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Strategic intent and the strategic position of smallholders: a case study of a smallholders' organization in the Ghanaian cocoa industry

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ABSTRACT

Despite their clear relevance in western business society, many strategic management literature insights are neglected in the development debate regarding smallholders in third world countries. This article explores if strategic intent may be a useful tool in the smallholder debate, by conducting a case study of a smallholders' organization in the Ghanaian cocoa industry. The case study shows that the strategic intent of the smallholders' organization and the commitment of its members are inadequate. Group goals are lacking, farmers are participating in side-selling, and do not actively engage in the cooperative. These problems may be resolved by propositions provided by the strategic management literature, such as the introduction of an entrance fee to participate in the cooperative.

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1. Introduction

The Global Value Chain (GVC) literature (Gereffi, 1999a, 1999b; Humphrey and Schmitz, 2001, 2002) examines the different ways in which global production and distribution systems are integrated. It, therefore, assists to improve knowledge about the possible winners and losers in this globalization process, and how and why the gains from globalization are divided. In short, GVC literature contributes to understanding the different parties and positions within such a chain.

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Despite its clear relevance, this literature does not provide an internal analysis on the position of smallholders, which is especially required in order to organize policies or frameworks to improve the strategic position of these smallholders. The GVC literature is not sufficiently addressing the resources that are necessary to create and sustain a competitive advantage, neither provides insights into the forces that determine value appropriation among actors in the chain. We argue that strategic management literature may help to better understand the smallholders' position in global value chains (Olthaar, 2015).

This article focuses on strategic intent to explore the relevance of the use of strategic management theories in the smallholder discussion. Strategic intent is the goal that exceeds the current position of a firm (Prahalad and Hamel, 1989). The traditional view of strategic planning focuses on fit between existing resources and current opportunities, where strategic intent creates a misfit between resources and ambitions in order to address the market challenges firms are facing. A crucial insight from this literature is that strategic positioning starts with ambitions and feasible goals. Exactly these aspects were found missing in the cooperative under study.

A case study is conducted to analyze the position of the smallholders in the GVC. The researched smallholders' organization will be analyzed in order to explore if strategic management theories in general, and strategic intent in particular, are useful to understand its present performance. We conclude that the strategic intent is weak as the cooperative does not have a clear goal and the cooperative members and its staff are not unified in their ideas on the cooperative. Concomitantly, the commitment of the members of the cooperative is low since many members are engaged in side selling and not active in the cooperative itself. The literature provides possible solutions to improve these weaknesses, for example by introducing an entrance fee.

The article continues with the theoretical framework, which is followed by the research method. Afterward, a general image of the cocoa industry is provided and followed by the description of the cooperative, the AICFU (Asankragua Impact Cooperative Farmers Union). In the following two chapters the results are presented and discussed. In the final chapter, the main conclusions are presented.

2. Theoretical framework

Laven (2010) argues that the Global Value Chain (GVC) literature (Gereffi, 1999a, 1999b; Humphrey and Schmitz, 2001, 2002) grew into an unified theoretical framework which enables to identify and change existing power relations within chains by means of upgrading strategies. However, the GVC does not sufficiently address the resources that are necessary to create and sustain a competitive advantage; neither does it provide insights into the forces that determine value appropriation among actors in the chain (Olthaar, 2015).

GVC literature assists in understanding the position of smallholders in the value chain. It provides an overview of the value chain overall, and the external forces that determine the position of stakeholders in the value chain. However, it does not consider the internal forces that determine the smallholders' strategic position, as the value appropriation within the chain is not discussed (Olthaar, 2015). The literature on Collective Action (CA) provides insights into how this position of smallholders in the chain can be improved by smallholders themselves. Since smallholders are often resource constrained, cooperation is required to grow and develop resources and capabilities. Collective Action literature is discussed to understand the mechanisms of a farmer organization and helps to identify major challenges (Gary, 2014; Markelova *et al.* 2009; Olson, 1965).

CA is regarded as an instrument to strengthen the market position of smallholders as it improves access to all kinds of club goods (even local public goods) and GVCs for rural households (Thorp *et al.* 2005). Smallholder groups can also provide platforms for capacity building, information exchange, and innovation in rural settings (Fischer & Qaim, 2012). Cooperation among farmers has many advantages: an organized group of smallholders is better able to access credit and is able to save money by bulk-buying quality inputs, afford machinery that makes them more efficient as a group, and smallholders are more likely to be a reliable supplier to a wholesaler who needs large amounts (Robinson, 2013).

Gray (2014) draws on lessons learned during the development of African-American cooperatives during the twentieth century. Cooperative formation and operation needs to account for adequate training and education of members, stable and adequate capitalization, stable and adequate numbers of clients, the building of trust and solidarity among members, support from the community, communication mechanisms, including meetings, conventions, newsletters, and newspapers that connect members to members and members to the organization.

An important insight from the CA literature is that a group of smallholders should be homogenous with respect to group goals (Gary, 2014; Olson, 1965). To better understand these goals we use the concept of strategic intent (Prahalad & Hamel, 1989), since it provides us with a clear view on suitable goals for companies (and smallholder organizations). Strategic intent is described as the goal that exceeds the current position of a firm (Prahalad & Hamel, 1989). The traditional view of strategic planning focuses on fit between existing resources and current opportunities, where strategic intent creates a misfit between resources and ambitions. The firm then closes this gap by systematically allocating resources toward the goal.

Prahalad and Hamel (1989) provide five steps that need to be accounted for in order to facilitate the goal. These steps, when adapted slightly, can also be applied to the case of smallholders in global value chains; firstly, a sense of urgency needs to be created that puts a focus on signals that are required

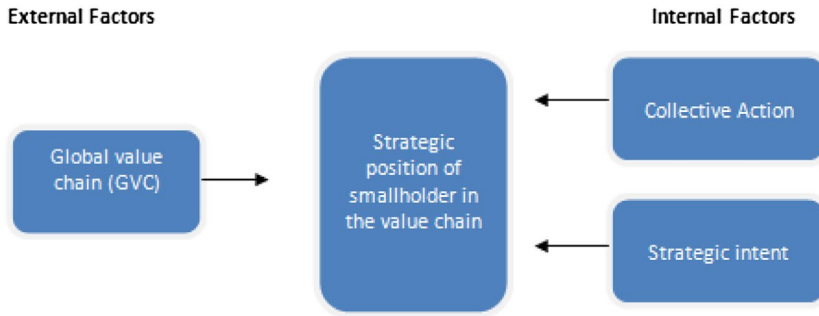


Figure 1. Theoretical framework.

for improvement. One of the goals of certification is to be ‘an intervention to shake up farmers,’ since it provides smallholders with a sense of urgency and stimulates them to set and reach goals. Secondly, a competitor focus needs to be developed so that every smallholder is able to benchmark his or her efforts against best practices in the industry. Thirdly, smallholders need to be provided with the right skills, training, and extensions. The better smallholders are able to obtain know-how, the more efficient they can allocate their resources. Fourth, the firm should be given time to digest one challenge before launching another, and fifth, clear milestones and review mechanisms need to be established to track progress.

Besides the strategic intent of a cooperative, another important (and closely related) factor is group solidarity. Group solidarity is important to a cooperative since solidarity can be leveraged with activities such as leadership development, and women and youth development (Gray, 2014) and, finally, strengthens commitment. The commitment of the group may be displayed by the willingness to invest in the cooperative, willingness to sell through the cooperative, and willingness to participate in the management of the cooperative (Lutz and Tadesse, 2017, this issue). Willingness to invest is important as without significant investments of members a cooperative will not work. Members should show commitment to sell through the cooperative since the financial position of the cooperative depends on its turnover. Finally, the members should be willing to participate in the cooperative to influence the cooperative positively and initiate improvement.

Figure 1 summarizes the approaches that contribute to understanding the strategic position of smallholders in the value chain.

3. Method

For this qualitative research, the author did three months of ethnographic fieldwork in Asankragua, Ghana, as part of a more comprehensive research on

the strategic position of smallholders. The data are collected in multiple ways; expert interviews are conducted with actors from all parts of the value chain, semi-structured interviews are conducted with smallholders that are members of the cooperative, staff members of the cooperative and traders (Purchasing Clerks, PCs), and documentation is examined to complete and check the data.

Reliability is considering the prevention of instrumental and situational biases of the researcher (Yin, 1994). With regard to the interviews conducted, a standardized structured interview is developed beforehand. A second round of interviews is conducted by a different interviewer. With regard to the expert interviews, a short list of guiding questions is used. The results and answers are discussed among the two interviewers, while the use of multiple research methods (secondary literature, expert interviews, and semi-structured interviews) narrows instrumental biases. By using a sample of multiple cases and interviewing every case two times, biases are further controlled.

Construct validity considers establishing the right operational measures to gauge the concepts studied (Yin, 1994). The construct validity is improved by the use of multiple sources of evidence, by developing the interview guide together with a second researcher, and by having the interview guide reviewed by a third researcher. The relationship between the questions and variables is carefully and systematically developed.

Internal validation refers to the establishment of causal relationships, whereby certain conditions are shown to lead to others (Yin, 1994). This research deals with internal validity by collecting information regarding the cases as complete as possible in order to be able to identify relevant variables in causal relationships. Information about the cases is not only collected by interviews, but is enriched by interviewing the partner of the farmer, as well as doing a second round of interviews and collecting additional and/or missing data about the farmer from available documentation.

External validation copes with the extent to which the case can be generalized beyond the case study (Yin, 1994). Due to the use of multiple cases the external validation is improved. The different cases are analyzed in a similar way, finding logic among the multiple cases.

3.1. Operationalization of concepts

Strategic intent guides decision-making in order to reach or maintain a goal in the future (Prahalad and Hamel, 1989). Smallholders are questioned in order to find out if they are subsistence farmers or entrepreneurial farmers who want to achieve a better life based on a business in the cocoa industry. Strategic intent is measured at smallholder level and at the level of the cooperative, as both are important for the smallholders' strategic position since joining a cooperative with a good strategic intent can impact the smallholder.

The strategic intent of the smallholder is measured in terms of entrepreneurial behavior. Three factors that determine the farmer's entrepreneurial behavior are entrepreneurial learning (Miniti and Bygrave, 2001), willingness to invest, and willingness to grow (Parker, 2009). Based on outcomes of questions regarding these three variables, farmers are ranked on strategic intent. The strategic intent of the cooperative is measured by the clarity and consistency of group goals (Olson, 1965) as directly described by staff members and based on the members' expectations regarding the cooperative, which indicates if and how the cooperative has presented their goals toward their members.

As discussed in the literature section, a committed member base is closely related to the strategic intent of a smallholders' organization and possibly just as important. Therefore, the commitment of the member base is analyzed in the case as well. The commitment of the eleven members of AICFU are analyzed in the following way: willingness to invest is analyzed by the investments made in the past three years, willingness to sell is analyzed by mapping out the selling behavior for the 2014–2015 season, and willingness to participate is analyzed by the current activities in which the smallholders participate.

4. General Setting

4.1. General setting

Cocoa is considered as a global value chain (GVC): smallholders produce most beans in West Africa, while manufacturing, retailing and consumption is mainly done in Europe and the United States. The smallholders in West Africa gain attention due to development and sustainability initiatives, with certification as the most prominent example. Certification in the Ghanaian cocoa industry is implemented in two ways: by certifying traders, which are referred to as Licensed Buying Companies (LBCs) and by organizing and certifying farmer organizations. However, these farmer organizations do not live up to their full potential and the impact of certification on farmers seems rather bleak (COSA, 2013).

A strong influence of the Ghanaian government characterizes the structure of the Ghanaian cocoa market. The Ghanaian government exports all cocoa by means of the sales agent Cocoa Marketing Company (CMC) of Cocobod. To collect the cocoa from the communities and transport the beans to the harbor in Tema Cocobod hires traders; licensed buying companies (LBCs). The LBCs earn a fixed commission for the amount of cocoa that the companies deliver. At the community level, the farmers face several purchasing clerks (PCs), who represent different LBCs. The PCs are paid based on commission and try to purchase as many cocoa beans as possible. An overview of the value chain is displayed in Figure 2.

The PCs are not able to compete on price, since the Ghanaian government announces a yearly fixed price at the beginning of the high season. During

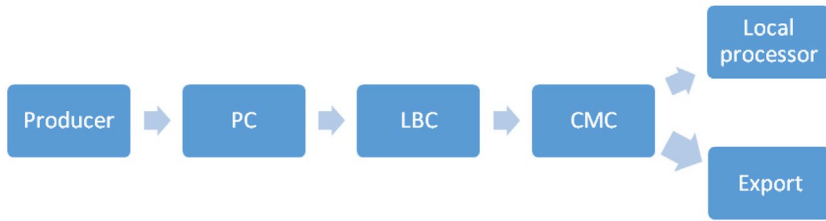


Figure 2. Value chain cocoa industry Ghana.

the season of 2015, the fixed price was 350 Ghanaian Cedis per bag (64 KG) of cocoa. Since PCs are not able to compete on price, they offer different benefits in form of gifts, loans, and price premiums for certified cocoa or transportation. Farmers may not directly benefit from a better strategic position in terms of a higher price, but may receive more of these 'secondary' benefits.

Three capabilities could especially assist the farmer in improving its strategic position: storing, saving of money, and access to inputs.¹ Storing provides the farmers with an opportunity to wait until the cocoa price is being adjusted by the government. Saving provides the farmer with the opportunity to become less dependent on the PCs (and therefore more willing to act against suppression and cheating behavior) and benefit from the business opportunities in the low season. Finally, access to inputs assists the farmer in applying the right inputs at the right time, as well as preventing the farm to be infected by diseases. All three capabilities are strongly connected to financial resources, while farmers often are financially constrained. The cooperative can play an important role in developing these capabilities since a cooperative is able to improve the access of its members to financial means.

The data collection of this research is performed in Nyamennaeh, a cocoa-community nearby Asankragua, the capital of the western region in Ghana. Nyamennaeh is a small village of about 300 farmers, where six PCs from five different LBCs buy cocoa beans.

5. Results

5.1. Description of the cooperative

The cooperative AICFU was established in 2011, has 1400 members living in 25 communities and is Rainforest Alliance (RA) certified. The premium paid by RA is used to run the project: RA paid AICFU a premium of 150 dollar per ton cocoa during the main season of 2014/2015. Farmers of the AICFU obtain 50% of the RA premium for their cocoa, which means they obtain 15 Cedi premium

¹As concluded in the analysis of the master thesis project of A. Metzlar (University of Groningen), which is used as foundation of this article.

per bag of cocoa.² Farmers (members) supply the beans to the trader that works with AICFU and receive this part of the premium cash. The rest of the premium is used to pay AE-LB for technical support and the remaining 7,5 Cedi (per bag) is used to pay the coordinator and the field-officers to purchase joined assets and to organize the cooperative.

RA only provides the standards to which the farmers and their product should comply, and rewards the cooperatives that reach this standard by paying the premium. The organization, which is focused on reaching the RA standard and financed by the RA premium is built up and maintained by an external party, AE-LB.

AICFU works together with the LBC Armajaro. PCs of Armajaro are stationed in every community of the cooperative. These PCs are important intermediaries for the cooperative since they buy the cocoa in the community and distribute premiums and inputs. Moreover, some of the PCs are field officer (FO) as well, since they are the only person in the community who knows how to read and write.³ In this case the PC is also responsible for the training and monitoring of the farmers.

AICFU has a main board (executives of organization) which is taking the main decisions. The executives meet four times per year, together with one representative of each community. During these meetings, decisions are made regarding group policies, the assets and liabilities of the group and conflict resolutions within the group. One of the three representatives of each community is appointed to represent the farmers of that community during meetings, and communicates decisions made by the executives to the farmers of the community. The three community representatives meet on a monthly basis (after the training). The farmers are able to attend the training, and therefore in a position to communicate with the representatives.

The coordinator assists the general board with decision-making and implementation and communication of decisions. Besides this, he is responsible for managing the certification process, representing the farmers to outside parties, and coordinating training activities and maintaining internal documents. In every community one FO is appointed to take care of registration of the producers and the maintenance of records of farmers. The FOs perform internal inspection and organize the training.

In order to obtain the premium, it is required that the farmers who join the cooperative comply with the sustainable agricultural network (SAN)-standards. The SAN-standards describe the social and environmental rules to which farmers need to comply in order to join the certification scheme. The cooperative assists farmers by providing them with training, teaching them about the standards and GAP, and monitoring the application of these standards. In order to join the

²150\$/tonne * 3,2 (relevant exchange rate) / 16 bags (per tonne) = 30 Cedi/bag / 50% = 15 Cedi/bag.

³Source: Coordinator of AICFU, who states that this is true for most communities within AICFU.

cooperative, a field officer (FO), who is responsible for training and monitoring, has to inspect and approve the farm.

The tasks and actions of the cooperative are discussed based on three important services that a cooperative may provide to strengthen the strategic position of the farmers: marketing, extension, and social services.

5.2. Marketing

AICFU takes care of guaranteeing the premium and a stable market for the farmers. In order to do so AICFU made an agreement with Armajaro: Armajaro buys the certified beans of AICFU and transports the beans to Tema. The cooperative does not contribute to price benefits, since the price is fixed. However, it helps the farmers to achieve the premium for the certified beans and contributes to control the PCs. The PCs have a strong position in the current form, but the coordinator of the cooperative helps farmers by monitoring and punishing PCs in case of disadvantaging farmers.

5.3. Extension

AICFU assists farmers to obtain inputs (like fertilizer and insecticides). Most farmers face financial problems during the low season, while inputs have the highest impact when applied during the low season. To resolve this issue, the cooperative assists farmers by pre-financing the inputs. The farmers are allowed to pay back the money when they receive their beans (and income) during the main season. This extension service is initiated in the 2015–2016 season (after the data collection), and therefore it is not certain if it works as expected. The cooperative does not provide access to financial means.

The cooperative provides training on a monthly basis with help of the FOs. The farmers decide if they participate in this training, which mainly concerns a presentation of the good agricultural practices (e.g. skills to increase the production). Training on business skills is not provided.

5.4. Social services

The cooperative does not provide any social services to the community.

5.5. Role of the cooperative in improving the strategic position of farmers

The cooperative can play an important role in facilitating valuable investment options regarding storing, saving, and access to inputs. Since all these three options are related to financial resources and the cooperative is able to

accumulate more money than an individual farmer, the cooperative may be able to better develop these capabilities.

To put this into practice: the cooperative may be able to provide the farmer with alternatives for saving money (by providing loans throughout the low season) or improve/encourage the saving behavior of its members by introducing a saving scheme. The cooperative may store the beans collectively in order to obtain a higher price in October, when the fixed price of the new season applies. The cooperative has better access to inputs, is able to buy inputs at bulk, and can provide its members with inputs through an input-scheme. Therefore, the cooperative has an important task in improving the strategic position of farmers.

The co-op is currently only engaged with the capability 'access to inputs', and Good Agricultural Practices (GAP) regarding the production of cocoa. The cooperative is organizing an input scheme to help the farmer obtain the inputs at the right time, and the cooperative is providing the farmers with training with regard to the GAP. However, the cooperative does not assist the farmer in improving their managerial business skills, or strategic management, and is therefore not involved with 'saving', neither does it help the farmers with storing the beans. In order to improve the position of the farmer, options with regard to these capabilities should be considered.

Overall, it appears that the cooperative has a limited impact. The cooperative is not actively assisting the farmer in improving important capabilities as saving and storing, and only recently started assisting the farmer with access to inputs. The following two paragraphs will provide a possible answer for the question why the cooperative is not more successful in supporting the farmers, and will provide two probable reasons for the lack of impact of the cooperative.

5.6. Strategic intent

5.6.1. Strategic intent of the cooperative

The strategic intent of the cooperative is described based on two factors; the clarity and consistency of group goals and the expectations of the members of the cooperative.

5.7. Group goals. With regard to goals of the cooperative, different answers were provided by different staff members. As displayed in Table 1, the coordinator states that the goal of the cooperative is to 'protect the quality of the beans that are supplied by the farmers.' Two interviewed board-members state different goals: 'Make the farmers able to save money, cooperate and generate enough income to be able to have a good life' and 'To get as much cocoa for Armajaro as possible.' The coordinator and a member of the board both aim to grow the cooperative: the coordinator states that he wants to increase the production of the cooperative with 100% in three years in order to attract more income to

Table 1. Goals and target of staff members.

Cooperative member	Answer to 'what is the goal of the cooperative?'	Answer to 'how can the cooperative improve?'
Coordinator	Protect the quality of the beans that are supplied by the farmers	The cooperative should grow; I aim to grow the cooperative with 100% in three year. Grow means more beans, more premium and more money to improve the cooperative
Board member 1	Make the farmers able to save money, cooperate, and generate enough income to have a good life	The farmers should be assisted throughout the low season. In order to do so loans are required, the cooperative should search for help from third parties
Board member 2	In first instance get motorbikes for the field officers. They want to grow and get as much cocoa for Armajaro as possible	The cooperative needs to grow

build a better organization. Board member 1 states that the farmers should be assisted by a third party.

5.8. Members' expectations. None of the members of AICFU indicates to have knowledge about goals with regard to the cooperative. When the members are asked 'What does the cooperative mean to you?', all farmers discuss material benefits like premium, training, or inputs. None of the farmers mentions long-term improvements or collective strength. When the members are asked how their situation should be improved, again they do not mention the cooperative, or solutions that regard the cooperative. The smallholders all focus on material improvements without including the cooperative in their solutions.

5.8.1. Strategic intent of the Individual smallholder

Individual strategic intent of the farmer is, as mentioned before, measured based on the indicators of entrepreneurial behavior: 'entrepreneurial learning,' 'growth,' and 'willingness to invest.' From the eleven interviewed members of AICFU, seven members score medium-high or high on the three factors combined, as displayed in Table 2.⁴ These results display that the strategic intent of the farmers in general is pretty high, as seven of the eleven interviewed smallholders are displaying entrepreneurial behavior in terms of entrepreneurial learning, focus on growth, and willingness to invest.

5.9 Commitment of member base

The commitment of the member base is discussed regarding the three identified variables: willingness to sell, willingness to invest, and willingness to participate.

⁴As concluded in the analysis of the master thesis project of A. Metzlar (University of Groningen), which is the basis of this article.

Table 2. Individual strategic intent of members AICFU.

Farmer	Entrepreneurial learning	Growth	Willingness to invest	Rank (1–4)
1	High	Medium	Medium	3
2	Medium	High	High	4
3	Low	Low	Medium	1
4	Medium-Low	Medium	High	3
5	High	Medium	Medium	3
6	Medium	Low	Medium	2
7	High	Medium	Low	2
8	Medium	Low	High	2
9	Medium	Medium	High	3
10	Medium	High	High	4
11	High	High	Medium-Low	3

Table 3. Selling behavior of members AICFU.

Members of cooperative	Reasons to sell beans to PC cooperative	Participates in side-selling?
Farmer 1	Good relationship, training, premium	No
Farmer 2	Providing with loans, training, premium	No
Farmer 3	Money available, loans, good relationship	Yes
Farmer 4	Good relationship, training and advice	No
Farmer 5	Money available, helps with transport, training, premium, higher commission	Yes
Farmer 6	Higher commission	No
Farmer 7	Relationship with PC, premium, cutlass	Yes
Farmer 8	Training, premium, social ties	Yes
Farmer 9	Premium, small gifts, training, free inputs	No
Farmer 10	Loan, loyalty, transparency, good relationship	Yes
Farmer 11	Premium, training	No

5.10. Willingness to sell

The commitment to selling to the PC of the cooperative seems to be rather opportunistic. As displayed in Table 3, none of the farmers state that they sell their beans to Armajaro since that is the good thing to do to support the cooperative. Only other reasons are mentioned. Besides this, many of the farmers participate in side-selling: Table 3 shows that six of the eleven members of AICFU interviewed engage in side-selling. Moreover, four out of the six farmers that are participating in side-selling are unaware of the fact that side-selling has a negative impact on the cooperative. Farmers are engaged in side-selling because of 'emergencies in combination with money-issues' (two farmers), 'social contacts with other traders' (two farmers), 'conflict' and 'selling diversification strategy.'

5.11. Willingness to invest

The farmers do not consciously invest in the cooperative. The farmers pay a part of the premium to the cooperative, but this is not regarded as a cost since the money is never 'in possession' of the farmer. Joint investments are not made. The farmers have certain demands, but they do not seem to be willing to collectively invest to realize these demands. An example is a spraying machine,

which is identified as a priority by all farmers interviewed. However, the farmers do expect that the cooperative buys the spraying machine, and do not initiate any form of joint investment, even though the needed capital is limited (1500 Cedis, equaling 470 Euro).

5.12. Willingness to participate in management

One of the seven interviewed farmers with a high strategic intent, that would be expected to take a leading role in the cooperative, is participating as a staff member in AICFU. The other six members with a high strategic intent did not participate in the management.

Besides this, multiple staff functions in the community were often fulfilled by one person. The PC of the community is also appointed as the FO because of 'the lack of available farmers that could read or write.' The double-role of FO and PC has some disadvantages. First of all, there is no control mechanism for the PC and FO, which means that the person in charge may easily align his/her interests. For example, this provides the person in charge with the opportunity to accept more farmers as a FO (even if they do not comply with the standards) in order to be able to evacuate more beans as a PC (and earning a higher commission). Secondly, since the farmers are dependent on one person with regard to all the tasks performed by the cooperative in that community, the farmers will have a weak position toward that person, which makes it more likely that the person is able to cheat the farmers or misuse his/her strong position in any other way.

6. Discussion

Certification allows third parties and sponsors to develop organizations in order to enable group certification. NGOs put down initial structures and train members so that they could gradually take over the management and coordination of the cooperative (Glin *et al.* 2015). However, this type of cooperatives faces several challenges. Firstly, cooperatives often fail as soon as the third party assisting in the foundation steps out, or when funds dry out. Furthermore, the importance of member owned and geographical embeddedness of the organization cannot be overstated (Gray, 2014). When cooperatives are set up by individuals from outside the community, the risk is high that the cooperative will collapse when these leaders leave. Thirdly, the problem of group composition was discussed by Ostrom (1990). Certification targets to include all smallholders, focusing especially on the most poor (and therefore smallest) farmers. However, group members may be different in terms of contribution and gains, but should be homogeneous in terms of group goals (Ostrom, 1990). This is a potential problem if cooperatives organized by NGOs include both entrepreneurial and subsistence farmers that do not share the same goals.

The previous sections explored especially two important characteristics of the cooperative under study: strategic intent and commitment. If cooperatives

have a strong strategic intent, and the commitment of its members is high, the cooperative can overcome the problems stated.

6.1. Strategic intent

As displayed in the result section, the staff-members of the cooperative have different opinions regarding group goals and future plans. Furthermore, farmers are not well informed about the goals of the cooperative and do not regard the cooperative as the most important source to improve their situation. These findings indicate that the cooperative has a low level of strategic intent.

On the contrary, seven of the eleven cooperative members do show a high level of individual strategic intent. The smallholders seem to have a high motivation to achieve a bigger and better farm, but do not believe that the cooperative is an important asset in achieving this goal. The strategic behavior of the farmers is more focused on individual performance than on the cooperative and, as discussed by Ostrom (1990), inflicts problems since the members do not share homogeneous goals. The challenge for the cooperative is to make their members realize that the cooperative is the best way to improve their situation, and develop and share a goal in which all members can align.

The cooperative could take several actions to improve the awareness of the importance of the cooperative. A clear strategic intent is important (Gary, 2014; Olson, 1965) in order to increase solidarity and attract members. By developing clear goals and communicating these goals to existing and potential members, the cooperative can improve its impact. Currently these goals are not well developed, most likely for several reasons: the cooperation is especially focused on training the GAP to their members. Besides that, goal setting implies some kind of selection, while the cooperative aims to include all farmers, not only the larger and more potential farmers.

If the members are more aware of common goals they may be more motivated to reach these goals, and therefore more engaged and committed to the organization. Besides that, potential new members may be more attracted to the cooperative since they have a clear idea of the benefits that they may gain if they join the cooperative. Providing the smallholders with clear insights in the costs and benefits of becoming member of the cooperative assists the smallholder to become aware of the choices they have (whether to join or not) and therefore make the smallholder more committed to its choice. In order to create this knowledge among its members, AICFU should train farmers not only on their good agricultural practices, but also on the relevance, benefits, and the goals of the cooperative.

6.2. Commitment

Several problems exist with the commitment of the farmers. Many of the small-holders engage in side-selling, which indicates a low level of willingness to sell through the cooperative. None of the interviewed cooperative members invest in the cooperative, or invest in required resources collectively, which indicates a low level of willingness to invest in the cooperative. Finally, only one of the seven members with a high strategic intent (that are the most suitable members to join the management of the cooperative) is currently occupying a position in the cooperative staff. Therefore, the willingness to participate in management is not regarded high. Overall, the commitment of the cooperative members seems to be below required standards.

The cooperative should consider actions to improve the commitment of its member-base. Solutions may be to introduce a membership fee, as suggested by CA literature (Olson, 1965). A membership fee will decrease problems with regard to the low level of engagement and commitment, because farmers are more aware that the cooperative costs money and are more aware of the fact that the cooperative should give them returns in order to be successful. Currently, the farmers pay half of their premium (15 Cedi) to the cooperative. However, in practice, the farmers do not regard the 15 Cedi as a cost, since the farmer does not know that the initial premium is 30 Cedi per bag. In reality, the farmer perceives the 15 Cedi per bag as the premium, and the 15 Cedi that is used to run the cooperative is unknown. Therefore, the farmers do not perceive the cooperative as something they are paying for, and thus lack the interest to involve actively.

Besides that, a membership fee will lead to self-selection: only the farmers that are committed (grasp the idea of investment and long term returns) and large enough (membership fee will be only attractive to farmers that produce a certain minimum of cocoa, because return is based on premium) will enter the cooperative. Selection 'at the gate' reduces inefficiencies and reduces the chances on free-rider behavior (Olson, 1965). This leads to a more homogeneous and strong group of farmers, which increases the involvement of best farmers in the co-op, since their argument of 'free-riders profit from my efforts too' will (partly) disappear.

A suggestion of a first step could be the following: the cooperative pays 30 Cedi premium per bag to the farmer and the farmer pays a membership fee of 15 Cedi per month. The farmers would better understand the costs and benefits of the cooperative, and may be more involved and committed to the cooperative if he/she decides to join. In return, the cooperative should make the farmer well aware of the benefits of being a member: the farmers will only join (and pay the membership-fee) if they value the benefits over the (visible) costs.

7. Conclusion

The cooperative which has been analyzed in this article provides an insight on current challenges in organizing the smallholder and improving its strategic position in the value chain. The study shows that the strategic intent of the smallholder organization is not properly defined and, consequently, the members of the cooperative do not seem to endorse the importance of the organization and lack commitment.

With the use of theories from Prahalad and Hamel (1989), Olson (1965), and Gary (2014) solutions can be offered to improve the strength of a smallholders' cooperative. By creating a clear and consistent group goal, the smallholders may better understand why they should join and focus on improving the cooperative, while the cooperative staff could focus on achieving common goals. A group goal does not automatically lead to better performances, but without a goal the cooperative cannot ask for commitment, and will consequently fail. The commitment of the members can be further improved by implementing a membership fee (Olson, 1965) that leads to better understanding of the costs and benefits of the cooperative, more willingness to invest, and self-selection at the gate or by training the current staff members in a way that they are more focused on entrepreneurial behavior.

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Notes on contributor

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