

SDC 2019 Annual Meeting Abstracts

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Title: Influence of complex and strategic inter-organizational relationships on smallholders' market performance



The current efforts to simultaneously improve production and smallholders' market performance tend towards more complex inter-relationships. Yet, informally coordinated smallholders are characterized by poor market performances and widespread poverty. Our study seeks to better understand how and when complex but strategic inter-organizational relationships influence smallholder market performances across mutually dependent multi-tiers. Our study proposes a conceptual framework and its empirical testing using data obtained from a standardized random survey of 405 small-scale producers and 238 processors in the Nigerian shrimp and prawn sector. Results of the Partial Least Squares estimations indicate that the predominant supply chain external contingencies and internal resources available to smallholders influence both their inter-organizational structures and market performances, even though, trading partners may be mutually reliant. Our analyses also suggest that each inter-relationship influences the market performance of small-scale producers and processors differently due to differences in the predominant situations of individual actors, tiers and supply chain. These results generate several conceptual, managerial and policy implications regarding how the market performances of small-scale producers and processors who are mutually reliant can be improved, considering external contingencies. Our study recommends that small-scale producers who perceived their tier and supply chain to be characterized by high market turbulence, high technological progress, and high power asymmetry would attain better market performance from the effective utilization of valuable and rare resources by forming tighter vertical coordination with their trading partners. On the other hand, small-scale processors who perceived their tier and supply chain to be characterized by high market turbulence, high distrust, and high power asymmetry would need to forge closer collaborations with other processors in order to attain a better market performance. However, our study found new proofs for policy-makers that public institutions are inefficient in extending their activities to support and improve the market performance of smallholders in developing countries. Lastly, there is a need for future research to adopt a conceptual framework like ours that simultaneously consider situations in which different inter-relationships are crucial to improve the market performances of smallholders rather than positing fit-for-all recommendations for smallholders in developing countries.