



## Degree of acceptance of an associativity proposal for cocoa farmers in the La Cadena sector, Valencia canton, Los Ríos province

Grado de aceptación de una propuesta de asociatividad para los agricultores cacaoteros del sector La Cadena, cantón Valencia, provincia de Los Ríos

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## Abstract

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The purpose of this research is to determine the level of acceptance among cocoa farmers in the La Cadena sector of the Valencia canton, province of Los Ríos, of a proposal for associativity. For this purpose, surveys were conducted to 25 cocoa farmers in the study area, aimed at identifying the main reasons that farmers have to associate, quantify the degree of acceptance of the associativity proposal, determine associativity strategies for the improvement of the production chain of the sector La Cadena, canton Valencia, province of Los Ríos. The main results showed that in the area there is a great willingness to associate, so that 88.00% indicated that they would associate, rating the associativity plan as important (36.00%) and very important (52.00%), considering that it is of greater importance to acquire associative credits. Farmers preferably aim to improve marketing, access to new production technologies and markets with better prices. The objectives that farmers seek to associate are new markets for the sale of cocoa, elimination of intermediaries and post-

harvest management of the bean. The associative strategies that farmers are inclined to use are to attend different production fairs in which they participate with their product in search of potential markets.

**Key words:** Associativity, Competitiveness, Associative Strategies.

### **Resumen**

La presente investigación tiene como fin determinar el nivel de aceptación entre los productores cacaoteros del sector La Cadena, del cantón Valencia provincia de Los Ríos, a una propuesta de asociatividad. Para tal efecto se realizaron encuestas a 25 agricultores cacaoteros de la zona de estudio, orientadas a identificar las principales razones que tienen los agricultores para asociarse, cuantificar el grado de aceptación de la propuesta de asociatividad, determinar estrategias de asociatividad para el mejoramiento de la cadena productiva del sector La Cadena, cantón Valencia, provincia de Los Ríos. Como principales resultados se pudo apreciar que en la zona existe una amplia disposición para asociarse de tal manera que un 88,00% indicó que, si se asociaría, calificando como importante (36,00%) y muy importante (52,00%) el plan de asociatividad en cuestión, considerando que es de mayor importancia adquirir créditos asociativos. Los agricultores apuntan preferentemente al mejoramiento de la comercialización, acceso a nuevas tecnologías de producción y mercados con mejores precios. Los objetivos que buscan los agricultores para asociarse son nuevos mercados para la venta de cacao, eliminar intermediarios y manejo de postcosecha del grano. Las estrategias de asociatividad por las que los agricultores se inclinan son asistir a diferentes ferias productivas en las cuales participen con su producto buscando mercados potenciales.

**Palabras clave:** Asociatividad, Competitividad, Estrategias Asociativas.

## Introduction

Cocoa production is an economic activity that is becoming increasingly important in both rural and urban sectors of Ecuador. It is a source of income for farm owners and a source of jobs for people who do not have a farm, but are engaged in agricultural work and other jobs associated with this type of crop.

Ecuador is an outstanding country recognized worldwide for the quality of its cocoa, which is used as raw material for the production of different derivatives used in the food and cosmetics industry and other sectors that transform the almonds from these plants into consumer products.

In the sector of La Cadena, belonging to the canton of Valencia in the province of Los Ríos, there are several farmers dedicated to the exploitation of cocoa cultivation for commercial purposes, the same who see this crop as the livelihood for them and their family, and although some have other income from additional work, It should be noted that many times the yields and other expected results of the crop are not significantly good, since they do not receive technical assistance, managing their crops as they have traditionally done individually and in some cases sharing production techniques with their acquaintances.

Associativity as a model of business development, represents multiple benefits for small and medium-sized enterprises, since it allows them to increase profits, and in the case of farmers to associate, allows them to have access to credit, technical advice, group training in terms of aspects not only agronomic but also administrative, because it is widely recognized and proven that to ensure the sustainability of agricultural production systems, an efficient use of resources must be made, which is achieved through good management, also highlighting the ability of the leaders or in this case of entrepreneurial farmers in the leadership capacity to promote such associativity, as well as the ability to make long-term decisions.

There are many factors that influence the proposal of associativity to farmers who for years have produced without this type of strategy, so prior to the design of a proposal for associativity, the reception that

this may have and the willingness of farmers to join, and at the same time evaluate their main requirements and problems in terms of production, marketing and profitability, to thus consider as key points for the creation of agribusiness development plans that seek the improvement of production systems in the study area, in order to achieve a social agreement between the subjects of study.

We will now review some important concepts related to the problem to be addressed:

The association is part of a historical record of the early period, where man as a human being had the need to associate in different ways, to seek the benefit of their goals and achieve livelihoods; then it was food and social life; thus has developed associativity, creating different social models that allow the activity to be operational and organizational functioning of groups that come together to find common purposes (Sánchez, Blanco, & Esquivel, 2016)..

As stated by (Fernández, Narváez, & Senior, 2017).associativity is a mechanism of cooperation between producers, whether natural persons or entities ranging from microenterprises to small and medium-sized enterprises, in which each productive unit takes part, in such a way that they maintain both their legal independence and managerial autonomy, deciding to participate voluntarily through a joint effort with other participants, aiming to achieve the common objective determined by the association.

An associative strategy is considered as a mechanism of organized joint relationship and action, with a certain degree of permanence, between different actors - companies, individuals or organizations - interested in voluntarily joining their efforts to achieve common objectives and obtain benefits that they could not achieve individually. (Guale, 2015).

Productivity is a concept of multidimensional nature which is influenced by certain characteristics and behaviors of the individual, such influence involves psychological and psychosocial processes complex to quantify that constitute human factors (Cequea & Núñez, 2017). It can be defined as "the way of using production factors in the generation of goods and services for society", it seeks to improve the efficiency and effectiveness with which resources are used.

Productivity is a strategic objective of companies, because without it, products or services do not reach the necessary levels of competitiveness in the globalized world. (Medina, 2014).

Productivity is a measure of how efficiently labor and capital are used to produce economic value; high productivity implies that a lot of economic value can be produced with little labor or capital, while an increase in productivity implies that more can be produced with the same amount. In economic terms, productivity is any growth in output that is not explained by increases in labor, capital, or any other intermediate input used to produce (Galindo & Ríos, 2015)..

Economic development can be defined as the capacity to produce and obtain wealth, furthermore this can be both at the level of personal development and also applied to countries or regions. Whether in one or the other case, development is linked to livelihood and economic expansion in such a way as to ensure well-being, maintain prosperity and satisfy the personal or social needs of people. It arises with the advent of the capitalist mode of production, which implies an increase in the rates of profit that allow the process of capital accumulation. These leaps of quantitative accumulation are caused by several factors that can be combined as the reduction of costs, incorporation of more productive techniques or machines, overexploitation of the labor forces. (Concepto.de, 2018).

Local economic development can be defined as a process of growth and structural change that, through the utilization of the existing development potential of the territory, leads to an increase in the well-being of the population of a locality or region. When the local community is capable of leading the process of structural change, we are dealing with a process of endogenous local development. The starting hypothesis is that localities and territories have a set of resources (economic, human, institutional and cultural) and unexploited economies of scale that constitute their development potential. Each locality or territory is characterized, for example, by a certain productive structure, a labor market, an entrepreneurial and technological capacity, an endowment of natural resources and infrastructure, a social and political system, and a tradition and culture, upon which the processes of local economic development are articulated. At a specific historical moment and on its own initiative, a

city, county or region can undertake new projects that will allow it to start or continue on the path of competitive development. The necessary condition for an increase in local welfare is the existence of a productive system capable of generating economies of scale through the use of available resources and the introduction of innovation. (Vázquez, 2000).

Local economic development is a process of growth and structural change in the economy of a city, county or region, in which at least three dimensions can be identified: an economic one, characterized by a production system that enables local entrepreneurs to efficiently use productive factors, generate economies of scale and increase productivity to levels that allow for improved competitiveness in markets; a socio-cultural one, in which the system of economic and social relations, local institutions and values serve as the basis for the development process; and a political and administrative one, in which local initiatives create a local environment favorable to production and drive development (Böcker, 2005).

Social development focuses on the need to "put people first" in development processes. In the view of those affected themselves, poverty is not only about low income, but is also related to vulnerability, exclusion and isolation, institutions that do not assume their responsibilities, lack of power and aggravated exposure to violence. Social development promotes inclusion, cohesion, resilience, citizen security and accountability as the operational principles that define socially sustainable development. (Schrader, 2014)

The concept of Social Development refers to the development of both the human capital and the social capital of a society. It implies and consists of an evolution or positive change in the relationships between individuals, groups and institutions of a society, being Social Welfare the project for the future. Basically, Social Development should be understood as a process of improvement of the quality of life of a society. A community will be considered to have a high quality of life when its inhabitants, within a framework of peace, freedom, justice, democracy, tolerance, equity, equality and solidarity, have ample and recurrent possibilities of satisfying their needs and also of being able to deploy their potentialities and knowledge with a view

to achieving a future improvement in their lives, in terms of personal fulfillment and in terms of the fulfillment of society as a whole. (ABC Definition, 2007).

The essential aspect of rural development in advanced societies, as discussed here, is that it is integrated development. This implies the coordination of planned change in such a way that all the needs of rural areas are considered and taken into account in the light of available resources and prevailing ideology. This notion of rural development depends on understanding the relationship between the parts of the system. It is particularly affected by knowledge of the effects of change, especially those introduced from outside, on or between the parts (Fuguitt et al., 2007).

Rural development is a localized process of social change and sustainable economic growth, which aims at the permanent progress of the community and of each individual integrated in it. Local rural development is understood as the endogenous process that is generated in the territory in a global and intersectoral way, and that requires the active participation of the population itself in a process supported by the subsidiary action of the administrations and other external agents (BoletínAgrario.com, 2014)..

According to Guale (2015), the associative model in general, without leaving aside the autonomy of the participating companies, enables the resolution of common problems, bringing as advantages the following:

- Increased production and productivity.
- Increased bargaining power.
- Improved access to product or process technologies and financing.
- Risk and cost sharing.
- Cost reduction.
- Improved quality and design.
- Improved value chain management (greater control).
- Improve the management of technical knowledge under a productive and commercial training system.

Among the advantages of associativity, Quimí (2012), argues that the associative model in general, without leaving aside the autonomy of

the participating companies, makes it possible to solve common problems such as:

- Improved market positioning.
- Access to larger markets.
- Human resources training.
- Increased productivity.
- Access to specialized material and human resources.
- Development of economies of scale.
- Availability of information.
- Raising financial resources.
- Optimization of quality standards.
- New product development.
- Competitive advantages.
- Improved negotiation possibilities with customers and suppliers.

## Methodology

The following methods were used for the research: inductive, deductive and analytical.

The inductive method was the basic tool for the elaboration of the questions that made up the survey of cocoa farmers in the study area.

The deductive method was used to determine the degree of acceptance of the proposal and the associativity strategies, and the results obtained were used to identify specific key points for the fulfillment of the proposed objectives.

The analytical method was the basis for the analysis of the data obtained through the execution of the farmer surveys.

- Sources of data collection
- Primary sources

The primary sources from which information was obtained are the data obtained through the application of surveys to farmers, that is, information from direct observation.



Information was extracted from secondary sources, i.e. from books, brochures, newsletters, magazines, publications and online documents.

We worked with all the cocoa farmers in the La Cadena area, who constituted the universe of 25 people, the population on which this research is based, and to whom the surveys were directed in their entirety. In the surveys, questions were formulated based on the objectives of the research and the expected results. Closed questions were posed with simple and compound options to facilitate obtaining answers and speed up the survey execution process.

The data were collected on forms, which were then entered into Excel for tabulation and preparation of statistical graphs to facilitate their understanding.

## Results

**Table 1.** *Affinity of farmers in the La Cadena sector of the Valencia canton to join the association.*

<b>Alternatives</b>	<b>Number of farmers</b>	<b>Percentage</b>
Yes		88,00
No		12,00
<b>Total</b>		<b>100,00</b>

When asked about the acceptance of forming an association, 88.00% agreed to form an association with other farmers, while the remaining 12% disagreed with the idea.

**Table 2.** *Criteria of farmers in the La Cadena sector on the importance of an associativity plan.*

<b>Alternatives</b>	<b>Number of farmers</b>	<b>Percentage</b>
Nothing important	0	0,00
Not very important		12,00
Important		36,00

<i>Very important</i>	52,00
<i>Total</i>	100,00

Fifty-two percent of the farmers surveyed considered an associativity plan to be very important for the socio-productive development of the La Cadena sector, 36% indicated that such a plan was important, while the remaining 12% rated the cocoa farmers' associativity plan as not very important.

**Table 3.** *Main reasons why they would be associated .*

<b>Alternatives</b>	<b>Number of farmers</b>	<b>Percentage</b>
<i>Technical assistance</i>		16,00
<i>Access to group and/or associative loans</i>		16,00
<i>Collaboration between partners to improve production</i>		16,00
<i>Marketing improvements</i>		16,00
<i>Access to new production technologies</i>		16,00
<i>Search for new markets with better prices</i>	5	20,00
<b>Total</b>		<b>100,00</b>

The 20% of the farmers surveyed expressed that they would associate mainly to seek new markets with better prices, while the remaining 80% are evenly divided, stating that their main reasons for associating are access to technical assistance, group and/or associative credits, collaboration between partners to improve production, improved marketing and access to new production technologies, with a percentage of 16% oriented towards each alternative.

**Table 4.** *Consideration of the contribution of associativity to the access of technical assistance to farmers in the La Cadena sector of the canton of Valencia*

<b>Alternatives</b>	<b>Number of farmers</b>	<b>Percentage</b>
Yes		64,00
No		36,00
<b>Total</b>		<b>100,00</b>

**Prepared by:** Authors

**Source:** Surveys of cocoa farmers in the La Cadena area.

Of the farmers surveyed, 64% believe that the associativity does contribute to technical assistance on the farms, while the remaining 36% do not consider that this activity contributes to the development of cocoa farming.

**Table 5.** *Consideration of the contribution of associativity to the improvement of cocoa marketing in the La Cadena sector of the canton Valencia*

<b>Alternatives</b>	<b>Number of farmers</b>	<b>Percentage</b>
Yes		64,00
No		36,00
<b>Total</b>		<b>100,00</b>

**Prepared by:** Authors

**Source:** Surveys of cocoa farmers in the La Cadena area.

64% of the cocoa farmers surveyed considered that associativity does contribute to the improvement of cocoa marketing in the La Cadena sector of the canton of Valencia, and the remaining 36% indicated that associativity does not contribute significantly to the improvement of cocoa marketing in the sector.

**Table 6.** *Influence that farmers consider that intermediaries have on the marketing and selling prices of a hundredweight of cocoa.*

<b>Alternatives</b>	<b>Number of farmers</b>	<b>Percentage</b>
<i>They help a quick sale of the grain</i>		36,00

They pay a very low price		28,00
They pay an excellent price	0	0,00
They qualify according to their convenience		36,00
<b>Total</b>		<b>100,00</b>

Prepared by: Authors

Source: Surveys of cocoa farmers in the La Cadena area.

Of the total farmers surveyed, 36% considered that middlemen help in a quick sale of cocoa beans, another 36.00% that they rate them according to their convenience, and the remaining 28.00% expressed that they pay them a very low price for their cocoa.

**Table 7.** *Main objectives to be pursued by the associativity in the La Cadena sector in the canton of Valencia .*

Alternatives	Number of farmers	Percentage
Seeking new markets for cocoa sales		16,00
Facilitating access to credit		12,00
Facilitating the acquisition of seedlings for farms		8,00
Mutual assistance between partners in farm management.		12,00
Promote projects to implement irrigation systems		16,00
Elimination of intermediaries		12,00
Post-harvest handling		12,00
Adding value to the product		12,00
<b>Total</b>		<b>100,00</b>

Prepared by: Authors

Source: Surveys of cocoa farmers in the La Cadena area.

Sixteen percent of the farmers indicated that the association should seek new markets for the sale of cocoa, another 16% that it should promote projects to implement irrigation systems, 12% said that access to credit should be facilitated, 12% said that cocoa should be

given added value, 12% said that intermediaries should be eliminated, 12% that partners should help each other in farm management, another 12% that post-harvest management should be improved, and the remaining 8.00% said that the acquisition of seedlings for the farms should be facilitated.

**Table 8.** *Promotion strategies for the improvement of the agroeconomic development of the La Cadena sector in the canton of Valencia*

<i>Alternatives</i>	<i>Number of farmers</i>	<i>Percentage</i>
<i>Attendance at production fairs</i>	5	20,00
<i>Search for potential markets</i>		28,00
<i>Publicity in radio and print media for the sale of the association's cocoa.</i>		8,00
<i>Offering high quality cocoa beans</i>		44,00
<b>Total</b>		<b>100,00</b>

Prepared by: Authors

Source: Surveys of cocoa farmers in the La Cadena area.

Forty-four percent of the cocoa farmers in the study area said that the promotion strategy that they believe should be implemented is to offer high quality beans, 28% said that they should promote the search for potential markets, 20% said they would like to attend production fairs, and the remaining 8% said they would prefer to publicize the sale of cocoa in the association's radio and written media.

The results of this research show that in the La Cadena area there is a predominance of small production units, most of which do not exceed 3 hectares in size (56.00%), 48.00% of which are associated with plantain, which is consistent with Grob (2015), who mentions that in Ecuador there is a wide predominance of small production units that are commonly managed as family farms or orchards to meet the household expenses of the farmers, largely associated with plantain. In addition, the need for technical assistance plans is evident since 84% of farmers do not receive this type of advice for the management of their crops, and 72% do have access to credit, but they do not have a technician to contribute their knowledge to the correct management of the funds disbursed. This is in agreement with Miranda (2015), who indicates that production systems require both capital and a correct administration of resources.

In the zone, there is a great willingness to associate, so that 88.00% indicated that they would associate, rating as important (36.00%) and very important (52%) the associativity plan in question. In addition, according to the farmers themselves, they consider that it is more important to acquire associative credits. These results give relevance to Quimí (2012), who mentions that associativity has among its advantages the attraction of financial resources, which according to Arango & Martínez (2007), promote capital investment in order to achieve greater business development with mutual benefit for the members.

The farmers surveyed hold the idea that an associativity plan can contribute significantly to the development of the sector, as they consider that it can improve access to technical advice and marketing of cocoa (64.00%), the latter being important because they consider that intermediaries may help to sell the beans quickly, but at the same time they qualify at their convenience so they pay a very low price, which is consistent with Magnazo & Orchansky (2007), who argue that associativity seeks the common good of all partners, taking care to solve their main problems, both existing and potential, and that it can improve the access to technical advice and the marketing of cocoa (64.00%). Orchansky (2007) who argue that associativity seeks the common good of all partners, taking care of solving their main problems both existing and potential, also regarding intermediaries, Grob (2015) mentions that they are one of the main problems for

agro-commercial development, since in most cases they buy the production in a faster way but the price they pay is usually well below the reference price.

Among the main reasons that farmers in the sector have for accessing the associativity plan is that they prefer to improve marketing, access to new production technologies and seek markets with better prices, which, according to Guale (2013), can be achieved through associativity, since its advantages include access to technologies, greater bargaining power and improved management of the value chain.

The objectives that farmers believe an association in the study area should pursue are to seek new markets for the sale of cocoa, eliminate intermediaries and improve the post-harvest handling of the beans, since not all sell cocoa in the same state, most of them being sold dried (44%) and dried (36%). Based on the above, it is possible that this is achieved thanks to different associativity strategies, among which it is possible to attend different production fairs in which both the association and the product offered are made known, and also offer quality beans in order to seek potential markets, for which farmers have considered that the cocoa sold by the association should be disseminated in radio and written media, thus achieving greater competitiveness, taking into account that according to Fernandez & Narvaez (2011), within the cocoa sector, the association is able to improve its competitiveness. Narváez (2011), among the recognized strategies that contribute to local development, business associativity occupies an important place, being a mechanism by which different organizations join efforts, wills, initiatives and resources, seeking to achieve common objectives, in order to be more competitive in the global market, preserving their legal independence and managerial autonomy.

## Conclusions

In the zone, there is a wide willingness to associate in such a way that 88.00% indicated that they would associate, rating as important (36%) and very important (52%) the associativity plan in question, considering that it is of greater importance to acquire associative

credits. Farmers preferably aim to improve marketing, access to new production technologies and markets with better prices. The objectives sought by the farmers for association are new markets for the sale of cocoa, elimination of intermediaries and post-harvest management of the bean.

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