

ASSESSMENT OF AGRI-BUSINESS VENTURES IN DAVAO OCCIDENTAL

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ABSTRACT

This descriptive study was conducted to assess the agri-business ventures in Davao Occidental. Four municipalities were included, namely Malita, Sta. Maria, Don Marcelino, and Jose Abad Santos. The statistical tools used were frequency, percentage, and mean. Respondents were chosen through random sampling. Results showed that most of the respondents who engaged in agri-business aged 36–40 years old were mostly female, married, college graduates, Roman Catholic, and Cebuano. Moreover, the majority of the respondents preferred sole proprietorship as a legal form of agri-business organization, merchandising of agricultural products. The size of the agri-business in terms of capitalization falls under the micro category with an investment of P3,000,000.00 and below and employs at least one worker. The practice of agri-business in Davao Occidental in terms of production was sourcing raw materials from the locality due to the availability and abundance of agricultural products. Only a few respondents used technology in their businesses, and workers were hired from the locality to provide employment and income for the families. Most of the respondents preferred owner's equity as initial investment and operating expenses, and marketing of the products was done through retailers. The term of payment was on a cash-to-cash basis, and the mode of promotion was publicity. The problem faced by the entrepreneurs was the transport of products from the farm to the assembly area or consumers—the high cost of transportation and damage during hauling led to a reduction in profits for the entrepreneurs.

Keywords: Assessment, agri-business ventures, Davao Occidental

INTRODUCTION

Agribusiness is a crucial sector in Asia's economies, contributing substantially to the Gross National Product (GNP) and providing vital employment opportunities for many people. Furthermore, since most agribusiness activities are carried out in rural areas, they provide an important source of income and livelihood for a large part of the population, and development can be an effective instrument in alleviating poverty in any country (Kohls & Uhl, 2000). As agriculture remains the backbone of the country's economy, the Philippines is stepping up its efforts to raise the capability of the agriculture, agribusiness, forestry, and natural resource sectors to meet the country's food security needs while ensuring the sustainability of its agricultural processes and the resource base. Toward this end, the Philippine government has implemented an enabling development agenda, legislation, and policies on agricultural production and trade that meet food safety and biosafety standards (NEDA, 2010).

Recently, the Japan International Cooperation Agency (JICA) extended a ¥4.9 billion loan for the development of Mindanao's agricultural sector under the project called "Harnessing Agri-business Opportunities through Robust and Vibrant Entrepreneurship Supportive of Peaceful Transformation" (HARVEST). This project will act as a lending facility for agribusiness and related investments. The project aims to support ordinary Mindanao farmers and concerned institutions in developing and growing the agricultural sector, which can generate more investments and job opportunities, especially in conflict-affected areas (PSA, 2015).

According to a London-based industry intelligence provider, projections for the agribusiness sector in the Philippines are positive in the long term, given the country's potential for expansion into new sectors, such as oil palm. The outlook for sugar mills, as well as the livestock sector, is also expected to show healthy growth rates, the report said (Report Buyer, 2014).

Projections for the Asia Pacific are positive, with the report citing the significant employment growth in the Philippines and Indonesia. The number of jobless Filipinos in 2016 decreased to 2.4 million, representing 5.5 percent of the labor force, compared to 2.6 million, or 6.3 percent, recorded in 2015 (PSA, 2016). The emergence of agribusiness ventures generates employment and ensures food security for the people.

On the other hand, Davao Occidental, the newest and the 81st province in the

The Philippines, with its capital, the municipality of Malita, is dubbed as "a province of endless possibilities." Davao Occidental is an agricultural province endowed with rich natural resources and one of the top contributors to the export of agricultural products in Region XI. Its major products include rice, corn, coconut, cacao, banana, mango, and a variety of fruits and root crops that substantially contribute to the income of the agriculture sector. About

68% of the province's area is devoted to agricultural production (DTI, 2016).

For the agri-business or enterprise industry, groups often endeavor to operate through cooperative or People's Organizations (POs), usually in local markets. The DTI, DOLE, DOST, and LGUs assist them in processing, financing, and marketing, as well as improving the quality of their products. However, it is consistently observed that they still struggle to qualify or meet global market demands. Thus, they need to enhance their skills and capabilities, as well as provide adequate capital to compete in the global market (DTI, 2016).

It is quite evident that there are few existing agri-business ventures within the province, considering the vast agricultural lands and the abundance of farm inputs that are conducive to agri-business engagement. Hence, this study will serve as a basis for entrepreneurs to determine the type of agri-business undertakings they will engage in the future.

OBJECTIVES OF THE STUDY

This study focused on the "Assessment of Agri-Business Ventures in Davao Occidental" aimed to propose various means to improve the Agri-Business at the municipality level. Specifically, it aimed to:

1. Describe the demographic profile of respondents in terms of age, sex, civil status, ethnicity, educational attainment, religious affiliation, and household size.
2. Determine the business profile of Agri-business ventures in Davao Occidental, including their legal forms, nature of agri-business, capitalization, and number of employees.
3. Describe the agri-business practices in Davao Occidental in terms of production, marketing, and financing.
4. Identify the opportunities and challenges confronting Agri-business in Davao Occidental in terms of trading facilities, taxation, government interference, and market channels.

Significance of the Study

This study was conducted to assess the agri-business ventures in Davao Occidental. The results of this study will benefit the LGUs, DTI, DOST, SPAMAST, and other stakeholders in crafting plans and developing more agribusiness opportunities in the province to achieve an economically sound and viable business environment.

Scope and Limitation of the Study

The study was conducted to assess agri-business ventures in Davao Occidental, particularly in the four municipalities of Sta. Maria, Malita, Don Marcelino, and Jose Abad Santos. Maria, Malita, Don Marcelino, and Jose Abad Santos. A descriptive survey was used to gather data from

the respondents, and frequency, percentage, and mean were employed as statistical measures. The parameters of this study were agriculture, processing, merchandising, and service. For agriculture, respondents considered were those who engaged in the production of raw materials and other products, such as fruits and vegetables. For the processing of raw materials, abaca fiber, coconut oil, lumber, and furniture making were considered. For the merchandising businesses, the buying and selling of agricultural products, including copra, corn, palay, abaca fiber, and others, as well as agri-vet supplies and meat products, were included. Moreover, for the service sector, private lending individuals who granted short-term loans were involved. Lastly, this study was conducted in February 2019.

METHOD

Research Locale

The study focused on assessing agri-business ventures in Davao Occidental. The respondents were agri-business entrepreneurs from the four municipalities of Davao Occidental, a newly created province with a wide range of agri-business opportunities, given its vast agricultural lands, lending institutions, and technologies. The province of Davao Occidental is an agricultural area in which most agri-business activities are carried out in rural areas. Each municipality is inclined to establish agri-business undertakings considering the supply chain of raw materials from the locality.

Research Design

A descriptive research design was employed in the study. A survey was administered to respondents to gather substantial information for the investigation. The researcher devised a questionnaire, which was distributed to respondents in each municipality. The questionnaire covered various aspects of agri-business endeavors, aiming to assess the level of engagement of agribusiness ventures in Davao Occidental. The areas covered were the demographic and socio-economic profile of respondents, agri-business profile, common practices, and opportunities and challenges faced by entrepreneurs.

Respondents of the Study

The respondents of the study were agri-business entrepreneurs from the four municipalities of Davao Occidental, namely Malita Sta. Maria, Don Marcelino and Jose Abad Santos. Maria, Don Marcelino, and Jose Abad Santos. The researcher requested a master list from the Department of Trade and Industry (DTI) of Davao Occidental for reference and as a source of information. Those who engaged in agri-business undertakings like agriculture, processing, merchandising, and service were considered in choosing the respondents.

Sampling Design and Technique

The study employed random sampling to select respondents, to whom a self-structured survey questionnaire was administered in order to collect accurate information. Respondents were asked to respond to all items in the questionnaire by ticking the box most applicable to them, and this was followed up by an interview to validate the veracity of the answers.

Table 1. Distribution of sample size of the study

Municipality	Population	Sample Size
Malta	60	43
Sta. Maria	28	20
Don Marcelino	37	26
J. Abad Santos	30	22
TOTAL		111

Source: DTI, Davao Occidental, 2018.

Research Instrument

A survey questionnaire was developed by the researcher and used to gather data. It is composed of the following parts: demographic and profile, agri-business profile, practices, and the opportunities and challenges encountered by the respondents in doing agri-business.

Data Gathered

The data gathered from the respondents were the demographic and socioeconomic profile of respondents, business profile as to the age of business, nature of business, forms of business, size of business, capitalization, number of employees, and opportunities and challenges encountered by the respondents in doing business were also included in this study.

Data Gathering Procedure

The gathering of data was done as follows: permission was sought from the respondents of the study by informing the purpose or goal. The questionnaires were administered to the respondents in their respective business establishments. The data from the questionnaire were tabulated and analyzed. The data collected were treated and interpreted using the processes outlined in the statistical treatment.

RESULTS AND DISCUSSION

Demographic Profile of Respondents

The demographic profile of respondents who engaged in agri-business ventures in Davao Occidental is shown in Table 2. In terms of age, most

respondents (36.9%) belonged to the 36-40 year old age bracket. This means that the respondents inclined to agri-business activities were in their prime years.

As to gender, the majority were female (53.0%) and married (66.7%). This indicates that female and married respondents were more interested in agribusiness compared to male respondents, as most of the respondents were homemakers. Moreover, female respondents were commonly innovative and business-minded, and they wanted to help augment their family income.

As for educational attainment, the majority of respondents were college graduates (44%), followed by those with a high school level education and high school graduates, with an equal proportion of 28%. Results also revealed that respondents who obtained college degrees were graduates of Commerce and Accounting prestigious universities in Davao.

City.

As for religion, the majority of respondents were Roman Catholics (82%), followed by Protestants (13%) and Muslims (5%). Catholics obtained a higher percentage of engaging in agri-business ventures due to the fact that church policies do not hinder their operations, such as not closing businesses on Sundays and being able to sell products like pork.

As for ethnicity, most of them were Cebuano (71.9%), followed by the Tagakaolo and Manobo tribes, which had the same percentage of 10.8%. This means that Cebuanos outnumbered other tribes, allowing them to establish a good rapport with customers without adhering to tribal norms and mores. The Cebuano population in every municipality was significantly larger than that of other tribes, which sought to establish agribusinesses as a source of livelihood or occupation. The sustainability of agribusiness activities relied on the willingness and inclinations of the entrepreneurs.

Table 2. Demographic Profile of the respondents engaged in Agri-Business Ventures in Davao Occidental February 2019

Indicators	Frequency	Relative Frequency (%)
Age		
20-25	9	8.1
26-30	12	10.8
31-35	21	18.9
36-40	41	36.9
41-50	18	16.2
51and above	10	9.0
Gender		
Male	51	46.0

Female	59	53.0
LGBT	1	0.9
Civil Status		
Single	35	31.5
Married	74	66.7
Widower	2	1.8
Educational Attainment		
Elementary Grad	6	5.4
High School Level	5	4.5
High School Grad	28	25.2
College Level	28	25.2
College Graduate	44	39.6
Religion		
Roman Catholic	82	73.9
Protestants	15	11.7
Islam	5	4.5
Ethnicity		
Cebuano	82	73.9
Tagakaulo	12	10.8
Manobo	12	10.8
B'laan	2	1.8
Muslim	3	2.7

Agri-Business Profile of Respondents in Davao Occidental

Most agri-businesses were engaged in sole proprietorship (92.8%), followed by corporations (3.6%), partnerships (2.7%), and cooperatives (0.9%).

Results showed that sole proprietorship obtained a higher percentage in legal forms of agri-business due to certain advantages. In a sole proprietorship, the owner is also the manager, with no division of labor and profits, and has unlimited liability. The proprietor can manage their time and make decisions independently for their business. Most sole proprietors ventured into merchandising as well as agriculture but fewer into processing and service concerns.

For the nature of agri-business, results showed that the majority of the respondents were engaged in merchandising (55.8%), followed by agriculture (39.6%), processing (2.7%), and service (1.8%). Merchandising businesses, such as buying and selling agri-products and agri-vet supplies and selling meat products, obtained the highest percentage because these can easily be established and require small capital, have small area or space requirements,

and products are in demand in the market. Additionally, the documentary requirements for applying for business permits and licenses, as well as other statutory obligations, were easier and cheaper. For Davao Occidental, there is an office of the Department of Trade and Industry (DTI) located in Malita, where businesspersons can register their agri-business.

In terms of capitalization, the majority of the respondents had a capital outlay of P3,000,000.00 and below (92.8%) under the micro category, followed by P3,000,000.00 to P15,000,000.00 (6.3%) under the small category, and there was only 0.9% of the respondents who belonged under the medium category with a capitalization of P 15,000,000.00 to P 100,000,000.00. This means that the sizes of agri-businesses were small, considering the investment and the nature of agribusiness. For example, in merchandising businesses, such as buying and selling agricultural products and grivet stores, lower capital was required to start agri-business operations. In terms of location, the majority of businesses were situated in rural areas with less dense populations.

Regarding the number of employees, most establishments employed 1-2 workers (57%), 3-4 workers (27%), 5-6 workers (15%), and the remaining were few. The results revealed that the number of employees ranged from 1 to 2, as some agri-businesses were particularly small, such as rivet stores, merchandising, and furniture making.

Table 3. Agri-Business Profile of the Respondents in Davao Occidental February 2019

Indicators	Frequency	Relative Frequency (%)
Forms of Agri-Business		
Sole Proprietorship	103	92.8
Partnership	3	2.7
Cooperative	1	0.9
Corporation	4	3.6
Nature of Agri-Business		
Agriculture	44	39.6
Processing	3	2.7
Merchandising	62	55.8
Service	2	1.8
Capitalization		
Micro (3M-below)	103	92.8
Small (3M-15M)	7	6.3
Medium (15M-100M)	1	0.9
Large (100M-above)	0	0
Number of Employees		

1-2	57	51.3
3-4	27	24.3
5-6	15	13.5
7-8	6	5.4
9-10	4	3.6
11 and above	2	1.8

Practices of Agri-Business Ventures in Davao Occidental

In Table 4, under production, the sources of raw materials came from the locality (67.5%) and neighboring cities (32.4%). There was an abundant supply of raw materials in the province because of the very nature of the area. Raw materials from the farm, forest, aqua, and marine resources were available. If shortages of raw materials happened, they bought from neighboring cities. Sources of workforce were rarely a problem because there were more unemployed individuals in the locality (90%). Thus, many people can be hired. However, in the case of migration, the agri-business establishments can hire from the neighboring cities (9.9%). There was no need to hire workers from workforce agencies and other countries because of the surplus workforce in the locality. Few of the respondents used technology (31.5%), which was appropriate to agri-business operations like agriculture and processing of raw materials. However, most of the respondents hardly used technology (68.5%) in the agri-business, like merchandising, buying and selling agricultural products, and Agri-vet supplies, because these activities never require machinery or equipment to be used in the operations.

As to sources of financing, the majority of respondents preferred owner's equity for the initial investment and also for operational expenses of agri-business (90%), and there were only a few (9.9%) who availed themselves of loans from banks for a short term. Since sole proprietorship was the most preferred form of agri-business in Davao Occidental, it required only small capital to start the operations. Nevertheless, personal money could be used as initial investments. Other entrepreneurs opted to avail themselves of livelihood loans from banks with small interest rates and payable within one year, such as those offered by Landbank and Producers Bank in Malita, which provided livelihood loans for those who ventured into agricultural production.

As for marketing, the majority of respondents were retailers (61.3%), followed by wholesalers (38.7%), with no middlemen involved. Retailers obtained the highest percentage because, in the merchandising business, establishments bought products such as corn, copra, and play and sold them to contract buyers for further processing. In agri-vet supplies, establishments bought commercial products and resold them to consumers. In terms of payment schemes, the majority preferred cash (86%) upon delivery, while a few (19%) preferred credits and 5.4% preferred a consignment basis. Most agri-businesses preferred cash upon delivery of the products, considering the

size of the business in terms of capital. Credits were granted for a specific period of not more than one month.

Respondents used publicity (100%) methods, such as putting up tarpaulins and distributing leaflets to customers, for information dissemination purposes, particularly to highlight the existence of the agri-business in the area. TV advertisements were not utilized due to the high cost and the agricultural nature of the products.

Table 4. Practices of Agri-Business Ventures in Davao Occidental February 2019

Indicators Production	Frequency	Relative Frequency (%)
Sources of Raw Materials		
Locality	75	67.5
Neighboring Cities	36	32.4
Other Countries	0	0
Sources of Laborers		
Locality	100	90.0
Neighboring Cities	11	9.9
Other Countries	0	0
Technology Adopted		
With Technology	35	31.5
No Technology	76	0
Marketing		
Channel of Distribution		
Wholesaler	43	38.7
Retailer	68	61.3
Middleman	0	0
Terms of Payment		
	86	77.5
	19	17.1
	6	5.4
Mode of		
	0	0
	111	100.0
Financing		

	100	90.0
	9.9	9.9
	0	0
	0	0
	11	9.9
	0	0
	0	0

Opportunities and Challenges Facing the Agri-Business Ventures in Davao Occidental

Most of the respondents encountered problems in the marketing of products (40.5%) due to distance, transportation costs, and other expenses. Additionally, the high percentage of damages when transferring products from the farm to the assembly area or consumers reduced the profits of entrepreneurs. Respondents also encountered problems with taxation (33.3%) regarding the marketing of products. The government imposed a new tax system under the TRAIN law, which reduced the agri-business sector and reduced market-driven potential to engage with other business lines. The market (40.5%) was also observed as a hindrance, especially in delivering goods and services to people. There were only a few available market outlets in the locality for displaying produce, as some were situated in remote areas with few populations. Government interference (9.9%) was also observed as a problem, particularly with the high fees for business registration and documentary requirements mandated by law and municipal ordinances.

Table 5. Problems/Constraints facing the Agri-Business Ventures in Davao Occidental February 2019

Indicators	Frequency	Relative Frequency (%)
Market	45	40.5
Taxation	37	33.3
Market channels	18	16.2
Government interference	11	9.9

SUMMARY

This study was conducted to assess the agri-business ventures in Davao Occidental. The respondents considered in this study were agri-business entrepreneurs who ventured into agriculture, processing, merchandising, and

service of agri-products. The statistical tools used in this study were Slovin, frequency, percentage, and mean. The data were collected through the use of a self-structured questionnaire, which was analyzed using frequency counts and percentages. The results showed that the majority of the respondents (36.9%) belonged to the age bracket of 36-40 years old; most were female (53.0%), married (66.7%), and had a college degree (44%).

In terms of types of agri-business ventures, most respondents preferred sole proprietorship (92.8%), engaged in merchandising (55.8%), with a capitalization of P3,000,000.00 and below (92.8%), employed at least one worker (51.3%), and encountered problems in marketing agricultural products or services due to distance, bulkiness, and high transportation costs.

CONCLUSIONS

Based on the data presented, the following conclusions are drawn: most of the respondents who engaged in agri-business ventures are in the age range of 36-40 years old, female, married, and have a college degree. As to the type of agribusiness ventures, most respondents were engaged in a sole proprietorship, merchandising as the nature of business, with a capitalization of P3,000,000.00, categorized as micro-businesses, and employed one to two workers. Marketing of the products is identified as the main problem due to the distance, bulkiness, high transportation costs, and damages during the transfer of products from the farm to market assembly.

RECOMMENDATIONS

The researcher suggests the following recommendations.

1. The Economic Enterprises Office of each municipality shall intensify its efforts to attract more investors to establish agri-businesses, thereby creating more jobs and providing income for families.
2. The Department of Trade and Industry (DTI) in the province shall conduct "Business Opportunities and Financial Management Seminars to empower and educate the present entrepreneurs on how to deal with investments and what assistance the agency may offer.
3. It is advisable for stakeholders in the respective municipalities to provide technical support to newly established enterprises to ensure the sustainability of their operations.
4. Government banks, such as Land Bank, Development Bank of the Philippines, Philippine National Bank, and other banks available in the locality, may offer financial assistance to newly established and existing agri-businesses for start-up capital and expansion.

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