

UNIVERSITI TEKNOLOGI MARA

**SELECTION OF BUYERS AMONG
PEPPER SMALLHOLDER FARMERS
IN TEBEDU, SERIAN, SARAWAK**

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ABSTRACT

Sarawak is the highest producer of pepper in Malaysia which accounted for 98% of Malaysia pepper production. While the remaining 2% of the production is produced in Johor and Sabah. In Sarawak, pepper is cultivated by smallholder farmers. This industry has provided stable income for about 67,000 of families in rural areas of Sarawak. Pepper industry also has contributes high positive return to the Malaysia economy. Though the study area has great potential of pepper production, the farmers in Tebedu faced the marketing problem in selection of pepper buyers. Marketing plays an important role in the pepper production where the main substance is the selection of buyers. Different selection of buyers offers different price to the pepper farmers. In order to increase the profits, pepper farmers should know which buyers offer the best price. Farmers' decision on the selection of buyers will directly affect every other marketing decision. Hence, the purpose of this paper is to provide the information about the current buyers of pepper available in Tebedu, Serian, Sarawak which can help the pepper smallholder farmers to market their product wisely. This study also aims to investigate the relationship between farmers' socio-demographic profiles, farm profile, and their preference in selection of buyers. In particular, this study was conducted in order to examine the factors that highly influenced the growers' preference towards the selection of pepper buyers. The study was conducted in the east region of Malaysia, the state of Sarawak among 83 smallholder farmers in Tebedu, Serian. Two stage sampling procedure was used to select 83 smallholder farmers so that everyone in the target population has an equal chance of inclusion (Kothari, 2013). In the first stage nine (9) locations (Kpg. Pichin, Kpg. Kakeng, Kpg. Daha Kisau, Kpg. Daha Seroban, Kpg. Entubuh, Kpg. Krusen Siu, Kpg. Sebintin, Kpg. Gega Bunan and Kpg. Sejijag Mawang) were selected by purposive sampling technique. In the second stage, a total of 83 pepper farmers were selected randomly from the selected villages by using random sampling technique. Face-to-face interview was conducted using the structured questionnaire in order to collect primary data from selected smallholder farmers. The data was analysed using both descriptive analysis, chi-square analysis and factor analysis. SPSS statistics version 21 for windows was used for the data processing and analysis. The result of this study showed that smallholder farmers in Tebedu sold their produce to four main buyers, which are Malaysian Pepper Board, farm level collectors, private sector and area farmers' organisation. Using chi-square analysis, the results indicate that race, level of education and year of operation have a significant relationship with preferences toward selection of buyers. Meanwhile, service, price, quality and quantity as well as time are the factors that influenced the farmers' preference towards the selection of buyers.

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CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Malaysia is the largest producer of pepper (*Piper nigrum L.*) and ranks fifth in the world after Brazil, India and Indonesia (IPC, 2015). In terms of exports, Malaysia also ranks fourth in the world. Pepper is one of the oldest agriculture commodities of trade. It is also well-known as the “king of spices” and it is one of the most important spices for global trades. *Piperaceae* is the family of pepper and originated from Malabar Coast in south-west India. Products of black, white and green peppercorns are harvested from the same plants, but differ in flavour, where it is determined by location and method of growing the pepper, harvesting stage, how it is cleaned, how it is processed as well as how it is being stored. Both of black and white peppers are natives of India and West Indies. This crop was one of the initial trading commodities between the Orient and European countries (Rahim et al., n.d). ‘Black Gold’ or black pepper is one of the important commodities in the world where this crop become the main source of revenue and employment for rural households in Malaysia, particularly in the state of Sarawak (Library of Sarawak Pichin Country Village, 2010). Usually, pepper is used in food, household products, medical products and cosmetic industry. Generally, government agencies will be responsible for ensuring improvement of quality, pepper processing and grading, promoting the pepper industry as well as the product, trading, market information, regulation of market through licensing of pepper dealers, exporters and product development of pepper, which is Malaysian Pepper Board (MPB) under Ministry of Plantation Industries and Commodities (MPIC). MPB also acts as an extension agent.

Pepper is the most important crop that greatly contributes to the Sarawak economies in which, around 67,000 of the rural families in Sarawak were involved in pepper farming (Rosli A. et al., 2013). In Sarawak, pepper is cultivated by smallholder farmers about 0.2 ha of 400 vines in average. Based from this output, as much as 90 percent of Malaysia pepper productions are actually exported to the international market.