

## Supply Chain Analysis of Mango in Samal Island: An Organizational Theoretic Approach

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### Abstract

Organizational theories provide management insights that can help explain organizational behaviors, designs, or structures. In this paper, we applied two organizational theories, transaction cost economics and social network analysis, to better understand the relationships amongst actors in the supply chain of mango in Davao City and how these relationships affect chain performance. Transaction cost economics was employed to investigate focal buyer opportunism while social network analysis was used to analyze how social networks affect chain performance. A total of 34 mango contractors and 7 farmers were interviewed using a structured survey questionnaire. Results show that opportunism is not rampant among focal buyers of mango. Asset specific investments significantly increase supplier dependency and supplier dependency increases the frequency of transaction. However, supplier dependency and focal buyer dependency do not significantly affect focal buyer opportunism. On the other hand, buyer's uncertainty is almost significant in increasing the level of focal buyer opportunism. In assessing supply chain performance, social network analysis revealed that farmers with direct support from buyers (directed ties) have higher net margins compared to farmers that are self-financing (undirected ties). However, most farmer-buyer relationships were observed to have undirected ties. Lastly, farmers with high degree centrality (connected to many buyers) were observed to be more productive and profitable than farmers with low degree centrality (only one buyer). These findings suggest two practical insights: (1) controlling focal buyer opportunism through chain governance, and (2) improving the social network between mango farmers/contractors and a variety of downstream buyers through market linkage.