

## The participation of Malaysian fresh fruit and vegetable farmers in contract farming

### ABSTRACT

Contract Farming (CF) is seen as a means of fostering smallholder participation in new high-value product markets and improving quality standards, thus increasing and providing stability to smallholder incomes. This study aims to identify the factors related to CF as a new marketing practice among selected vegetable and fruit suppliers. The specific objectives are to identify factors influencing vegetable and fruit suppliers to engage in CF, and to suggest policy initiatives that promote CF sustainability. The factor analysis identified five factors that lead farmers in Peninsular Malaysia to participate in contract farming of fresh fruits and vegetables (FFV) in the context of the new supply chain namely market assurance, access to marketing information and technology, transfer of technology to improve farming practices, access to inputs and indirect benefit. The findings show that farmers are interested in CF because it helps them gain better knowledge in cultivation practices, get access to marketing information, market their produce and utilise farm resources. At the same time, CF or contract arrangements can be a valuable source of knowledge that can be employed to enhance their productivity.

**Keyword:** Contract farming; Factor analysis; Fresh fruits and vegetables (FFV); Marketing practices, Influencing factors