

Sustaining Food Production for Food Security in Malaysia

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Abstract

Food security issue is getting more attention by world today. Increase in population getting more unbalance with the nation food production causing most of the third world country facing food security threat. Malaysia is one of the many countries in our planet, tiny though it is, where food self-sufficiency is decreasing, year by year. The weakness of the Malaysia agricultural sector is that it largely produces cash crops and little food. Government agencies and agri-entrepreneurs as well as individual farmers are equally important in ensuring sufficient and quality food supply in Malaysia. Federal Agricultural Marketing Authority (FAMA) is one of the leading agencies under the Ministry of Agriculture and Agro-based Industry that involves in extension activities in food production. This paper briefly describes the current extension programs undertaken by Federal Agricultural Marketing Authority (FAMA) in food production system from farm to consumer. These programs have encouraged local farmers and agri-entrepreneurs to increase their food production to meet local and world demand. As a marketing agency, in order for FAMA to overcome food production crisis, they have planned their marketing mix strategies and supply chain management effectively.

Keywords: Food production, Federal Marketing Agricultural Authority, marketing mix strategy, supply chain management

1.0 Introduction

Malaysia today has taking an incentive to overcome the food security in future. Food security for a country is important to make sure that the country in stable condition for the economy and also for their citizen. To make sure a country to have a stable food security, a good plan to secure the condition is required. Malaysia is still insufficient in many major food items especially in the term of agriculture. Securing the food security is not an action that should be responsible by only one party and should not be neglected especially for agriculture sector.

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This is because agriculture sector is an important sector for food security and the overall national economic development.

In order to ensuring food security it is everyone's obligation whether household, farmer, private institution and especially government institutions. Malaysia's population is expected to increase and obviously will increase the food demand. Food crisis in Malaysia is required immediate and precautionary actions and there are main aspects in the food security which are availability, accessibility, utilization, and stability. Therefore it is important for the government institution like

Federal Agricultural Marketing Authority (FAMA) should be responsible with their roles in helping securing the food security in Malaysia and to have effective marketing plans to overcome this situation. "Lembaga Pemasaran Pertanian Persekutuan", better known as FAMA (Federal Agricultural Marketing Authority) is a marketing agency established under the Ministry of Agriculture and Agro-Based Industry Malaysia. FAMA was founded on 30 September 1965 for the purpose of supervision, coordination, monitoring and promotion of agricultural products, including importation and exportation.

After the economic crisis 1997 until 1998 Malaysia is facing increasing of manufactured goods to support some domestic industries and also value of Malaysia ringgit is also decreasing. The issue is whether Malaysia has enough foods if economic crisis is happen again because of too much depending on imported agriculture products. As for Malaysia, in order to maintained our food security, the combination of domestic production and imports are be made such as coconut and rice that be imported from Thailand and many others agriculture products. Unlike Brunei and Singapore, they are rely on imports food because they have no ability in producing them domestically but they have enough and large sufficient of foreign exchange to pay for the imports.

Food security for agriculture is important to make sure that Malaysia have enough foods if there is any unpredicted things is happening to this country. As example, if import country is refuse to import fruits like coconut or rice to Malaysia anymore because of inability of government to pay for it or Malaysia ringgit is devalue, Malaysia will facing a dangerous situation where the supply from domestic is not enough. This food crisis needs an immediate and precautionary action and decision to ensure that food is available for Malaysia citizen. With Malaysia's population is increasing to almost 2.7 million it will increasing the demand for food. Malaysia can expect to overcome the problem by import from other country but it can give bad impact because rising food import will lead to drawdown of the foreign exchange earnings. All Malaysian government institutions need to play their role in food security problem and but whether their role is done appropriately or not is the issue.

2.0 Literature Review

According to the Food and Agriculture Organization of the United Nations (FAO), food insecurity is a major global concern today as 1 billion are suffering from starvation, under nutrition and malnutrition, and still far from the Millennium Development Goals (MDGs) to half extreme poverty and hunger by 2015. The cost of food has increased worldwide since June 2011 and is today at an all-time high. This problem is much greater than the levels of the last great food crisis which is in 2007 until 2008. The result is that many people, in their millions, are being dragged below the poverty line and several developing nations are facing the risk of a massive food shortage (K.Pankaj, 2012).

United Nation has report on 2009 that Asia faces with an unprecedented food crisis and huge social unrest hundreds of billions of dollars are invested in better irrigation systems to grow crops for its burgeoning population. According to the report from the UN's Food and Agriculture Organization (FAO) and the World Bank-funded International Water Management Institute (IWMI), large countries such as India, China and Pakistan avoided famines in the 1970s and 1980s only because they build giant state-sponsored irrigation systems and introduces better seeds and fertilizers. However, the extra 1.5 billion people expected to live on the continent by 2050 will double Asia's demand for food. The Asian countries faced acute shortages of food during the early 60s and early 70s and were the focus of world attention due to the frequent occurrence of food shortages. These shortages were met by the large food imports through food aid or otherwise.

Several pessimistic predictions were made about the future of food security in Asia on the basis of the severity of these food shortages. For example, the Asian Development Bank in its survey for 1977 predicted mounting food grains deficits unless remedial measures were undertaken in most Asia. Food security is an issue that needs serious attention, especially in a developing country such as Malaysia. Food security determines the availability of food for the population in the country. This is becoming an issue of late as food prices are increasing, food import bills are rising and a lot of agriculture land is being left idle.

Malaysia's population is expected to reach almost 27 million by 2010 (Basir, 2006) and the gross domestic product for agriculture sector contribute to 7.6% while employment rate in agriculture sector contribute to 14.8%. This will obviously increase domestic food demand. The Agriculture Sector contributed 22.9% of the GDP in 1980 but it declined to 14.9% in 1994, the food import increased to 185 billion tones. The increase was also due to low self-sufficiency levels. Malaysia is dependent on imports of food, especially vegetables such as tomatoes, chilies, onions, ginger and potatoes. The 1997 Asian financial crisis hit Malaysia hard and saw the Malaysian ringgit pegged to the US dollar at US\$ 1: RM3.80. This was a bitter experience for the country and because of the high imports of food and food products, feed for livestock like poultry, fertilizers and pesticides.

Malaysian government has identified agricultural sector as one of economic growth development. Agricultural R&D agencies for public sectors are expected to play an important role in achieving this sector (Stads Gert-Jan, 2005). Other than that, government institution can help government in enhancing their effort in securing food production in Malaysia. As stated by Zaharah A Rahaman (2012) currently there are more than 40 agencies that involved in agricultural Malaysia, including Research Universities and private sector laboratories.

During a food and Agriculture Organization Conference in Canada in 1996, it was predicted that a number of countries, especially parts of Africa and Asia, will face a food crisis in the near future. If serious attention is not given to these issues from the beginning, Malaysia will also be a victim of this crisis.

3.0 Methodology

3.1 Data Collection Method

3.1.1 Primary Data

Primary data can be defined as the information collected by the researchers directly from his/her genuine effort. The sources of data can be gathered directly either from individuals or a group of people (panel). In this study, the researchers use an interview and observation technique to obtain the information and relevant data.

3.1.2 Interview

To obtain the information, the researchers have arranged an interview session with each of FAMA head department which consist of total 12 units. The main unit that has been interviewed are Agro-based Industry head department (Industry Asas Tani - IAT); En. Muhammad Najib Bin Ghazali and Marketing Intelligence Department head department (MID); Pn. Nurul Nazua Bt Abd Aziz.

3.1.3 Discussion

The researchers utilize the opportunity given as part of the organizational workforce to grab the relevant information during their industrial training period in the company. The data was gathered through an informal conversation with FAMA staff concerning with the company's strategies, structure and practices.

3.2 Secondary Data

Secondary data is the information which has been conducted, collected and compiled from the previous researchers, individuals or organization. Bulletins, periodicals reports and statistics are the best example of secondary data. The data collected from other resources by the researchers in their study are as follows;

3.2.1 Reports and Statistics

There are some problems in obtaining data and translated through researcher's observation and interview session, the researchers have to look up from other secondary sources such as company's reports, industry's review and statistical records. The data was collected from Malaysia National Food Security Policy and FAMA annual report

4.0 Analysis

	Theory	Company Practiced	Gap
1	<p>Marketing Mix Strategy:</p> <ul style="list-style-type: none"> <p>Product</p> <p>Product that is produce by an organization must be easily acceptable by the customer and can give customer benefits from it. Firms need to have good strategy for product in order for them to attract customer interest to buy it. Firm's brand of product must be able to create value for the products. Products itself should be rare so that it can be valuable. It also must be inimitable to distinguish the products from competitors.</p> <p>Price</p> <p>Firms must examine their price strategy effectively because price almost always give the signals the value of a product. Price is also need to clear identify by firm so that price for their product is affordable for customer and the same time can give revenue to them.</p> <p>Place</p> <p>Product should be place by the firm at the most favorable and marketable place. Firms with the most appropriate strategy for transporting, storing and servicing products will give more effective distribution of the product to their customers. They need to distribute the product to consumers at the correct place and time.</p> <p>Promotion</p> <p>The marketing strategy will be successful if firm able to deliver the benefits and be clearly communicate with the customers. Promotional strategy contains advertising, sales promotion, personal selling and direct mail. Promotion strategy will be able to stimulate consumer demand for products.</p> 	<ul style="list-style-type: none"> <p>Products produced by FAMA consist of fresh and processed products. These products are made by local entrepreneurs and have been through strict R&D process before they entered the market. FAMA also known as using national brands within their product branding strategy. Agromas brand is well known in Malaysia for its quality products. However, the products are easily imitated and have lots of other substitute products.</p> <p>FAMA method in pricing are customer value-based pricing where the price is based on the customer demand. The price is reachable and affordable for customers. However, for fresh product, as FAMA initially act as agencies that help local farmers to sell their products, FAMA bought the fresh product with market price and sell them at reasonable price. FAMA is not intend to gain profit from the sales. For market penetration pricing, FAMA initially set low price to attract a large number of buyer. Although the price is set low, it can still give revenue to FAMA.</p> <p>FAMA has Agro Bazaar and K-Shoppe to sell their products. Other than that, FAMA also distribute their processed product to wholesaler such as Mydin and retailing outlets. Agromas product can be ordered online through the official blog.</p> <p>FAMA has their own distribution center with trucks, lorries and caravan which responsible in distributing their products to each state in Malaysia</p> <p>The promotion is mostly done through events and exhibition by FAMA and Ministry of Agriculture. It also done through the way of public relations, sales promotion and direct marketing ways. However, FAMA has not been able to advertise their products through media such as television advertisement as well as radio advertisement. The only way for the media advertisement is through newspaper, magazine and catalog by FAMA.</p> 	<ul style="list-style-type: none"> No gap No gap The gap exists from the part of uniqueness of the product. No gap The gap exist when FAMA not intend to get profit from the sales. No gap No gap No gap No gap The gap exists from the part of promotional strategies using advertising method
2	<p>Supply Chain Management</p> <p>An effective supply chain can give maximum value to the customers. It needs to have constant flow of information, products and funds. The value of the supply chain is depending on the difference between the final product reach the customer and the effort supply chain expend in filling customer demand. Supply chain consist are usually starting with supplier to manufacturer or distributor and end with retailer before they sell them to customers</p>	<p>For FAMA, emphasis was given to the development of facilities in supply chain management, such as National Agribusiness Terminals (TEMAN), Farmer's Market, Fresh Fruit Stall (GBBS), Agro Bazaar Kedai Rakyat and Three-wheeled Motorcycle. Contract farming program also introduced to reduce the supply chain between producers to customers.</p> <p>Therefore, FAMA has been able to reduce the supply chain between supplier and customers where they will act as both manufacturer and distributor before selling the products direct to customers.</p>	<ul style="list-style-type: none"> No gap No gap The gap exist between the supply chain management

5.0 Conclusion

FAMA as authority body of agricultural marketing facilitation in Malaysia performs well organized and well-structured program in the market target and marketing 4P's mix strategy to conduct the prospective and sustainable growth of agribusiness sectors in Malaysia to be marketed domestically and internationally. FAMA also has managed to encourage local farmer to produce more production of foods and also fresh fruits and vegetables through their marketing mix. For instance, using contract farming FAMA has gave less risk to the farmer by buying their crops with reasonable price even though the price is fluctuate trough FAMA's distribution. Program that has been conducted by FAMA has been successfully reaching the target in sustaining food production among local farmers and agri-entrepreneur.

In term of supply chain management, the institution has conducted several programs such as Farmers' Market, Fresh Fruit Stall, Three-wheeled Motorcycle and National Agribusiness Terminals. These programs have been proved to shorten the supply chain between producers and customers. Therefore, FAMA can offer more quality processed products and fresh products to the customers with more reasonable and affordable price. In addition, FAMA also constantly ensures that agricultural produce could be marketed and commercialized to provide a channel for the younger generation to involve in agriculture towards a transformation era for creating agri-preneurs from the younger generation.

As such, a consistent supply will ensure the ability to meet the food needs of the population and meet the expectations of the population. Federal Agricultural Marketing Authority has been approved as one of the leading marketing institutionthat responsible in sustaining food production for food security in Malaysia. However, there is still a room of improvement for FAMA to make in order to maintain their credibility as one of the leading agencies in sustaining food production in term of marketing.

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