

## THE COFFEE INDUSTRY IN THE MUNICIPALITY OF SIGAY, ILOCOS SUR

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### **Abstract**

*This study aimed to determine the economic potential of the coffee industry in Sigay, Ilocos Sur; the extent of support provided by the government to the coffee industry and the problems encountered by the coffee growers in Sigay, Ilocos Sur. Specifically, it sought to find out the profile of the coffee farmer-respondents in terms of: age, sex, civil status, religion, highest educational attainment and number of years as coffee grower; the economic potential of Coffee Industry in the Municipality of Sigay, Ilocos Sur along employment opportunity and marketability; the extent of support provided by the government to the coffee industry along: financial, training and seminars, and product promotion and marketing strategy; and the problems encountered by the coffee growers in Sigay, Ilocos Sur. The descriptive-survey method of research was used in this study with the questionnaire as the major instrument in gathering data. Based from the finding gathered, majority of the respondents are male (28 or 70.00%), married (27 or 67.50%), whose religious affiliation are protestants or non-Catholic, many of them are elementary graduates (18 or 45.00%), and less than majority are already coffee growers for more than 10 years (17 or 42.50%). Based from the findings and conclusion of the study, the researchers came out with the following recommendations: The local government of Sigay, Ilocos Sur should help improving the coffee industry in their municipality so that it would generate more income to their people and the municipal government; they should find way on how to provide financial support to the coffee growers in Sigay so that there would better opportunity for them to improve the quality of their coffee products; the local officials in cooperation with the coffee growers should aggressively promote their coffee products in other areas and consider importing in other countries for more profit; there should be more trainings and seminars to be conducted by the government so that the coffee growers in Sigay, Ilocos Sur will gain more knowledge and skills on how to make coffee as profitable business; the government should look into the possibility of improving the road from Sigay to the national high way so that there would be a better access in transporting coffee products to markets outside Sigay; lastly, other study should be conducted by other researcher in other places similar to the present study to find out the status of coffee industry in the country as a whole.*

**Keywords:** *Coffee Industry, employment opportunity and marketability, Sigay, Ilocos Sur*

## Introduction

The Municipality of Sigay is one of the upland municipalities of the province of Ilocos Sur, situated as one among the topmost and farthest municipality of Ilocos Sur.

The town has marveled its visitors with its version of the rice terraces, the 142-foot Aw-asen Falls, the kilometric hanging bridge, and its picturesque rivers. The place has a vast mountain ranges and forest wherein bountiful forest products abound. There is no access road - whether national or provincial - from the north, except for a rough road that has been carved through the Buaya River of Salcedo, Ilocos Sur. One of Sigay's unique attractions however, is its cold and calming climate in the summer season. Local tourists call Sigay the "Little Baguio" of Ilocos Sur. (<https://en.wikipedia.org/wiki/Sigay>)

Sigay is predominantly an agricultural town. Most of the crops of the farmers in the municipality other than rice are tobacco and coffee which are their main source of living. According to one of the respondents of this study, Sigay has no public market and the farmers usually sell their farm products to the lowlands areas particularly in Candon City, the center for trade and commerce in the second district of Ilocos Sur.

This study aimed to find out the economic potential of Coffee Industry in the Municipality of Sigay, Ilocos Sur along with economic opportunity and marketability. The extent of support provided by the government to the coffee industry along financial, training and seminars, and product promotion and marketing strategy is also considered in this study. Further, the coffee grower-respondents were also asked about the problems encountered of the coffee Industry in Sigay, Ilocos Sur.

This research study is undertaken in response to the Regional Research Agenda of Ilocos Region regarding study on the coffee industry of Ilocos Sur as a major livelihood and employment generator.

Coffee is a popular beverage and an important commodity. Tens of millions of small producers in developing countries make their living growing coffee. Over 2.25 billion cups of coffee are consumed in the world every day. Over 90% of coffee production takes place in developing countries, while consumption happens mainly in the industrialized economies. (*Economics of coffee, Wikipedia, the free encyclopedia*)

The Philippines is one of the few countries that produces the four varieties of commercially-viable coffee: Arabica, Liberica (Barako), Excelsa and Robusta. Climatic and soil conditions in the Philippines – from the lowland to mountain regions – make the country suitable for all four varieties. Today, the Philippines produces 30,000 metric tons of coffee a year, up from 23,000 metric tons just three years ago. However, Filipino coffee farmers usually sell their green coffee at world prices to middlemen or corporations who roast, distribute, and most of the time, grind their coffee and send them to retailers. The average Filipino farmer disregards the importance of quality coffee, due to either lack of education on the proper processes of growing coffee or placing too much importance on the monetary value of green coffee. There is not much thought put into the harvest, nor how the coffee is to be processed the moment that it is picked from the tree. (<http://philcoffeeboard.com/philippine-coffee/>)

## Statement of the Problem

This study aimed to determine the economic potential of the coffee industry in Sigay, Ilocos Sur; the extent of support provided by the government to the coffee industry and the problems encountered of the coffee Industry in Sigay, Ilocos Sur as perceived by the coffee farmer-respondents.

Specifically, it sought to answer the following question.

1. What is the profile of the coffee farmer-respondents in terms of: age, sex, civil status, religion, highest educational attainment and number of years as coffee grower?
2. What is the economic potential of coffee industry in the Municipality of Sigay, Ilocos Sur along employment opportunity and marketability?
3. What is the extent of support provided by the government to the coffee industry along: financial, training and seminars, and product promotion and marketing strategy?
4. What are the problems encountered by the coffee growers in Sigay, Ilocos Sur?

## METHODOLOGY

The researcher present in this portion the research design, data gathering technique, population of the study and statistical treatment of data used in the study.

### *Research Design*

*The Descriptive-survey method of research* was used in this study wherein the questionnaire as the major instrument in gathering data.

### *Research Instrument*

The researcher formulated questionnaire that aims at eliciting information from the respondents. The questionnaire is composed of three parts: Part I deals with the profile of the respondents, Part II deals with the economic potential of Coffee Industry in the Municipality of Sigay, Ilocos Sur and the extent of support being provided by the government to the coffee industry, and Part III is the problems encountered by the coffee growers and the process of making coffee in Sigay, Ilocos Sur

### *Respondents of the Study:*

Sigay is composed of seven barangays: Mabileg, Poblacion, San Ramon, San Elias, Abaccan, Matallucod, and Sto. Rosario. The respondents of this study are the coffee growers in barangays Mabileg, Poblacion and San Elias, where most people are engage in coffee industry. There are ten (10) respondents in barangays Mabileg and San Elias and 20 from barangay Poblacion.

### *Statistical Treatment of Data*

The data gathered in this study were treated statistically in the following manner.

Frequency Count and Percentage. This was the statistical tool employed in describing the profile of the respondents.

Mean. This was the statistical tool employed in determining the perception of the respondents on the economic potential of Coffee Industry in the Municipality of Sigay, Ilocos Sur and the extent of support being provided by the government to the coffee industry.

To determine the extent of economic potential of coffee industry and support provided by the government to the coffee industry in the Municipality of Sigay, Ilocos Sur, the following scales were used.

Range Value	Descriptive Level	
	Economic Opportunity	Extent of Support provided by the Government
4.21 - 5.00	Excellent (E)	Very Sufficient (VS)
3.41- 4.20	Very Good (VG)	More than Sufficient (MS)
2.61-3.40	Good (G)	Sufficient (S)
1.81-2.60	Average (A)	Insufficient (I)
1.00-1.80	Poor (P)	Very Insufficient (VI)

Pearson r . This was statistical tool employed in determining the relationship between the profile of the respondents and their perception on the economic potential of Coffee Industry in the Municipality of Sigay, Ilocos Sur and the extent of support being provided by the government to the coffee industry.

## **FINDINGS OF THE STUDY**

**Problem 1.** What is the profile of the coffee farmer-respondents in terms of age, sex, civil status, religion, highest educational attainment, and number of years as coffee grower?

### Profile of the Coffee Grower-Respondents

Majority of the respondents are male (28 or 70.00%), married (27 or 67.50%), whose religious affiliation are protestants or non-Catholic, many of them are elementary graduates (18 or 45.00%), and less than majority are already coffee growers for more than 10 years (17 or 42.50%).

**Problem 2.** What is the economic potential of Coffee Industry in the Municipality of Sigay, Ilocos Sur along employment opportunity and marketability?

## Economic Opportunity of Coffee Industry of Sigay, Ilocos Sur

<i>a. Employment opportunity</i>	□	DL
1. Barangay Officials	2.68	G
2. Self-supporting college students	2.00	A
3. Out of school youth	1.86	A
4. Women	2.78	G
5. Residents from other places	1.46	P
MEAN	2.16	A

The employment opportunity of Coffee industry in Sigay, Ilocos Sur is good to the Barangay Officials ( $\square=2.68$ ) as well as women ( $\square=2.78$ ). While average only to self-supporting college students ( $\square=2.00$ ) and out of school youth ( $\square=1.86$ ). There is a poor level of employment opportunity to residents from other places ( $\square=1.46$ )

As a whole, the employment opportunity of Coffee industry in Sigay, Ilocos Sur is average level with the computed mean value of 2.16.

## Marketability of Coffee Industry of Sigay, Ilocos Sur

<i>b. Marketability</i>	□	DL
1. Within the municipality	3.95	VG
2. Nearby towns	3.32	G
3. Provincials markets	2.86	G
4. Regional centers	2.65	G
5. Metro Manila	2.16	A
6. Abroad	1.73	P
MEAN	2.78	G

*Legend:*

2.61-3.40	Good (G)
1.81-2.60	Average (A)
1.00-1.80	Poor (P)

The respondents revealed that there is a very good level of marketability of the Coffee from Sigay within the municipality ( $\bar{x}$ =3.95), but only good level in the nearby towns ( $\bar{x}$ =3.32) provincials markets ( $\bar{x}$ =2.86) and regional centers ( $\bar{x}$ =2.65). Metro Manila is only an average in terms of marketing the coffee products from Sigay, Ilocos Sur ( $\bar{x}$ =2.16) and abroad is not yet explored as market for the coffee from Sigay, Ilocos Sur ( $\bar{x}$ =1.73).

As a whole, the marketability of coffee from Sigay, Ilocos Sur is good level with the computed mean value of 2.78.

**Problem 3.** What is the extent of support provided by the government to the coffee industry along financial, training and seminars, and product promotion and marketing strategy?

Extent of support provided by the government

<i>A. Financial Support from Local and National Government</i>	$\bar{x}$	DL
1. Loan assistance	1.81	I
2. Seed capital	2.08	I
3. Financial incentives	1.59	VI
4. Tax exemption	1.68	VI
5. Financial support to school children	1.54	VI
MEAN	1.74	VI

*Legend:*

1.81-2.60	Insufficient (I)
1.00-1.80	Very Insufficient (VI)

The respondents perceived that the financial support given by the Government to the coffee industry in Sigay, Ilocos Sur is very insufficient with the computed mean value of 1.74.

There is insufficient financial support on loan assistance is insufficient ( $\bar{x}$ =1.81) and seed capital ( $\bar{x}$ =2.08), while very insufficient on financial incentives ( $\bar{x}$ =1.59), tax exemption ( $\bar{x}$ =1.68), and financial support to school children ( $\bar{x}$ =1.54).

<i>B. Trainings and Seminars</i>	□	<b>DL</b>
1. Proper growing of coffee seedlings	3.38	S
2. Method in maintaining quality of coffee plants/trees and its leaves	3.08	S
3. Maintenance of making coffee fruits abundant	3.11	S
4. Technical expertise in coffee production	3.08	S
5. Design of coffee label	3.24	S
6. Quality upgrading of coffee products	3.11	S
7. Environmental protection	3.27	S
8. Product Promotion and Marketing Strategy	3.27	S
MEAN	3.19	S

*Legend:*

2.61-3.40 Sufficient (S)

The table shows that there is a satisfactory support on trainings and seminars with the computed mean value of 3.19.

Satisfactory level on the proper growing of coffee seedlings (□=3.38), effective method in maintaining good quality of Coffee plants/trees and its leaves (□=3.08), maintenance of making coffee fruits abundant (□=3.11), (technical expertise in coffee production (3.08), design of coffee label (3.24), quality upgrading of coffee products (□=3.11), environmental protection (□=3.27), and product promotion and marketing strategy (□=3.27).

<i>C. Product Promotion and Marketing Strategy</i>	□	<b>DL</b>
1. Establishment of display centers	2.41	I
2. Trade fair exhibit	2.92	S
3. Advertisement through articles in the internet or to any publications	2.43	I
4. Sponsorship by using tarpaulins with image of coffee made from Sigay	2.32	I

5. Give incentive or award to sell volume of products	1.86	I
6. Sold during municipal fiesta or other public affairs	3.41	MS
7. Give-aways of coffee products as token	3.54	MS
8. Display in groceries and Urban areas	2.46	I
MEAN	2.67	S

*Legend:*

3.41- 4.20	More than Sufficient (MS)
2.61-3.40	Sufficient (S)
1.81-2.60	Insufficient (I)

The respondents perceived that there is a satisfactory level on the product promotion and marketing strategy of coffee product in Sigay, Ilocos Sur with the computed mean value of 2.67.

There is more than sufficient of the coffee products sold during town fiesta or other public affairs ( $\bar{x}$ =3.41), and give-aways of coffee products as token ( $\bar{x}$ =3.54) but satisfactory level of promotion and marketing strategy during trade fair exhibit ( $\bar{x}$ =2.92).

However, there is insufficient promotion and marketing strategy in the establishment of display centers ( $\bar{x}$ =2.41), advertisement through articles in the internet or to any publications ( $\bar{x}$ =2.43), sponsorship by using tarpaulins with image of coffee made from Sigay ( $\bar{x}$ =2.32), giving of incentive or award to sell volume of products ( $\bar{x}$ =1.86) and in the display in groceries and Urban areas ( $\bar{x}$ =2.46).

**Problem 4.** What are the problems encountered by the coffee growers in Sigay, Ilocos Sur?

The following are the problems encountered by the coffee growers in Sigay, Ilocos Sur.

- 1) Coffee products of Sigay are sold in the municipality with a very very low price.
- 2) We want to attract buyers of our coffee products from other places and make as one of the tourist attraction of our town, but nobody is helping us.
- 3) One of the main problems in our place is the road.
- 4) There is no sufficient financial support from the government on how to improve the production and marketability of our coffee products.
- 5) Sigay is situated in the mountain, so we have a problem in water supply especially during summer season.
- 6) Decreasing volume production of our coffee crops because of most are old coffee trees, hence, massive rejuvenation of old coffee trees in our town is necessary to make them young so that it will give more fruits resulting to more coffee beans production.



- 7) Irrigation and poor yield coffee beans production.
- 8) Lack of capital for the coffee grower association.
- 9) Problems in the soil and maturity of the plant.
- 10) Environment of our municipality is a good place to plant coffee due to the climate and terrain of the municipality. On the other hand, selling of our coffee products in other places is a big problem because of the unfavorable status of farm to market roads, poor marketing strategies and low competitiveness as compare to commercialized and imported coffee products as propagated by media.

## CONCLUSION AND RECOMMENDATIONS

### Conclusion:

*Based from the findings of the study, the following conclusions were drawn.*

1. Majority of the respondents are male, married, non-Catholic, elementary graduates, and are already coffee growers for more than 10 years.
2. The employment opportunity of coffee industry in Sigay, Ilocos Sur is average level.
3. The respondents revealed that financial support given by the Government to the coffee industry in Sigay, Ilocos Sur is very insufficient.
4. There is a satisfactory level of support on trainings and seminars.
5. There is a satisfactory level on the product promotion and marketing strategy of coffee product in Sigay, Ilocos Sur.
6. Environmental, the location is quite a good place to plant coffee because of favorable climate and terrain of the municipality. However, marketability of coffee products in Sigay is poorly affected by rough roads, poor marketing strategies and low competitiveness as compare to commercialized and imported coffee products as propagated by media.

### Recommendations:

Based from the findings and conclusion of the study, the researcher came out with the following recommendations:

1. The local government of Sigay, Ilocos Sur should help improving the coffee industry in their municipality so that it would generate more income to their people and the municipal government.
2. They should find way on how to provide financial support to the coffee growers in Sigay so that there would better opportunity for them to improve the quality of their coffee products.
3. The local officials in cooperation with the coffee growers should aggressively promote their coffee products in other areas and consider importing in other countries for more profit.
4. There should more trainings and seminars to be conducted by the government so that the coffee growers in Sigay, Ilocos Sur will gain more knowledge and skills on how to make coffee as profitable business.
5. The government should look into the possibility of improving the road from Sigay to the national high way so that there would be a better access in transporting coffee products to markets outside Sigay.
6. Other study should be conducted by other researcher in other places similar to the present study to find out the status of coffee industry in the country as a whole.

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