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Farmers' Attitude towards Procurement Practices by Organized Retailers for Fruits and Vegetables

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Abstract
The growth of organized retail chain in Indian market is significant and it cannot be ignored by any marketers. Over the years many organized chains have developed their own models for procurement of fruits and vegetables directly from the farmers. This aims at integrating the farmers into the market, enhancing their income and the price share. However, studies shows that the percentage of farmers engage in directly selling to the organized chains through these procurement models is very negligible. One need to know the different reasons for this. This paper makes an attempt to measure the attitude of farmers towards the procurement practices for fruits and vegetables. Survey has been conducted among the farmers of districts surrounded by Bengaluru city and those who are supplying to organized chains. The attitude was measured using Fishbein model. Various attributes contributing the belief and importance were listed through pilot survey. The study revealed the overall attitude, though positive, it is not strong. The level of attitude varies significantly with the demography of farmers such as age, area under farming, years of experience in farming, etc. The study brought addition to the literature and the possibility for future research also suggested.

I. Introduction

Organized retail chain is one of the important sectors of the current economic scenario in India. There has been considerable growth in organized retailing business in recent years and it is poised for much faster growth in the future. Karnataka state is one of the progressive states with greater potential for development of fruits and vegetables. Factors determining the procurement are procuring right quality, of the right quantity, at the right price, from the right source, at the right time. There are various procurement models evolved over a period of time. The direct procurement from the farmers through a collection centre by an organized retailer is in practice with an aim of benefitting the farmers with a remunerative price and a better price share. However, the success of this procurement depends on several factors including the cooperation of farmers. The farmers' intention to prefer this model also depends on their attitude towards the procurement practices. This paper makes an attempt to measure the attitude of farmers towards the procurement practices.

II. Methodology

The objectives of the study are:

1. To measure the attitude of farmers towards the procurement practices followed by organized retailers and
2. To find out whether the attitude varies as per the demography of the farmers.

A sample survey has been carried out among the farmers of fruits and vegetables in four neighbouring districts of Bengaluru city and who are supplying their produce to organized retail chains in the city. Samples were drawn on snow

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ball sampling technique and a total sample size of 344 calculated based on the standard deviation observed during pilot study and the samples are drawn from four identified districts as per the area under farming and the quantity supplied to organized chains. A structured questionnaire has been administered among the respondents. The data were analysed using percentage, rating, ANOVA and Post Doc Duncan analysis.

Model and variables used for Measuring Attitude towards organized retail chain procurement:

The attitude-behaviour relationship has continuously been examined by researchers. According to Fishbein and Ajzen (1975), a person's attitude consists ofhis salient beliefs followed by evaluation. The Belief Importance model (B-I model) has been used to measure the attitude of farmers towards organized retail chain procurement. The B-I model allows the comparison of affective responses toward competing brands and the formula adopted is given below:

$$A_o = \sum_{i=1}^{m} B_{io} I_i$$

where,

A_o = Attitude toward organized retail chain procurement

B_{io} = Belief that procurement by organized retail chain does well or poorly when its attribute (i) is compared with those of others.

I_i= Importance of attribute (i) given by farmers while preferring to sell their produce.

i = attribute 1, 2, … m

Nine attributes were identified and two sets of statements, one for belief and another for importance were developed and the respondents were asked to choose from strongly disagree to strongly agree in a five point scale ranging from -2 to +2. The nine attributes identified after the review of literature and pilot study are:Regularly buying, remunerative price, prompt payment, advisory support, credit facility, procure from farm gate, buying all grades, trustworthiness and transparent procurement process. It is assumed that attitudes are one of the antecedents in formation of perception. Higher the attitude, positive the perception towards the procurement by organized chains, vice versa.

III. Results and Discussion

This part of the paper deals with the profile of the sample respondents, the calculated attitude and the comparison of attitude with the demography of respondents.

Table-1. Profile of the Respondents

Profile of Respondents	Percentage of Respondents
District	Bangalore Rural-18.6, Kolar – 41.9, Mandya – 23.3, Chickkabalapur – 16.3
Size of Landholding	Small – 23.3, Medium – 58.1, Large – 18.6
Age group	Less than 30 - 25.6, 30 to 40 - 44.2, 40 to 50 - 20.9 and Above 50 - 9.3
Education Level	No formal education - 4.7, Upto HSC - 58.1, Graduation - 37.2
Monthly income from agriculture (Rs.)	10000 to 20000 - 20.9, 20000 to 30000 - 51.2, Above 30000 - 27.9
Earning Members in Family	One - 46.5, Two members - 39.5, More than 2 - 14.0
Monthly Family Income	10000 to 20000 - 4.7, 20000 to 30000 - 39.5 Above 30000 - 55.8

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Area under Farming	0.5 to 1 acres - 7.0, 1 Acres to 5 Acres - 74.4 5 Acres to 10 Acres - 11.6, Above 10 acres - 7.0
Years in farming	2 to 5 years - 11.6, 5 to 10 years - 53.5 More than 10 years - 34.9

Table-2. Average Rating of Farmers' Belief and Importance in Procurement

Sl. No.	Particulars	Average Bi	Average Ei	Mean of BixEi	Std. Deviation	Rank
1	Regularly buy	0.65	1.70	1.11	2.59	III
2	Give Remunerative price	0.58	1.67	0.97	2.32	IV
3	Make Prompt payment	1.44	1.63	2.35	1.66	II
4	Give advisory support	-0.47	0.53	-0.25	2.18	V
5	Provide credit facility	-1.14	0.70	-0.80	2.47	VIII
6	Procure from farm gate	-0.56	1.21	-0.68	2.65	VII
7	Buy all grades of items	-1.14	1.40	-1.60	2.65	VII
8	They are trustworthy	-1.19	1.65	-1.96	1.42	IX
9	Procurement process is transparent	1.35	1.88	2.54	1.43	I
	Total			1.68		
	Average			0.19		

Source: Calculated based on survey primary data

It is inferred from the table that the farmers have a positive attribute towards the procurement by organized retail procurement. However, the overall score is not satisfactory, it is only +0.19 in a five point bi-polar scale ranging from -2 to +2. As per the respondents, the attribute transparency in procurement processes'is the most influencing in shaping their attitude. They believe that this attribute is present in the procurement model adopted by organized chains (score:1.35) and they also give relatively high importance (score:1.88) while selecting the source for marketing their produce. Farmers also look for promptness in payment, while selecting their source for marketing. They also believe that organized chains are prompt in making the payment. Accordingly, promptness in payment has taken the second rank in contributing the attitude of farmers. It is revealed through the study that farmers look for their buyers to procure all the grades of their produce. However, they believe that this attribute is not present in organized retail procuring. This is because, organized retail chains procure only selected grades of their produce and not their entire produce. Getting advance money as credit is another important attribute which farmers look from their buyers. Unfortunately, they believe that this attribute is not present in organized retail chain procurement practices, Thus this attribute makes their attitude negative towards the procurement by organized chains.

Relationship between demography and attitude

In order to find, is there any significant variation in the attitude of farmers as per the demography, ANOVA and to find out inter-group difference post doc analysis using Duncan has been carried out. Null hypothesis is that there is no significant variation in the attitude of farmers as per their demography such as age, education, monthly income, area under farming, etc. The null hypothesis is accepted, if the significance value is more than 0.05.

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Table-3. Significance of Attitude with Demography of Respondents

Attitude	F	Sig.
Compared with Age	9.251	.000
Compared with Educational Background	.616	.541
Compared with Monthly Income	3.930	.021
Compared with Size of Family	4.107	.043
Compared with Earning Members in a Family	13.704	.000
Compared with Monthly Family Income	.165	.848
Compared with Area under farming	2.751	.043
Compared with years of experience in Farming	2.751	.043
Compared with Years of Selling to Organized Outlets	19.652	.000
Compared with form of procurement by outlets	6.024	.003

Source : Computed based on primary data

It can be inferred that the attitude vary significantly with the age of respondents. The mean value of attitude varies significantly with age group of respondents. Farmers who are above the age of 50 have negative attitude with a mean value of -.14, farmers in the age group 30 – 40 have relatively strong positive attitude with a mean of 1.08. However, the attitude does not vary significantly as per the education background.It is also found that there is a significant difference in attitude with the monthly of respondents. The mean value of attitude increases with the increase in family monthly income. With regard to the attitude compared with size of family, there is a significant variation observed. Respondents with small family size have strong positive attitude compared with those having more than 4 members in a family. There is also a significant difference in attitude with the number of earning members in a family.Respondents with one earning member have comparatively favourable attitude, with a mean value of 1.12, whereas, among respondents having more than 2 earning members in a family, the mean value of attitude is 0.17 only. It is found that there is no significant difference in attitude with the monthly family income of respondents. The attitude varies significantly with the area under farming. The large farmers, having area more than 10 acres are having strong positive attitude with a mean value of 1.5, whereas the mean value of attitude for small farmers is only 0.4. With regard to the attitude compared with years of respondents into farming, there is a significant variation. Interestingly, there is a inverse relationship between attitude and the years of experience in farming. Those who are having more than 10 years, the mean value is 0.5, 5 to 10 years the value is 0.78 and 2 to 5 years is 1.58. It is also noted that the attitude varies significantly with the number of years the respondents selling to organized retailers. Those who just started have relatively low mean value compared with those who supply for many years. Attitude also varies significantly with the form in which the produce is being sold by farmers. The mean value of attitude for those respondents selling in ungraded form is higher than that of those who sell in graded form.

IV. Conclusion

The study has revealed some interesting findings. The farmers who are into farming for several years are having unfavourable attitude and youngsters who entered in to farming recently are having positive attitude towards procurement of fruits and vegetables by organized retails chains. Farmers who are selling in ungraded form are having a strong attitude compared to those who are selling in graded form. This is because, if sold in graded form, farmers find it difficult in selling the ungraded sort out item not purchased by retailers. Large farmers develop a stronger attitude compared with small farmers. The study is of great relevance to those who procure directly from farmers. Attitude can be changed favourably, either by altering the belief component , where the value is low or by altering the importance component or doing both simultaneously. Future

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studied may be carried out to find out the influence of the attitude on behaviour or action component. Cross sectional studied may also be carried out in other region, for other crops and the results may be compared.

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