

Do Food Certification Standards Guarantee Small-Sized Farming Enterprises Access to Better Markets? Effectiveness of Marketing Contracts in Kenya

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Abstract

Purpose – The purpose of this paper is to investigate the influence of GLOBALGAP standards certification on farmer's preference for marketing contract choices including written contracts, oral contracts and spot contracts, as well as to establish the impact of marketing contracts on net returns from snap bean production in Kenya.

Design/methodology/approach – In this study, we use a data collected from 446 Snap bean farmers in Kenya. Using a two-step selection Bourguignon Frontier and Gurgand (BFG) model and Propensity Score Matching (PSM), we analysed determinants of Global Gap Certification and other farming characteristics that influence smallholder farmers preference for marketing contracts and net returns from snap beans venture.

Findings – Results indicate that attending GLOBALGAP training, GLOBALGAP subsidy support, membership to GLOBALGAP farmer's groups, and selling beans to GLOBALGAP certified GLOBALGAP buyers would significantly influence better returns underwritten marketing contracts. Producing snap beans underwritten marketing contracts would get farmer's net returns of between 1.8 and 8% while producing under oral and spot market contracts would earn farmer net returns of between 0.2 and 0.08 %.

Originality/value – To the best of the authors' knowledge, this study is the first to examine the influence of GLOBALGAP standards certification on marketing contract choices and net returns from snap bean production, while accounting for selectivity biasness.

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