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## Strategy for Value Creation: Commodity Value Chains in Sulawesi, Indonesia

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### Abstract

In contrast with the rich biodiversity, the strong focus on single commodity in Sulawesi, such as maize, is leading to ‘boom or bust’ cycles where downturns occur after periods of rapid growth. These cycles exacerbates the condition of most of the rural communities who subsist at low economic levels. Based on a case study in South and Southeast Sulawesi, smallholders managing their own non-timber products typically lack access and knowledge on good seeds and its source, lack information on good agriculture practices, lack knowledge and access of input and supplies, lack of post-harvest handling skill, lack of quality knowledge and price. Smallholders basically lack established marketing strategies and are unaware of the underlying competition. This study investigates the lesser-explored smallholders’ non-timber products to provide better understanding on how smallholders and other value chain actors at smallholder level develop strategies for value creation. Results from the study found some obstacles, but there are opportunities for smallholders to access more lucrative value chains by increasing their awareness of market chains and market specifications, engaging in post-harvest processing to increase the value of the commodity, and expanding their role in the value chain. However, smallholders showed low sense of value creation by not understanding what traders and consumers really need, and mostly selling what is produced instead of producing what sells. To fully engage in market opportunities it is imperative for smallholders to understand their target market and develop active marketing strategies. Key factors to address include improving smallholders’ crop management to produce products with higher potential value, the barriers faced by new market participants, the bargaining power of buyers (i.e. traders or collectors), possible substitutes to products in related industry, and competition among smallholder producers.

**Keywords:** Market, non-timber products, smallholder, Sulawesi