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Innovative Research for Organic 3.0 Volume 2

Proceedings of the Scientific Track
at the Organic World Congress 2017

November 9-11 in Delhi, India

G. Rahmann, C. Andres, A.K. Yadav, R. Ardakani, H.B. Babalad, N. Devakumar,
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Entrepreneurial Culture And Capability of Organic Farmers' Organizations in the Philippines

Maria Rowena A. Buena¹, Cory William Whitney²

Key words: Entrepreneurial capabilities, organizational culture, entrepreneurial culture

Abstract

The entrepreneurial culture of farmers' organizations of Magsasaka at Siyentipiko Para sa Pag-unlad ng Agrikultura (MASIPAG) in the Philippines is a contribution to Organic 3.0. The mechanisms necessary to reinforce an entrepreneurial culture for the Organic farmers' organizations of MASIPAG are described. Different PGS groups have similar entrepreneurial capabilities yet dissimilar competitive success and organizational cultural dimensions. Much work is needed to develop the entrepreneurial capabilities, we recommend that farmers actively participate in marketing activities within their localities, improve production, and take advantage of expanding markets; farmers' organizations leaders should encourage members to increase production and entice conventional farmers to transition to Organic production; MASIPAG should act as a support institution by helping farmers design appropriate programs to reinforce good business management.

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Introduction

Organic 3.0 focuses on bringing Organic agriculture out of its current niche into the mainstream by positioning Organic systems among the many solutions needed to solve the extreme challenges of the modern day. To realize this potential the entrepreneurial culture of Organic farmers will need to be tapped. The capability and culture of Organic farmers' organizations as entrepreneurs is critical for their future yet few studies have evaluated these important aspects.

Organic production has been increasing in the Philippines since the passage of RA 10068 in 2010. Farmers' organizations have begun marketing and selling Organic products, yet they may not yet have entrepreneurial capability (EC), which usually applies to those with access to resources (Carland, et.al, 1984; Philippines, 2009). Entrepreneurial culture creates a motivating environment that transcends norms, values and relationships (Loveridge, et al. 2009). Capability is the resulting capacity to perform in pursuit of a mission (Zahra 2010). Strategic leadership and EC plays an essential role in honing organizations' entrepreneurial capabilities by creating the right organizational contexts. EC is important in achieving and sustaining an organizations competitive advantage (Nalevanko 2013).

Material and methods

The entrepreneurial capabilities of the MASIPAG farmer organizations were determined through collaborative methods (c.f. Whitney et al. 2014^{ab}) using a questionnaire with seven-point likert scale

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adapted from the Entrepreneur Scan or E-Scan (Driessen and Zwart 2005) to objectively measure the entrepreneurial personality before and during the initial of business stages. This methodology was used to measure the entrepreneurial personality to facilitate assessment of entrepreneurs. The purpose of the scan is not so much to select 'successful' entrepreneurs, but more an instrument for further development of the personality of the entrepreneur (Driessen and Zwart 2005). E-Scan was complimented with focus-group discussions and key informant interviews to gather details of the organization, the history, factors that led to going into business and other important variables. Hofstede's (2011) six dimensions of organizational were measured. Similarities and differences of MASIPAG organizations in terms of marketing, finance, organizational management and production were analyzed and compared with Mann-Whitney U-Tests of frequency, counting, ranking and averaging

The answers of the farmers in all entrepreneurial capability categories were also added to obtain quantitative measures or scores. The sum of quantitative measures (scores) of the variables were computed to give each of the nine categories a general score. After which, the mean rank of the scores of the participants in each group were computed in each category. Each mean rank score was evaluated by comparing it with their respective median (Md) score, where: $Md = (\# \text{ of items} * \text{maximum score} - \# \text{ of items} * \text{minimum score} / 2) + (\# \text{ of items} * \text{minimum score})$. *If the mean \geq Md, the farmers' evaluation for the entrepreneurial capability category was deemed a positive evaluation, otherwise it was deemed a negative evaluation.*

Based on the assessment of the culture and marketing activities of each organization, key factors for competitive success were identified.

Results

The seven key factors for competitive success were: **1) Strong entrepreneurial environment:** Entrepreneurial culture among farmer organizations is important to sustain and maintain their business and consequently, their market and competitive position. **2) Innovative marketing strategies:** Organic rice marketing is continuously increasing in the Philippines; along with this growth is also the increase in competition as many business owners also sees opportunity in value of organic rice. **3) Collaboration with both government and non-government organization** offered a wider distribution network for both organizations. Organizations were able to offer their products to wider market by participating in trade fairs and exhibits often organized by the local government units. **4) Partnership and collaboration with other entities:** Strategic alliance with other organizations to strengthen the business is also crucial for the two groups of farmers. Organizations have strong ties with the local government unit which supported them with facilities and market promotion. Their membership with MASIPAG helped them gain knowledge in organic agriculture production and certification training and linkage with other farmer and non government organizations. MASIPAG also provides training on bookkeeping and organizational strengthening since the business is done by the group and therefore should be diagnosed and developed. **5) Entrepreneurial capabilities** explained that capabilities differ from characteristic in such a way that capabilities are learned and easy to change while characteristics are the fact, neither easy to learn or change in a short period of time. They further differentiate the two from competence as something a person is very good at, enabling a person to do his/her job well. It is the collection of knowledge, capabilities, characteristics and attitudes in relation with, or necessary for a good performance. Often, measurement of capability is done with organizations that wants or just starting their business to have an objective self-assessment. **6) Entrepreneurs** had an average entrepreneurial competence score of seven. Although the scores of BUSAFO and ILOFA are lower compared to the accepted average, it reveals which competencies and characters should be strengthened and to focus on. It also indicates what possible kind of training and other capacity building support should be provided to the organizations. **7) Organizational culture** scores show that organizations have almost the same characteristics based on the six dimensions, however, BUSAFO is more goal oriented in

term of management focus. The group is focused on selling their organic rice to different organizations, in some cases, on the basis of trust thereby, putting the financial status of the group at risk.

Discussion

Results of the tests and analysis showed that the farmers' organizations are not entrepreneurial. This may be due to many factors, primarily that the organizations are made up of farmers from many different cultural background, ethnicity and geographic conditions. Some are traditional residents while other are migrants through the implementation of the homestead program of the Philippine government in the 1950's after the Second World War. Some migrated to search for food, survive, conquer frontiers, and colonize new territories, escape from war zones or political turmoil, and look for new and more rewarding and exciting opportunities (Liang 2006). However, economic opportunity is the major reason for migration (King 2008).

Realizing the important relationship of culture and entrepreneurial capabilities, further study needs to be done to better understand the factors, dimensions and other facets of entrepreneurship and how farmers can transcend from being producers to entrepreneurs. While factors such as personal characteristics and environment shape an individual's entrepreneurial competencies, providing conditions, including support services can assist farmers learn the needed capabilities to become entrepreneurs and later, develop the entrepreneurial culture of their respective organizations. The following are the recommendations for the organizational leaders based on the results of the analysis.

Results of the analyses showed that there is much to do to develop the entrepreneurial capabilities of the farmers. The opportunity of improving market awareness through networking with other groups and active participation in the marketing activities of their specific locality should be prioritized by the leaders as this is one key success factor identified.

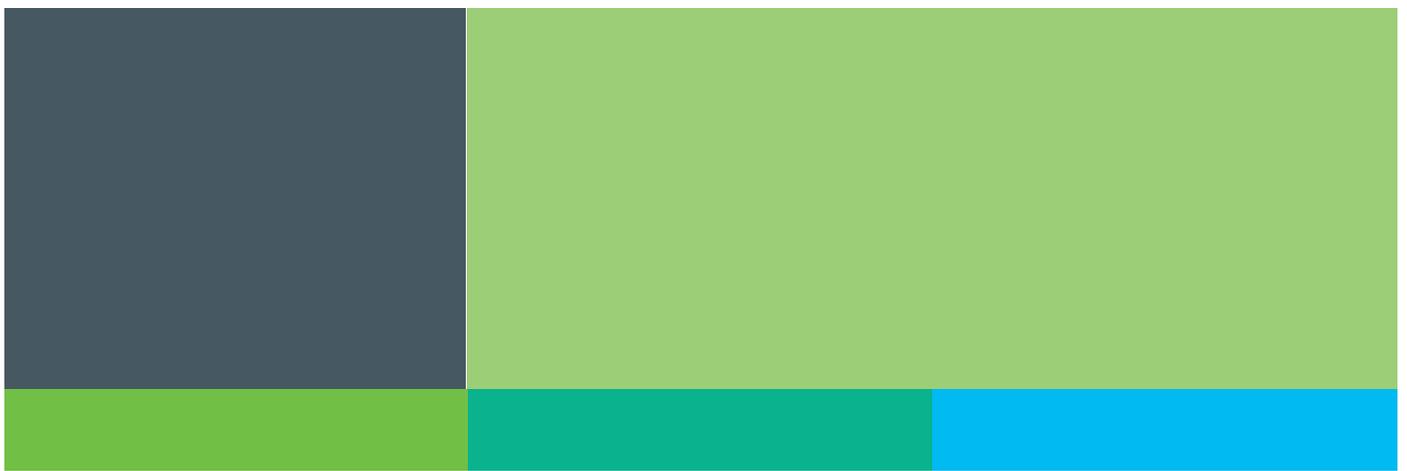
Production should be improved to take advantage of the expanding market. Leaders should intensify internal promotion to encourage members increase production and entice chemical farmers to go organic. MASIPAG, as support institution, should also conduct study the entrepreneurial capabilities of other member organizations to draw results which will be appropriate for the whole network. The results of this study can aid in designing appropriate programs to reinforce the uniqueness and strengths of each organizations when it comes to handling business. The results of this study can also be used as baseline as well as basis for identifying priority areas in the designing or re-designing training and other capacity building support for farmer organizations. Specifically, the results of the statistical analysis should be cross-referenced first, including the results of the focused group discussion as the results came directly from the farmers' experience.

The local government units can help farmers' organization develop entrepreneurial capabilities and culture by supporting their marketing initiatives by providing accessible market, provide incentives or subsidy to both organic and in-conversion farmers to entice them to further produce organic products and at the same time attract conventional farmers to go into organic agriculture. More facilities specifically for organic production should also be provided to farmers group as well as activities to encourage them.

Other support institutions such as the local NGOs, academics, the church and consumers should also support this kind of initiative by the farmers by patronizing their products. NGOs providing loans and other financial support should also develop schemes where farmers will learn how to improve their financial status and at the same time be responsible in handling cash and financial records while academics can provide ideas, experience and support in terms of entrepreneurship and marketing.

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