

Smallholder participation in vegetable exports and age-disaggregated labor allocation in Northern Tanzania

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Received 31 May 2017; received in revised form 22 November 2017; accepted 19 March 2018

Abstract

Modern agricultural supply chains have been playing an increasingly important role in developing countries and have had significant effects on rural labor markets. This article analyses the effects of smallholder farmer participation in export vegetable supply chains in Northern Tanzania on both household hired labor demand and off-farm labor supply, using an age-disaggregated approach. In our sample, neither separability nor exogeneity of smallholder farmer participation in export supply chains can be rejected. Hence, we apply lognormal double-hurdle models and find that participation in export supply chains positively affects households' decision to hire labor from all age groups. We also find that it increases the unconditional overall level of hired labor demand, while the age-disaggregated analysis shows that these effects mostly benefit rural youth. However, our sample does not allow us to establish statistically significant evidence of an effect on household off-farm labor supply although the point estimates point to nonnegligible positive effect sizes.

JEL classifications: I31, J43, O12, Q12

Keywords: Export vegetable supply chains; Hired labor; Off-farm labor; Smallholder farmers; Rural youth; Tanzania
