

Alignment between Governance Structures and Food Safety Standards on the Shrimp Supply Chain in Indonesia

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Abstract : Food safety standards have received significant attention in the fisheries global market due to health issues, free trade agreements, and increasing aquaculture production. Vertical coordination throughout the supply chain of fish producing and exporting countries is needed to meet food safety demands imposed by importing countries. However, the complexities of the supply chain governance structures and difficulties in standard implementation can generate safety uncertainty and high transaction costs. Using a Transaction Cost Economics framework, this paper examines the alignment between food safety standards and the governance structures in the shrimp supply chain in Indonesia. We find the supply chain is organized closer to the hierarchy-like governance structure where private standard (organic standard) are implemented and more towards a market-like governance structure where public standard (IndoGAP certification) are more prevalent. To verify the statements, two cases are examined from Sidoarjo district as a centre of shrimp production in Indonesia. The results show that public baseline FSS (Food Safety Standards) need additional mechanism to achieve a coordinated chain-wide response because uncertainty, asset specificity, and performance measurement problems are high in this chain. Organic standard as private chain-wide FSS is more efficient because it has been achieved by hierarchical-like type of governance structure.

Keywords : governance structure, shrimp value chain, food safety standards, transaction costs economics

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