ALLOCATIVE EFFICIENCY ON HARUMANIS MANGO PRODUCTION UNDER CONTRACT FARMING IN PERLIS

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FINAL YEAR PROJECT REPORT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE DEGREE OF BACHELOR OF SCIENCE IN AGROTECHNOLOGY (HONS.) HORTICULTURE TECHNOLOGY IN THE FACULTY OF PLANTATION AND AGROTECHNOLOGY
UNIVERSITI TEKNOLOGI MARA

AUGUST 2020

DECLARATION

This Final Year Project is a partial fulfilment of the requirements for a Degree of Bachelor of Science in Agrotechnology (Hons.) Horticulture Technology in the Faculty of Plantation and Agrotechnology, Universiti Teknologi MARA.

It is entirely my own work and has not been submitted to any other University or higher education institution, or for any other academic award in this University. Where use has been made of the work of other people it has been fully acknowledged and fully referenced.

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ABSTRACT

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This research was carried out to examine the level of allocative efficiency on Harumanis mango production under contract farming in Perlis. Furthermore, the socio-economic factors affecting the allocative efficiency on Harumanis mango also has been identified in this research. Allocative efficiency on Harumanis mango were analysed by using Data Envelopment Analysis (DEA) while the socio-economic factors that affect the allocative efficiency were obtained using Tobit Regression Analysis. Convenience sampling is the sampling method used to conduct this study. The respondents for this study focused only on farmers who were under contract farming in Perlis. The study findings run by DEA indicated that most of the Harumanis mango production produced by the contract farmers under FAMA in Perlis was inefficient which is 0.75%. The mean allocative efficiency result implies that production costs could be lessened by 25% if farmers had applied the right combination of inputs and output in relation to cost of inputs and price of output. Despite of that, the findings implies that 10% of contract farmers are fully allocatively efficient while 90% are inefficient farmers. Meanwhile, the results of Tobit Analysis revealed that farming experiences and extension services show positive coefficients but insignificantly influenced the allocative efficiency of Harumanis mango productions while educations are significantly influenced the efficiency of farmers in the term of allocation resources at 10% level. Therefore, this study recommends the government to provide better initiatives and strategies to help the contract farmers to enhance the level of allocative efficiency on Harumanis mango production by improving the farmer's knowledges and skills through a related workshop on the management of input resources.

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