Problem.....	3
Objectives of the Study.....	3
Scope and Delimitation of the Study.....	4
REVIEW OF LITERATURE	
Marketing Cooperative Defined.....	5
Cooperative Movement Strengthened.....	5
State Initiated Cooperative.....	8
Organizing Step.....	9
Cooperative Purposes.....	10
Role of Government in Marketing.....	10
Marketing Practices.....	11
Marketing Channels.....	12

METHODOLOGY

Locale and Time of the Study	15
Respondents of the Study	15
Research Method	15
Data Gathered	15
Data Analysis	15

RESULTS AND DISCUSSIONS

Demographic Profile of Respondents	16
Membership in an Organization	18
Market Outlet of farmers	20
Satisfaction with Regards to their Market Outlet	20
Marketing Practices of Farmers	22
Market Place	22
Transportation Used and Transportation Cost	24
Farmers Perception about Farmers Marketing Cooperative	25
Advantages of Marketing Cooperative	26
Willingness of Framers to Support a Farmers Marketing Cooperative	29
Amount of Share Capital Farmers are Willing to Invest	30
Willingness to be an Officer	31
Respondents' reason in Supporting the Plan	33

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

Summary 34

Conclusions 35

Recommendations 36

LITERATURE CITED 38

APPENDIX

A. Letter to the Respondents 40

B. Survey Questionnaire 41



INTRODUCTION

Rationale

The Philippines, like any other developing nation, has genuine desire to improve the well being of the less fortunate segment of the population. The creation and development of cooperatives is a means of improving the income and the purchasing power of the poorer sector of the economy, generally the farmers and ultimately attain equitable distribution of wealth (Punzalan, 1981).

In addition, cooperatives are a natural mechanism for the “have not’s” of an economy to realize their economic potential. In regions, where people lack capital or assets to capital and have limited vocational or technical skills, cooperative structures can be an effective mechanism for individuals to pool their resources and skills toward a common economic goal. Cooperative can take advantage of the economies of scale gained from collaboration, in areas such as logistics, marketing, finance, sales and more. External linkages to supplies, markets or capital are facilitated by aggregating supply and demand to a level that provides the cooperative with bargaining power greater than that of each member individually. In turn, local economies benefit from the ruffle effect of these financial goals (Anonymous, 2009).

Daclan is one of the eight Barangays of Tublay. It is composed of sixteen sitios. Most people from the area are farmers, their farm production inputs are provided by financier-suppliers through an agreement called the “supply system” which the supplier provides the inputs on a credit term. In return the farmer has to sell his produce to the supplier at a price lower than the current market price. Furthermore, the sales are on credit term. When the financier-supplier sells the product, he deducts the credit of the



farmer before he gives what is left of the amount. More often, the amount is not enough to support the household needs of the farmers so the following cropping he again gets credit from the supplier. In the study area most of the farmers are victims of this system.

In connection, as stated by Kohls and Uhl, (1990), agricultural history is an example of continuing battle of the farmer against the abuses, either real or imaginary of the marketing middlemen. The farmer has continually complained about having to sell cheap as a producer and buy high as a consumer. He has also been concerned about his relative bargaining power. Cooperative organization has been adopted by farmers as one possible solution to these problems.

Through services of farmers marketing cooperative, it can help the farmer-member. In this way not only farmers will benefit but also the community and agriculture in general.

According to Rola (1988), as cited by Garcia (2008), cooperatives are viewed as organizations that provide employment, improve income distribution and established fair market prices by promoting private sector competition. They are thus used primarily for:

- a) improving the economic, social and cultural situations of people with limited means;
- b) increasing personal and natural capital resources by encouraging thrift, sound use of credit and adaptation of improved agricultural technologies;
- c) increasing income and employment by further utilization of available resources; and
- d) upgrading social conditions and providing supplementary community and social services in the rural area.

Whereas, the major concern of the study is to find out if there is a potential of Farmers Marketing Cooperative to be established in the said area of study.



Importance of the Study

The outcome of the study would serve as a guide for farmers in organizing a marketing cooperative. It would provide information as basis of decision whether to organize a farmers marketing cooperative in the said area of study given its significance. Since farmers have limited market opportunity or they were not organized, through farmers marketing cooperative they could be helped. And results could help in the studies of students who want to study the same research.

Statement of the Problem

The study deals with the potential of establishing Farmers Marketing Cooperative. Specifically it answered the following questions:

1. What are the farmers' present strategies in marketing their product?
2. What are the perceptions of farmers about Farmers Marketing Cooperative?
3. Are the farmers willing to support Farmers Marketing Cooperative?
4. Is their a potential of Farmers Marketing Cooperative to be established?

Objectives of the Study

The specific objectives of this study are the following:

1. to determine the farmers strategy in marketing their products,
2. to determine the perception of farmers about Farmers Marketing Cooperative,
3. to determine the willingness of farmers to support Farmers Marketing Cooperative, and
4. to determine the potential of establishing Farmers Marketing Cooperative.



Scope and Delimitation of the Study

The main focus of the study was to analyze the potential of organizing Farmers Marketing Cooperative. The respondents were the farmers of Daclan, Tublay, Benguet specifically at sitios: Bangho, Tili, Pomey-as and Suyoc.



REVIEW OF LITERATURE

Marketing Cooperative Defined

The business activities and scope of the agricultural cooperatives in the Philippines cover the agribusiness functions including input supply, production, post-harvest, processing and marketing as well as credit and financing (Araullo, 2006).

Marketing cooperative is an organization owned and operated by a group of farmers who produce similar products (Gustafson and Moulton, 2009).

According to the R.A.9520 (2009), Marketing Cooperative is one which engages in the supply of production inputs to members and markets their products.

Farmer-members sell their products through marketing cooperatives or buy their input through supply co-op. in doing business with these cooperatives they derived a profit called net savings. These savings or patronage dividends are returned to the member patrons in proportion to their business transactions with the cooperative. Therefore, in a cooperative the primary purpose is to make a “profit” for the patron-owners and not for investors as in a corporation (Cramer and Jensen, 1991).

Cooperative Movement Strengthened

The history of Agricultural Cooperatives in the Philippines may be subdivided into four waves namely: during the American regime; the immediate post-war period; Martial Law regime and; under the restored democracy (Araullo, 2006).

The Americans introduced in 1927 the Coop Marketing Law (PA NO. 3425) which encouraged the formation of state initiated Farmers Marketing Cooperatives. This was reportedly prompted by political motives, that is, to be able to control the rising



unrest among peasantry. PA NO. 3425 enforced government control and intervention in operating Co-op and vested the Bureau of Commerce and Industry the right to organize Farmers Marketing Cooperatives (Anonymous, 2008).

During the Second Wave, Republic Act 583 Created the Small Farmers Cooperative Loan Fund. Two years after, Republic Act 821 created the Agricultural Credit Financing Administration (ACCFA). Through ACCFA, the government organized and financed Farmers' Cooperative Marketing Associations (FACOMAs) by providing collateral free loans funded by the US Agency for International Development (USAID). These state initiated FACOMAs failed due to corruption and incompetent management (Araullo, 2006).

In 1953, the Federation of Free Farmers (FFF) was established. In 1960, the Agricultural Credit Cooperative Institute (ACCI) was then established. Three years later, the Agrarian Reform Code was enacted. The Land Bank of the Philippines was also established during the same year. In 1969, the Agrarian Reform Code was passed, mandating that coops be utilized as primary conduits for credit, supply and marketing services to agrarian reform beneficiaries (Araullo, 2006).

The milestone in the coop movement during martial law was the issuance of Precedential Decree No.175 on April, 1973 whose aim was to “strengthen the co-op movement”. PD No. 175 was tied up to the Marcos land reform program (PD No. 27) which made it compulsory for a tenant-farmer to join a cooperative or Samahang Nayan. Benefits would include the right to borrow funds from government banks through the form CRB's on a province-wide basis. The idea is that the CRB's will facilitate the acquisition of the inputs of the farmers through their SN's, co-op and AMC's via loans



for machines, equipment, seeds, fertilizers, pesticides, etc. while the AMC's will take charge of selling the produce of the SN's and Co-op's of the farmers (Sibal, 2008).

Because the formations of the SN's and primary co-op of the farmers were haphazard, the resulting AMC's and CRB's formed were few and weak and thus the funds of the government intended for the land reform programs under martial law. The rural bankers were owned mostly by the rural elites who were not necessarily pro-co-op and pro-land reform (Sibal, 2008).

The SN's peaked at 200,000 involving at least 3 million farmers. Only 3%, however, survived. The 14 year program reportedly utilized billions of dollars in loans and grants from the World Bank and other international financial institutions (Sibal, 2008).

In 1974, only 41% of the average 118 rice farmers per barrio in 512 barrios surveyed had joined the SN's. In all the regions, only 45% of all the respondents understood the co-op principles. This record is way off the experiences of the Japanese co-op development and land reform programs where the martial law programs were patterned. In Japan, almost 100% of Japanese farmers became coop members. By 1985, the loan repayment rate of SN's was a low 58.3% for all 12 regions (Sibal, 2008).

There were only 1,646 registered cooperatives in the country in 1985 or down from a previous 3,095 in 1904. SN's are different from farmer's cooperatives since they are only pre-co-op or organizations of farmers. They do not have capital and savings programs like farmers cooperatives. Hence, out of the total 17,387 registered SN's, 10,239 or 58.92% were found to be inactive. In short, the cooperative thrust of members



of the Marcos land reform program was not widely supported by the farmers who are supposed to be the beneficiaries (Sibal, 2008).

As of 1985, there were 16,000 SN's, 29 CRB's, 64 AMC's, 1,456 credit co-op's, 300 marketing co-op's, 132 producers co-op's, 284 service co-op's, 50 co-op federations, one super palengke (under KKK which later failed), and one national co-op insurance (CISP) (Sibal, 2008).

During the fourth wave, 1990, the Cooperative Code of the Philippines was enacted as well as the creation of the Cooperative Development Authority. In 1993, the National Cooperative Movement (NCM) was organized and then the organization of the Philippine Cooperative Center (PCC) the following year. In 1998, the Coop National Confederation of Cooperatives (NATCCO) Network Party formed by members of NATCCO landed a seat in the House of Representatives after garnering over 2% of the votes of party elections (Araullo, 2006).

State Initiated Cooperative

The farmers' liberation and the beginning of industrialization of the 19th century gave especially the people in the rural areas hitherto unknown economic mobility and autonomy. Since they were entirely inexperienced in economic matters, they soon fell into the hands of unscrupulous usurers, became excessively indebted, thus losing their property and becoming impoverished. "Help through self-help" (Anonymous, 2008).

Motivated by the misery of the poor part of the population, Friedrich Wilhelm Raiffeisen, then a young mayor, founded during the starvation winter of 1846-1847 the "Verein für Selbstbeschaffung von Brod und Fruchten" (Society for bread and grain supply). He had flour bought with the help of private donations. Bread was baked in a



self-built bake house and distributed credit to the poorest amongst the population. The bread society as well as the aid society founded in 1849 in Flammersfeld and the benevolent society created in 1854 in Heddesdorf were pre-cooperative societies based on the principle of benevolent assistance (Anonymous, 2008).

Once Raiffeisen realized that lasting successful work could be achieved only through joint self-help, he transformed the benevolent society into the Heddesdorf “thrift and Loan society” in 1864. This was the first rural cooperative (Anonymous, 2008).

Raiffeisen summed up his experiences in 1866 in a book entitled: “Credit Unions as a Remedy for the Poverty of Rural and Industrial Workers and Artisans”. This book was published in eight editions and spread round the whole world (Anonymous, 2008).

In this course of years and decades, a Raiffeisen organization developed which is today still efficient and absolutely necessary for agriculture. (Anonymous, 2008)

On June 7, 1940 Commonwealth Act. No.565 created the National Training Corporation (NTC) to supervise co-op and grant them 5 year tax Holiday. 1941, National Cooperative Administration (NCA) was created and it assumed the functions of NTC. Its activities were disrupted by war (Sibal, 2008).

Organizing Step

According to Rapp and Ely (1996), starting a cooperative is a complex project. A small group of prospective members discuss a common need and develop an idea of how to fulfill it. Depending on the situation generating the idea, a new cooperative may be welcomed with enthusiasm or may be met with vigorous competitive opposition. If opposed, leaders, must be prepared to react to various strategies of competitors such as price changes to retain potential cooperative members' business; better contract terms or



canceled contracts; attempts to influence lenders against providing credit; and even publicity, misstatements, and rumors attacking the cooperative business concept. Regardless of the business climate for the proposed cooperative, leaders must demonstrate a combination of expertise, enthusiasm, practicality, dedication, and determination to see that the project is completed.

Cooperative Purposes

Marketing cooperative can assist farmers in attaining member of purposes, including:

1. Enhancing return through increased efficiency, improved market coordination, or greater bargaining power.
2. Reducing farmers cost of purchasing supplies or marketing products.
3. Providing farmers cost of products or services otherwise not available or improving product and service quality.
4. Stabilizing and expanding markets.
5. Enabling farmers to move into supply, assembly and processing markets. (Kohls and UHL, 1990).

Role of Government in Marketing

A far sighted government will orient its over all policy frame towards growth of the enterprises that are able to take on the necessary marketing responsibilities and will establish and maintain a favorable economic and political climate for this to happen. Major factors are: freedom to start up and operate a marketing enterprise, access to transport, banking and other commercial services, maintenance of reasonable law and



order, and confidence in their continuity. The development of a freely working marketing system can be assisted by governments through regulatory action and support services. Most government also sees some direct intervention to be in the public interest (Abbott, 1987).

The government of the Philippines (GOP) recognized from the inception of the cooperative marketing system that substantial education, training, and technical assistance would need to precede and accompany the development of cooperatives. Thus, well planned programs have been made. Many of them have been completed and others are being implemented.

Considerable education and training have been given to farmers at the SN level, and some to management level personnel. The government recently organized the Cooperative Foundation of the Philippines, Inc. (CFPI), and gives it broad powers in training, management development, and other related fields (Punzalan, 1981).

Marketing Practices

According to Delmo (1999) as cited by Pulami (2002), there is various production activities that crops go through before they hit the markets. After harvest, yields are brought to the traders for sorting and grading. Afterwards, they are cleaned then packed and transported to the bagsakan (drop site) for retailers and later for market selling.

Pulami (2002), also concluded from his thesis entitled Cooperative Strategy for Selected Farm Products and Consumers Goods in Tublay, Benguet found out that farmers intensively practice cleaning, grading and sorting their farm products before packaging and transporting. Also practices are cleaning, grading, trimming, wrapping and packaging



practices. Trimming is not extensively employed due to lack of technical orientation and worry of high damage and losses.

As practiced by most farmers they are the one who packed their own product depending on the products they are producing before they deliver or transport it. Afterwards, the supplier-financier repacked the product that was delivered to them before selling it to another trader.

Marketing Channels

A channel is course through which something moves or is transmitted, conveyed, expressed, that is it includes the flow of goods, ideas and services. Well transparent channel provides better efficiency is organizations performance. In this regard, marketing channel may be considered as a connecting link-bridge- between specialized producers (farmers) and consumers. It is both a physical distribution and an economic bridge designed to facilitate the movement and exchange of commodities from sources to destinations. As a system, many marketing jobs are carried within the channel to satisfy the consumers need (Shakya, 2001).

From the study of Delmo (1999) as cited by Pulami (2002) Agricultural production and marketing involves individuals other that farmers and consumers. For tropical vegetables at least five participants, mostly buyers are involved in the farm-to-market process. A tropical vegetable farmer may sell his crops to any one of four buyers or assemblers: barangay assembler, large distributor, medium distributor and small distributor. A barangay assembler negotiates with the buyer to acquire the produce and also purchases vegetables from at least two barangays and mainly concentrates on buying rather than selling vegetables. Then there is the large distributor or the main assembler



who procures vegetables in a large scale. His trade involves shipments within and outside several provinces, primarily in Cebu. He can also finance a farmer to meet his requirements. A medium distributor buys vegetables and sells them to small distributors and retailers in the area. Small distributors in return sell to retailers in the same market. Retailers or market vendors then sell the vegetables to the end-users or consumers. Similar people are also involved in marketing temperate vegetables. The only difference is the presence of broker/agent commonly known as buwaya, who acts as the mediator between sellers and buyers, and receives commission from either of the two for profit rather than procuring the commodity. These marketing channels are also applicable to almost all fruits, with the addition of processors who convert fruits into candies, preserves, and other sweets for sale.

From the study of Beta-a (1981) as cited by Sim (1997), in Benguet greater volume of potato was channeled and delivered to Baguio and Manila. Smaller quantities were picked-up by buyers from the farm; a situation showing that marketing tie-up with buyers is a loaning practice and is foiling abuses and unethical marketing practices. She further mentioned that term of sale showed a significant result in cash payment over that of advance, consignment and combination of cash and consignment. Prices were disseminated by agents, traders and radio. Wholesaler or bulk buyers were significantly the favorites of most gardeners; however some sold their crops to contract buyers who offered high price, collected products from the farm and gave cash or advance payment. She further mentioned that most common problems include, relatively low farm gate price, poor road condition, inadequate transport system, prohibitive costs of transportation, buyers dictates prices and lack of trained manpower.



From the study of Bahadur Bamma (1989) as cited by Paul (1993) on the credit needs and marketing practices of rice farmers in Laguna, he noted that 45% of farmers interviewed sold their rice to traders (middleman) because they do not have choice. Other reasons cited are convenience and kinship. It was also noted that rice farmers were price-takers since they played insignificant role in the process of price determination of their produce. In a similar study Faylon et al (1981) on the marketing systems of fruits and vegetables in the Philippines; it was found that farmers are generally price-takers because they feel handicapped by lack of reliable price information and they cannot influence supply and demand situation or committed to their informal financiers.



METHODOLOGY

Locale and Time of the Study

The study was conducted at Daclan, Tublay, Benguet, specifically Bangho, Tili, Pomey-as and Suyoc from December 2009 to January 2010.

Respondents of the Study

The respondents of the study were a hundred farmers from Daclan, Tublay, Benguet. Simple random sampling from the farmers of the different sitios such as: Bangho, Tili, Pomey-as and Suyoc was done.

Research Method

A prepared survey questionnaire was distributed to the respondents. Simple random sampling was done to identify the respondents. Personal interview was also done with some respondents.

Data Gathered

Data gathered included the following information, a) personal profile of the respondents; b) farmers practices in marketing their product; c) perception of farmers about farmers marketing cooperative; d) willingness of farmers to support farmers marketing cooperative and e) potential of establishing farmers marketing cooperative.

Data Analysis

Data gathered was analyzed according to its objectives using frequency counts and percentage.



RESULTS AND DISCUSSION

Demographic Profile of Respondents

Table 1 presents the demographic profile of respondents. It presents their age, sex, civil status, educational attainment, membership to other organization, type of the organization and type of membership, years of membership to the organization, positions as an officers, and number of years as a farmer.

Age. Thirty seven percent of the respondents belonged to ages 35 and below. Twenty three percent of them aged 36-44 years old while 22% aged 45-52 years old. Not many of them are young for 18% of them aged 53-70 years old.

Gender. Majority of the respondents are male with 65% and only 35% are female.

Civil status. Majority of the respondents (81%) are married and only 14% are single.

Educational attainment. More than half of the respondents (52%) have not reached or finished elementary while at least of them (13%) have reached or finished college.

This indicates that most of the farmers interviewed did not have formal education at the secondary and tertiary levels.

Number of years as a farmer. The result shows that not many of them (40%) had been farming for less than 10 years; only 1 % had been farming for almost 50 years. This shows that majority had been farming for many years.



Table 1. Demographic profile of the respondents

CHARACTERISTICS	FREQUENCY	PERCENTAGE
Age (in years)		
35 and below	37	37
36-44	23	23
45-52	22	22
53-61	12	12
62-70	6	6
TOTAL	100	100
Sex		
Male	65	65
Female	35	35
TOTAL	100	100
Civil Status		
Single	19	19
Married	81	81
TOTAL	100	100
Educational Attainment		
No formal Education	17	17
Elementary Graduate	35	35
High school Graduate	35	35
College Graduate	6	6
Vocational/ Technical	7	7
TOTAL	100	100



Table 1. Continued...

CHARACTERISTICS	FREQUENCY	PERCENTAGE
Number of years as a farmer		
Lesser than 10 years	40	40
11-20 years	24	24
21-30 years	25	25
31-40 years	10	10
41- 50 years	1	1
TOTAL	100	100

Membership in an Organization.

Table 2 presents the membership in an organization. The result shows that 67% of the respondents were not a member of any organization while only 33% of them were members. Of the 67, 91% were members of an association and only 9% were members of a cooperative. Regarding their position in the organization, 15% of them were officers and 85% were just members. Majority were members of the organization for 1 – 5 years and a few (7%) for 6 – 10 years. As to their position in the organization, 40% were business managers, 20% were bookkeeper, secretary, and peace and order officers.

This means that at least a number from the famers are knowledgeable in leading an organization which may help in case a farmers marketing cooperative will be organized in the area. Their experiences in leading may help if ever they wish to be an officer of the proposed cooperative.



Table 2. Membership in an organization

CHARACTERISTICS	FREQUENCY	PERCENTAGE
Whether a member or not		
Yes, a member	33	33
Not a member	67	67
TOTAL	100	100
Type of Organization		
Cooperative	3	9
Association	30	91
TOTAL	33	100
Type of membership		
Member	28	85
Officer	5	15
TOTAL	33	100
Years of Membership		
1-5 years	26	93
6-10 years	2	7
TOTAL	28	100
Position as an officer		
Business manager	2	40
Bookkeeper	1	20
Secretary	1	20
Peace and Order officer	1	20
TOTAL	5	100



Market Outlet of Farmers

Table 3 presents the market outlets of the farmers. Sixty five percent sell their products to suppliers and inputs, 3% sell directly to the consumers, and 31% sell their products to traders. No one is selling to the cooperative.

Satisfaction with Regards to their Market Outlet

Table 4 shows the findings with regards to the satisfaction of respondents to their market outlet. Sixty nine percent said that they were satisfied with their present market outlet while 31% were not. Forty two respondents said that they have no choice but to sell to their financier-supplier who provide inputs and sell the products of the farmer because they have no other source of capital. They even feel indebted to their financier-supplier because without their help they could not farm. Thirty nine percent said that they were satisfied with their present market outlet because they were receiving a better price thus they said they have more income. Also, 7% of them reasoned that it is more convenient to sell their produce to their financier-suppliers because they do not need to transport their produce to the market. Nine percent were satisfied with their market outlet because their buyers pay cash upon delivery of the product.

Almost all of the respondents who were not satisfied in selling their products to their financier-supplier said that they receive low income from their market outlets. This means that the farmers' in satisfaction to their current market outlet is due to less payments and high deductions from them.



Table 3. Market outlet of farmers

MARKET OUTLET	FREQUENCY	PERCENTAGE
Suppliers	65	65
Consumers	3	3
Cooperatives	0	0
Traders	31	31
TOTAL	100	100

Table 4. Satisfaction with regards to current market outlet

PARTICULAR	FREQUENCY	PERCENTAGE
Satisfied	69	69
Not Satisfied	31	31
TOTAL	100	100
Reasons for being satisfied		
More convenient	7	10
More income	27	39
No other source of capital	29	42
Cash upon delivery	6	9
TOTAL	69	100
Reasons for not satisfied		
Less payment and too high deduction	17	55
Low income	14	45
TOTAL	31	100



Marketing Practices of Farmers

Table 5 presents the marketing practices of farmers which include their pre-selling practices like cleaning, sorting/grading and packaging and their mode of selling.

Pre-selling practices. The finding shows that 30% of the farmers practice cleaning, 22% sort their product, and 48% pack their products before selling them. Almost seventy percent of the farmers used sacks as packaging materials while 16% and 1% use boxes and baskets respectively.

This finding shows that farmer differ in their pre-selling practices and use different packaging materials for their products. This confirms the findings of Pulami (2002), that farmers intensively practice cleaning, grading and sorting their farm products before packaging and transporting, and they do not practice trimming due to lack of technical orientation and worries of high damage and losses.

Mode of payment. Regarding the payment of the produce, majority of the farmers (66%) claimed that payments were in terms of credit while 34% accepted payments on cash basis. Those farmers who received payments on credit were the ones under the “supply system” contracts. The financier- suppliers sells the vegetables and deducts the total credit of the farmers from the sales then pay the farmers if the sales exceeds the amount of farm inputs. In cases when the sales from the product is not enough to pay the farmer’s credit from the financier this amount will be deducted on the next cropping sales.

Market Place

Table 6 presents the places where farmers’ products were disposed. The result shows that 74% of the farmers bring their produce to La Trinidad Trading post, 14% to



Baguio City market, 8% to Metro Manila, 3% to the community market of Tublay and 1% in Maryland, Trinidad.

This implies that Trinidad Trading Post is where most of the farmers' product was disposed. It is the trading center for highland vegetables in Benguet and is where most of their supplier is. This result is in contrast with the findings of Beta-a (1981) as cited by Sim (1997), that greater volume of potato from Benguet was channeled to Baguio and Manila.

Table 5. Marketing and selling practices of farmers in marketing their product

PARTICULARS	FREQUENCY	PERCENTAGE
Marketing Practices		
Cleaning	30	30
Sorting and grading	22	22
Packing	48	48
TOTAL	100	100
Mode of payment		
Cash trading	34	34
Credit	66	66
TOTAL	100	100
Packaging Materials		
Plastic bags	16	16
Sacks	68	68
Baskets	1	1
Box	15	15
TOTAL	100	100



Table 6. Place where farmers' produce are being disposed

PRODUCT DESTINATION	FREQUENCY	PERCENTAGE
La Trinidad Trading Post	74	74
Baguio City	14	14
Metro Manila	8	8
Tublay Community	3	3
Maryland, Trinidad	1	1
TOTAL	100	100

Transportation used and Transportation Cost

Table 7 presents the transportation used in delivering their product such as trucks, jeepneys and buses and the amount they spend for transportation.

Transportation used. The result shows that 52% used trucks, 42% used public utility jeepney and 6% used bus for transportation. This finding presents that those farmers under “supply system” used trucks owned by the supplier for transportation.

Transportation cost. Finding shows that at least 38% of the members were spending at least 100 pesos for transportation. However, 34% spent more than 100 pesos while only 28% spent lesser than 100 pesos.

This implies that the fare for transportation of the farmers produce depends on the volume of produce.



Table 7. Transportation used and amount spent for transportation

PARTICULAR	FREQUENCY	PERCENTAGE
Transportation used		
Trucks	52	52
PUJ	42	42
Bus	6	6
TOTAL	100	100
Transportation Cost (in pesos)		
Lesser than P100	28	28
P100	38	38
More than P100	34	34
TOTAL	100	100

Farmers Perception about Farmers Marketing Cooperative

The result in Table 8 shows the knowledge of farmers about farmers marketing cooperative. About 55% of the respondents have no knowledge about farmers marketing cooperative. However, of the 45% who have some form of knowledge, 60% said it is organized and owned by farmers, 22% know it is an organization that deals in marketing products at a lesser price and 18% know it as an organization that helps in terms of financial assistance.

This finding implies the lack of knowledge of farmers marketing cooperative given their simple definitions about it



Table 8. Perception of farmers about Farmers Marketing Cooperative

PARTICULAR	FREQUENCY	PERCENTAGE
Knowledgeable about farmers marketing cooperative	45	45
Not knowledgeable about farmers marketing cooperative	55	55
TOTAL	100	100
Knowledge about farmers marketing cooperative		
1. Organized and owned by farmers	27	60
2. Organization that deals in marketing products	8	18
3. An organization that helps in terms of financial assistance	8	18
4. Lesser price	2	4
TOTAL	45	100

Advantages of Marketing Cooperative

Table 9 shows the advantages of Marketing Cooperative according to the perception of the respondents. Majority (57%) said that farmers marketing cooperative has advantages while 43% said it has no advantage to them.

The advantages mentioned by the 57 respondents were as follows: marketing of their produce becomes easier (61.4%), serves as a meeting place for consultation (24.6%), more income received (11%), and provides financial assistance (4%).



The reasons of those farmers who don't believe that farmers cooperative has an advantage was discussed in table 9. Majority (51%) reasoned out that cooperative are not fully established, 35% said they were not informed about it, 7% said that they don't need to establish because they are just producing small amount. However 5% said that marketing cooperative has never been successful and 2% said that they are already satisfied with their marketing practice.

The result shows that the farmers have different opinions regarding the advantage of putting up marketing cooperative.

Table 9. Advantages of Marketing Cooperative

PARTICULARS	FREQUENCY	PERCENTAGE
Advantage of Farmers Marketing cooperative		
Yes, it has an advantage	57	57
No, it does not have advantage	43	43
TOTAL	100	100
Advantages		
It makes marketing easier	35	61.4
Serves as meeting place for consultation	14	24.6
More income received	6	10.5
As source of financial assistance	2	3.5
TOTAL	57	100



Table 9. Continued...

CHARACTERISTICS	FREQUENCY	PERCENTAGE
It has no advantage		
Cooperatives are not fully established	22	51
No need to established since small products are being produced	3	7
No marketing cooperative has bee successful	2	5
No information about it	15	35
Satisfied with my marketing practice	1	2
TOTAL	43	100

Willingness of Farmers to Support a Farmers Marketing Cooperative

Table 10 shows that majority (59) of the farmers are willing to sell their products to the cooperative if ever one would be established. Their reasons for selling to the cooperative were as follows: marketing would be easier (36%), net income would increase (58%), and transportation cost would decrease (7%).

In terms of joining the cooperative, 57 were willing to join while 43 were not willing. The purposes of those who are willing to join were as follows: to avail of the services and benefits provided by the cooperative as mentioned by the respondents (68%) and about 32% said that they want to join cooperative to avail financial assistance.



On the other hand, the 43 respondents who were not willing to join gave the following reasons: 61% said that they don't know about farmers marketing cooperative, 21% prefer to sell their produce to the traders, 2% said that cooperative won't last and 16% said that they don't have money to invest.

This finding shows that some of the farmers are not willing to support the farmers marketing cooperative because they are not familiar about this type of cooperative. If these people would be educated about farmers marketing cooperative then they might be willing to join.

Table 10. Willingness to support a farmers marketing Cooperative

CHARACTERISTICS	FREQUENCY	PERCENTAGE
Willingness to sell the product if organized		
Willing to sell	59	59
Not willing to sell	41	41
TOTAL	100	100
Reasons for being willing		
Marketing would be easier	21	35.6
Net income would increase	34	57.6
Transportation cost would decrease	4	6.8
TOTAL	59	100
Willingness to join the cooperative		
Like to join	57	57
Do not like to join	43	43
TOTAL	100	100



Table 10. Continued...

PARTICULAR	FREQUENCY	PERCENTAGE
Purposes in joining		
Avail services and benefits	39	68
Source of financial assistance	18	32
TOTAL	57	100
Reasons for not joining		
I don't know about farmers marketing cooperative	26	61
Cooperative are organization that won't last	1	2
I don't have money to invest	7	16
I prefer to sell my products to the traders	9	21
TOTAL	43	100

Amount of Share Capital
Farmers are Willing to Invest

Table 11 presents the amount of share capital farmers are willing to invest in the cooperative. Twenty seven of farmers are willing to invest the amount of P1000, 22% of farmers for P500, P2000 (7%) and only 2% are willing to invest P5000.

The willingness of farmers to contribute a share capital shows that they really want a farmers marketing cooperative to be organized.



Table 11. Amount of share capital farmers are willing to contribute

SHARE CAPITAL	FREQUENCY	PERCENTAGE
500	22	39
1000	27	47
2000	7	12
5000	1	2
TOTAL	57	100

Willingness to be an Officer

Table 12 presents the willingness of the farmers to be elected as officers, the position they want to take if ever they want to be elected and their reasons in pursuing to be an officer.

Only one fourth of the respondents are willing to be an officer in the cooperative while 75% do not want to become an officer. Twenty percent of them wanted to be elected as chairman of the board, 76% wanted to be committee members and 1% wanted to be the secretary. Their reasons for becoming an officer are the following: to help in the success of the cooperative (48%), 44% said that they want to share their knowledge in leading, 8% said that they would like to know more the concepts of marketing cooperative.

More of the respondents among those willing to join are not willing to become officers in a farmers marketing cooperative which shows that they just want to be members. From the study of Rapp and Ely (1996), regardless of the business climate for the proposed, cooperative leaders must demonstrate a combination of expertise,



enthusiasm, practicality, dedication, and determination to see that the project is completed. This shows that dedication to lead is needed in order to achieve the goal of an organization.

Table 12. Respondent's willingness to be elected as officers

PARTICULAR	FREQUENCY	PERCENTAGE
Willingness to be an officer		
Willing to be an officer	25	25
Not willing to be an officer	75	75
TOTAL	100	100
Positions		
Chairman	5	20
Committee	19	76
Secretary	1	4
TOTAL	25	100
Reasons to be an officer		
Help in the success of cooperative	12	48
Share knowledge in leading	11	44
Know more the concept of cooperative	2	8
TOTAL	25	100



Respondents' Reason in Supporting the Plan

More than half of the respondents who are willing to support the plan said that it's because they want to improve formation of marketing cooperative, while 10% said that they want to show that it would work in Tublay.

This implies that the respondents have different reasons why they are willing to join farmers marketing cooperative. And their willingness to join is an assurance that farmers marketing cooperative is really possible to be organized.

Table 13. Respondents' reasons in supporting a plan in organizing farmers marketing cooperative

PARTICULAR	FREQUENCY	PERCENTAGE
Willingness to support		
Willing to support	58	58
Not willing to support	42	42
TOTAL	100	100
Reasons if yes		
Advocate cooperative movement	18	31
Improve formation of marketing cooperative	34	59
Show the marketing cooperative can work in Tublay	6	10
TOTAL	58	100



SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary

This research was conducted to determine the potentials of organizing farmers marketing cooperative at Daclan, Tublay, Benguet.

The respondents were one hundred farmers of Daclan. The data was collected using a survey questionnaire and personal interview. The data was analyzed using frequency and percentage.

The study found out that majority of the respondent ages ranges from 35 and below, male, married, and elementary and high school graduate. Majority were not a member of any organization. Few are members and most were association. Majority of them have been farming for less than 10 years and most of these farmers were producing Baguio beans.

Most of them usually sell their products to the financier-supplier. Most of them are satisfied with it since they have no other source of capital in farming and through the financier-supplier they will not worry where to sell their products. Some say they are not satisfied because they get low payment of their product and, yet too high deduction for all their expenses. The supplier get's more payment, such as interest system and sometimes farmers are not paid in cash.

Majority use sacks for packing since most of their crops is beans.

Majority of their products were brought to La Trinidad Trading Post since it is the center for trading in Benguet. For those who were under supply system, they use trucks for transportation owned by the financier-supplier and spending a fare at least P100 per volume.



Majority were not knowledgeable about Farmers Marketing Cooperative because its operation is not familiar, they know more about associations and more on credit and consumers cooperative.

Most of them said that Farmers Marketing Cooperative can be advantageous to them since it can make marketing of their produce more easily. In addition, most of them are willing to sell their product to the cooperative if ever one will be organized.

Majority also were interested to join and support farmers marketing cooperative will be organized, because they want to avail the services offered by the cooperative and the benefits they will get from it such as dividend and patronage refund. Furthermore, the cooperative would help the farmers in the transportation and marketing of their produce.

Most of the respondents were willing to invest 1000 pesos as their share capital. Majority of them were not willing to be elected as an officer. Few were interested to be elected, and most wanted to be member of the committee. They were interested because they want to help in the progress of the cooperative.

Conclusions

Based on the findings of the study, the following conclusions were drawn:

1. Most of the farmers sell their produce to financier-supplier who provides for their farm inputs. The financier-supplier will be the one to market their produce and pay them after the vegetable have been sold.

2. Most of them were not knowledgeable about Farmers Marketing Cooperative, because they were not familiar with its operation. However, they assumed that it would be beneficial to them once it will be organized through making marketing easier in terms



of convenience in selling their produce and also in terms of transportation for they believed that it will lessen their transportation cost.

3. Most of the farmers were willing to sell their produce to the cooperative given a cooperative will be organized. And they were willing to contribute a share capital if ever their will be a plan o organize a farmers marketing cooperative. Some also were willing to be an officer, and mostly chooses a committee member as a position to take.

4. Furthermore, from the responses of those farmers then it can be concluded that organizing a Farmers Marketing Cooperative at Daclan, Tublay, Benguet would be possible. They want to try other marketing outlet aside from financier-supplier and to acquire more income, and also they want some changes on how they will improve their lifestyle.

Recommendations

Based on the conclusions, the following are recommended:

1. Since majority showed interest in organizing a farmers marketing cooperative, then deeper feasibility study should be conducted, to help in knowing if it is viable to put-up a farmers marketing cooperative. Then if the results of the feasibility study show that it is viable then it is time to organize one.

2. Before organizing a committed core group that will help in organizing should be determined, since commitment is needed for a cooperative to be successful. After that then information dissemination should be conducted such as seminars and meetings of famers for them to be more knowledgeable about farmers marketing cooperative. It would be better also if the advantages and disadvantages of cooperative will be discussed for them to know the do's and don'ts in forming cooperative.



3. A committed officer and members are recommended also for a cooperative to be successful since they will be the one who will look up for the cooperative and so that it will not be a fly-by night organization.

4. Furthermore, an organized linkage to secondary cooperative is recommended to have a stable and strong cooperative and to have access or information about cooperative like the laws, rules and regulations, and others. This is an application of the cooperative principle stated as “cooperation among cooperatives”.



LITERATURE CITED

- ABOTT, J. C. 1987. Agricultural Marketing Enterprises for the Developing World. Cambridge University Press. P. 3.
- ANONYMOUS. 2009. Cooperative development: What is cooperative Development. <http://www.chfinternational.org/cooperatives>. Retrieved on July 31, 2009
- ANONYMOUS. 2008. 25th Klongchan Credit Union ltd. The Pride of Klongchan Credit union cooperative ltd.Thailand. Pp.176-177.
- ARAULLO, D. B. 2006. Agricultural Cooperative in the Philippines. agnet.org/activities/sw/2006/520024423/paper_859000900.pdf. Retrieved on September 30, 2009.
- CRAMER, G. L., and JENSEN, C. W., 1991. Agricultural Economics and Agribusiness. John Wiley and Sons, Inc. New York Chrichester Brisbane Toronto Singapore. P. 28.
- GARCIA, J. K. 2008. Potentials of establishing laboratory cooperative in La Trinidad, Benguet. BS Thesis. Benguet State University, La Trinidad, Benguet. P.2.
- GUSTAFSON, M. and MOULTON, C., 2009. Family Farm Series Publication Marketing. http://www.sfcucdvis.edu/pubs/family_farm_series/marketing/coops.html. Retrieved on August 2, 2009.
- KOHL, R., and UHL, J. N., 1990. Marketing of Agricultural Products. MacMillan Publishing Company. New York. Pp. 225, 234-236
- PAUL, M. J., 1993. Effects of the Marketing System of Papaya (*Carica papaya*) on the Development of Papaya Industry in Western Kenya. MS Thesis. Benguet State University. P. 9
- PULAMI, R., 2002. Cooperative Marketing Strategy for selected farm products and Consumer Goods in Tublay, Benguet. MS Thesis. Benguet State University. Pp. 24, 27-28, 153
- PUNZALAN, D. C., 1981. Food Marketing in Asia- Systems, Cooperatives and Policies. Food and Fertilizer Technology Center, Taiwan, Republic of China. P. 70.
- R.A. 9520, 2009. Philippine Cooperative Code of 2008. P. 9.
- RAPP, G. and ELY, G., 1996. How to Start a Cooperative. <http://www.rurdev.usda.gov/rbs/pub/cir7/cir7rpt.htm>. Retrieved on October 28, 2009



- SHAKYA, S. R., 2001. Marketing Efficiency of Distribution Channels of Selected Vegetables in Benguet. MS Thesis. Benguet State University. P. 11
- SIBAL, J. V. 2008. A Century of the Philippine Co-op Movement. Retrieved on August 16, 2009. <http://www.uwcc.wisc.edu/info/abroad/sibal.html>. jorge v. sibal.
- SIM, J. M., 1997. Analysis on the Marketing Flows of Potato. MS Thesis. Benguet State University. Pp. 9-10



APPENDIX A

Letter to the Respondents

Republic of the Philippines
Benguet State University
COLLEGE OF AGRICULTURE
Department of Agricultural Economics and Agribusiness Management
La Trinidad, Benguet

December 4, 2009

Sir/ Madam,

I am a senior student taking up BS Agribusiness major in Cooperative Management at Benguet State University. I'm having a research study entitled "A Diagnostic Study of the Potential of Organizing Farmers marketing Cooperative at Daclan, Tublay, Benguet".

In this connection, I would like to ask from your opinion regarding the following queries. Choices are made for you to answer easily and quickly.

Thank you very much for spending your time. And rest assured that all will be taken into consideration.

Respectfully Yours,

RUTH ANN C. KINGAY
BSAB Student

Noted:

PROF. EVANGELINE B. CUNGIHAN
Thesis Adviser



APPENDIX B

Survey Questionnaire

A.PERSONAL INFORMATION:

I.NAME: _____ DATE: _____
AGE: _____ SEX: ___M___F CIVIL STATUS: ___S___M
HOME ADDRESS: _____
OCCUPATION: _____

II.EDUCATIONAL BACKGROUND:

___ No formal education ___ College graduate
___ Elementary graduate ___ Vocational/ technical
___ High school graduate

III.1. Are you a member of any organization?

___ Yes ___ No

If yes, what type of organization?

___ Cooperative
___ Association

2. What position are you holding?

___ Member, how many years have you been a member? _____
___ Officer, what position? _____

3. How many years are you engaged in farming? _____

4. What products/ crops are you producing? _____

B. AS TO FARMERS PRACTICES IN MARKETING THEIR PRODUCT

1. Where is your market outlet?

___ to suppliers
___ to consumers
___ to cooperatives
___ others, please specify _____

2. Are you satisfied with your present market outlet?

___ Yes ___ No

If no, why? _____

3. What marketing practices are you performing?

___ Cleaning
___ Sorting and grading
___ Wrapping
___ Packing



2. How do you sell your product?
 Cash trading
 Credit
4. What is your reason for choosing them as buyer of your product?
 They buy it in higher price
 Regular Buyer (suki)
 Immediate payment received
 More convenient
 Others, please specify _____
5. Where are you selling your products?
 Tublay
 La Trinidad Trading Post
 Baguio City
 Others, please specify _____
6. How do you transport your product?
 Trucks
 Public utility jeepney
 Bus
7. How much do you spend for transportation (per sack of product in peso)?
 lesser than 100ph. More than 100ph
 at least 100ph. others, please specify _____
8. What packaging materials are you using in packing your product?
 Plastic bags
 Sacks
 Baskets
 Others, please specify _____
9. How many are you producing in terms of kilograms?
 100 kgs.
 150 kgs.
 300 kgs.
 others, please specify _____

C. AS TO PERCEPTION OF FARMERS ABOUT FARMERS MARKETING COOPERATIVE

1. Do you know about Farmers Marketing Cooperative? Yes ___ No ___
2. If yes, what do you think is it?
 organized by farmers and owned by them
 An organization that deals mainly in marketing the products of its members
 An organization that helps the farmers in terms of financial assistance



3. If no, why?

- Cooperatives are just a newly organized firm
- Operations of cooperative is not familiar
- Others, specify _____

4. Do you think a Farmers Marketing Cooperative would be of advantage to you?

Yes No

5. If yes, what would be the advantage?

- It will make marketing easier
- It will serve as meeting place for consultation to improve production and marketing
- As a collection center for wholesaling farm products
- Others, please specify _____

6. If no, why?

- Cooperatives are not yet fully established
- No need to established because small products are being produced
- No Marketing Cooperative has ever been successful
- Others, please specify _____

7. If organized are you willing to sell your product to the cooperative?

Yes No

8. How will it benefit you?

- Marketing would be easier
- It will increase net income
- Lower cost of transportation
- Others, please specify _____

D. AS TO WILLINGNESS OF FARMERS TO SUPPORT A FARMERS MARKETING COOPERATIVE

1. In case of Farmers Marketing Cooperative will be organized at your place are you willing to join? Yes No

a) What is your purpose in joining Farmers Marketing Cooperative?

- Avail services and benefits such as marketing products and refunds like patronage and dividends to be received every fiscal year.
- To develop skill in leadership and social skills
- As a source of financial assistance
- Others, specify _____



b) If no, why?

- I don't know about Farmers Marketing Cooperative
- Cooperative are just an organization that won't last
- I just don't like to join
- I don't have money to invest
- I prefer to sell my product to the traders

2. In case Framers Marketing Cooperative will be established how much share capital do you like to invest?

- 500
- 1000
- 2000
- Others, specify _____

3. If organized would you like to be an officer? Yes No

4. What position would you like to take place?

- Chairman
- Committee
- Treasurer
- Secretary
- Others, please specify _____

5. What reason you like to be an officer?

- To help in the success of the cooperative
- To share my knowledge in leading
- To know more the concept about cooperative
- others, please specify _____

E. AS TO POTENTIAL OF FARMERS ABOUT ESTABLISHING FARMERS MARKETING COOPERATIVE

1. Do you think establishing a Farmers Marketing Cooperative in your area would be possible? Yes No

2. If yes, how will it help you?

- easy access of trading center
- reduce marketing cost through transportation and other marketing strategies
- As meeting place for consultation for improvement of production and marketing system



3. If no, what is your reason?
 No trust in the cooperative
 Cooperatives are not financially strong
 It will not succeed anyway
4. If there's a plan of establishing Marketing Cooperative would you support the plan? Yes No
5. Why, what is your reason?
 To advocate cooperative movement
 To improve formation of marketing cooperative
 To show that marketing cooperative can work here in Tublay



A DIAGNOSTIC STUDY ON THE POTENTIAL OF ORGANIZING
FARMERS MARKETING COOPERATIVE
AT DACLAN, TUBLAY, BENGUET

RUTH ANN C. KINGAY

A THESIS SUBMITTED TO THE COLLEGE OF AGRICULTURE
BENGUET STATE UNIVERSITY IN PARTIAL
FULFILLMENT OF THE REQUIREMENTS
FOR THE DEGREE

BACHELOR OF SCIENCE IN AGRIBUSINESS
(COOPERATIVE MANAGEMENT)

APRIL 2010

