

Profitability Analysis of the Muscovado Sugar Farms: A Comparison Based on the Nature of Ownership

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Abstract

Given the escalating hype for organic-based food, the growing adherence to health-conscious lifestyles, and the increasing consumer preference for natural and healthy products, the market demand for muscovado sugar both at domestic and global markets is rising. The Western Visayas Region (Region VI) is the Philippines' top producer supplying 32.5% of the country's total commodity output. Production systems for muscovado farming in the region is divided into two: (1) the highly fragmented, backyard level, and privately owned and managed farms exemplified by farms in Antique, and (2) the vertically integrated, centrally managed, and champion-led farms in Capiz, Iloilo, and Negros Occidental. With the growing competition from the other muscovado-producing provinces, it is imperative to increase the level of competitiveness. Producer-respondents were drawn from the list provided by their respective Provincial Agriculture Offices. Data was gathered by purposive sampling using a structured questionnaire and documentation matrix. The experts in a forum that was attended by industry participants validated the result. Results show that profitability is higher among vertically integrated, centrally managed, and champion-led farms. Minimal variability in farm profitability was noted between adaptors of organic and conventional farming technologies. In addition, consolidation of farms is justified based on its ability to increase profitability, especially for farms that are highly fragmented. Results further imply that big land holdings are deemed competitive be it run by big individual or corporate players. Moreover, consolidation results to efficiency in the delivery of technical services, compliance to meeting market requirements, as well as standardized products, among the many other benefits.