



# The Associativity: a local development strategy for Ocamonte (APCO) coffee growers in Santander, Colombia

## La asociatividad: una estrategia de desarrollo local para los caficultores de Ocamonte (APCO) en Santander, Colombia

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### Abstract

The market liberalization policy is forcing business sectors and localities to generate strategies aimed to improving the living conditions of entrepreneurs and at the same time, being competitive. The present study exhibits the major contributions to local development, obtained from the creation associativity strategy of small coffee growers in Ocamonte (APCO), Santander-Colombia. It was observed that contributions evidenced in the dimension improvements as follows: socio-cultural, economic, environmental and policy- institutional, respectively. Given these concerns, a descriptive study with a sample of 45 associates was designed, from which in the second half of 2015, a structured survey was applied, evidencing the perceptions of the associates in relation of their achievements, evidenced associativity for more than 20 years, entering into fair trade agreements, improving their living conditions, being competitive and contributing to local development of their municipality. In fact, these results were corroborated in information obtained in interviews with members of the director board of the coffee growers association, as well as officials of the City Hall and schoolteachers in the association area of influence.

**Keywords:** Social capital, fair trade, competitiveness, management culture, association, local development.

### Resumen

Las políticas de liberalización de mercados están forzando a localidades y sectores empresariales, a desarrollar y gestionar acciones para mejorar sus condiciones en los diferentes aspectos y que a la vez, permitan su durabilidad y sostenibilidad. Una alternativa ante esta situación es la asociatividad, por tanto el presente estudio muestra los principales aportes al desarrollo local, logrados a partir de la creación de la asociación de pequeños caficultores de Ocamonte (APCO) en el departamento de Santander; aportes evidenciados a nivel sociocultural, económico, ambiental y político institucional. Utilizando un estudio de tipo descriptivo y una selección determinística de una muestra de 45 asociados, a quienes en el segundo semestre del año 2015 se les aplicó una encuesta estructurada, que evidenció las percepciones de los asociados, en cuanto a logros obtenidos, como permanecer asociados por más de 20 años, incursionar en acuerdos de comercio justo, mejorar sus condiciones de vida, ser competitivos, establecer alianzas y acuerdos con diferentes instituciones y por supuesto, contribuir al desarrollo local de su municipio, resultados corroborados en información obtenida en entrevistas a integrantes de junta directiva de la asociación, al igual que a funcionarios de la Alcaldía Municipal y docentes de escuelas del área de influencia de la asociación.

**Palabras clave:** Capital social, comercio justo, competitividad, cultura gerencial, desarrollo local, asociación.

## Introduction

Market liberalization policies have allowed countries like Colombia are put at risk.

High levels of business informality, poverty and unemployment, especially in the rural sector, where traditional development strategies, known as “top-down” or “bottom-up” approach, based on the redistribution of income and subsidies, had achieved low impact in most localities. Therefore, the need to acquire an active participation of different actors, manage strategies and combine efforts that lead to a common vision. In this sense, is considered of great importance to show successful cases of communities, which are in crises, have opportunities to improve their living conditions, not only at the individual level, but also at collective, thus contributing to true local development.

The elaboration of new development strategies requires a differentiating element, which could generate synergies, stimulates meaningful actions, accept the changes that are required, because it is impossible to obtain different and significant results with the usual practices, behind the changing conditions of the environment.

The impact of local development strategies is considered in line with the role played by local initiatives, the incursion of innovation, the degree of interaction and synergy with other administrations at different levels and, of course, efficient policies (Ceballos, Baqueiro & Dyner, 2014; Rueda & Muñoz, 2011; Vasquez & Portales, 2014), achieving sustained growth and structural change. All this, given the transfer of resources from traditional to modern and innovative activities, perceiving an increase in the well-being of its population (Vázquez, 2009).

The challenge for local communities is exposed in terms of inserting themselves in a global competitive way, capitalizing to the maximum their local and regional capacities through the strategies of the different actors involved. In this sense, the development of a territory is conceived in relation to the economic dimension linked to the generation, accumulation and distribution of wealth. Social and cultural dimension, evidenced in the quality of life, equality and social integration. Environmental dimension, related to the use and proper management of natural resources and sustainability in the medium and long term. Political-institutional dimension, related to the territory governance and the conclusion of a collective, concrete, sovereign and supported project by local actors themselves (Abardia & Morales, 2008, González, Núñez, Basantes, Basantes & Bonilla, 2017).

Within the recognized strategies that contribute to local development, business associativity occupies an important place, being a mechanism by which different organizations unite efforts, wills, initiatives and resources, seeking to achieve common objectives, with the purpose of being more competitive in the global market, preserving its legal independence and managerial autonomy (Fernández & Narváez, 2011). The National Planning Department (DNP, 2012) has identified associativity as a fundamental factor for the generation of conditions that improve the standard of living of the rural population, either through the possibility of organizing in community, increasing and improving their productivity, reduce costs, achieve real market access, develop economies of scale, increase bargaining power and achieve greater integration, linking it with cooperation, building social capital and trust.

The territorial associativity within the framework of business and regional development has become an essential component, since it is the organized territories and their companies that allow them to develop more flexibly within the globalized world and to take advantage of the opportunities that derive therefrom; In the same way, the company is the starting point for articulating both its needs and potentialities, not only with entities of the same geographic area, but with other areas, in accordance with national, territorial or local plans, in order to improve the Efficiency and effectiveness of government to harness potential and improve coping skills. In this sense, territorial cohesion and the association of entities are essential means to strengthen governance, competitiveness, sustainability, equity, and social cohesion, the conservation and sustainable use of the territory and the associated services. Partnership is an alternative, which allows social capital generation, which can contribute to territorial development and innovation, which can benefit the productivity and competitiveness of micro, small and medium enterprises, which, due to their characteristics and size, slows down the incorporation of technologies, penetration to new markets and access to information, among others. (Cabeza & Gutiérrez, 2015, Bedoya, Herrera & Álzate 2012, Mejía, Mendieta & Bravo, 2015).

For the case under study, another practice achieved by coffee growers in Ocamonte is fair trade, helping to local development; a commercial system in which producers, traders and consumers share profits in a more equitable way, seeking to increase incomes, contribute to alleviating poverty in disadvantaged territories and restoring dignity to producers, (Garza, 2014). The International Fair Trade Association describes ten standards that must be met: creating

opportunities for economically disadvantaged producers, transparency and accountability, capacity building, fair trade promotion, fair price payment, gender equity, conditions Labor, child labor, environment and trade relations. Its organization and regulation have been carried out by private organizations that distinguish these products with a seal of guarantee; Fair Trade Labeling Organization (FLO) is the organization that regulates the labeling of products and this means that each product that has been certified by a member organization of FLO, has met all the requirements, to be considered fair trade (VSF-CICDA, 2012).

In this context, this study aimed to show a successful case of local development, starting with the creation of the association of small coffee growers of Ocamonte (APCO) in Santander, Colombia, producers that faced the coffee crisis of the late 1980s and in the early 1990s. Given these concerns, they decided to seek and implement participatory courses of action that would allow them to continue in business and improve their conditions and those of their locality.

## Materials and methods

The present research is empirical – descriptive (Pantoja, 2015), for the case, have allowed the description of the contributions to local development, which had achieved since the creation of the APCO in 1994. The primary sources of information were conformed by APCO-associated coffee growers, APCO board members, city Hall officials and school teachers, area of influence of APCO. As secondary sources, a number of bibliographical bases were used to refer to themes such as associativity, fair trade, local development strategies and some successful case studies of rural associativity (Callejas, 2017; González, 2017; Naclerio & Trucco 2015; Ceballos, Baqueiro & Dynner 2014, Abardia & Morales, 2008, Ruralter 2005, Garza, 2014; Foronda & Galindo, 2012).

In the process of population and sample selection, a deterministic design was used, considering proportional participation of the 14 rural settlements of the associates, as well as by gender, to take more than five years in the association and to manifest willingness to participate in the Project (Hernández, Fernandez & Baptista, 2014); taking into account the total number of associates in the second half of 2015, which was 264, with 69% men and 31% women participation, distributed in 14 rural district, a sample of 31 men and 14 women was taken, keeping a proportion in geographical distribution.

In the gathering process of the information was used the technique of survey for associates and interview to members of the board of

directors, municipal officials and school teachers. An instrument with closed and open questions was designed, taking into account the dimensions of development, factors of success in associations (Ruralter, 2005), aspects of the National Planning Department (DNP) tool, to analyze the organizational capacity index (ICO), which has aspects such as: services provided by the association, associative level, organizational structure, resources, alliances and beneficiaries; Aspects that allowed to account for actions developed by the associates, perceived benefits, compliance with factors of success in associations and contributions to local development. In the information tabulation and presentation, a descriptive statistics and the frequency distribution, relative (Fr) and percentage (%), were used, clarifying that in cases where the answers are not exclusive, the data are not totalized.

## Results

As far as contributions to development dimensions are concerned, 37% consider that the greatest contributions since the association have been achieved in the environmental dimension, 27% in the economic dimension, 18% in the sociocultural dimension and the other 18% in the institutional political dimension, reflected in better living conditions, higher incomes, conservation of the environment, and support for the construction of roads, paths, schools, sports fields and implements, as well as scholarships for students and construction of social fabric.

In fact, APCO has established relationships and alliances with different institutions and entities to contribute to the various contributions to local development in this way: the alliance with the National Federation of Coffee Growers (support in marketing, technology, resources and benefits for community, construction of schools, endowments, fair trade, the Ministry of Agriculture and Rural Development (support in different aspects and certification of ecological operator), with the Municipal Office (support in housing improvement, beneficiaries (Coffee marketing), with SENA in training associates and students of schools, especially in academic-productive coffee projects and universities for development of projects, practices and business visits.

The members shows empowerment and sense of belonging for APCO, also they are actively involved in the board (37%) and in the different committees: monitoring (25%), purchasing (17%), quality (13%) and health (8%); likewise, 98% agree to invite more producers to join APCO. They consider that there are important motivations to do so and being associated brings advantages over those who are not. The associates exalt the

capacity of the board of directors, in leadership, empowerment, coordination and construction of social capital, which has allowed them to position themselves in the market and obtain a series of economic, social and environmental benefits. It is important to note that what strengthens the organizations is the union of its members in the pursuit of the same objectives and the groups constituted in this way, become agents of institutional change (Callejas, 2017).

The important aspects to note of the benefits of associates is that they receive an additional premium for each load of coffee sold. In APCO, of a total of 264 associates, there are 54 farms in production certified with organic coffee, and 210 with FLO. This additional premium is one

of the main differentiators of the other farmers, added to the recognition of Fair Trade Usa, which on its website shows them as an example. The organization and signage of the farm, as well as documentation and registration of all its activities, has generated agro-tourism and a center of academic visits by students from different universities in the country, generating added value and improvement of economic, social and environmental conditions, For the partners and for the community in general, results that undoubtedly in an individual and disjointed form would not have been possible. Table 1, shows the main acknowledgments and benefits of belonging to APCO, according to the perception of the associates, which for them is more relevant.

**Table 1.** Matrix of data obtained in the study

TOPIC	CATEGORY	FR	%	ANALYSIS
Reasons to join APCOR	It is very good in all aspects	39	87	Associates say they have good reasons that motivated them to join the association and also generates a perspective of achievement over time, which encourages them to continue and Link more partners.
	Teaching to care for coffee and the environment with an organic program.	36	80	
	Financial aid to improve the farm.	35	78	
	Active participation.	31	69	
	Make the farm a great Company.	31	69	
	Inviting neighbors	25	56	
	Support for housing improvements	24	53	
Benefits received by APCO partners	Training	21	47	The benefits perceived by members are in many ways such as health, education, technical assistance, credit, community organization, among others, which is pride and satisfaction, In addition to perceiving as successful their association with contributions to local development.
	Payments for plantings and inputs	34	76	
	Bonus for certification	25	56	
	Community organization	37	82	
	Credits	29	64	
	Purchase security and fair price	42	93	
	Commitment and share capital	37	82	
Tasks Differentiating APCO Associates	Christmas gifts	8	18	The associates are clear about the added value of the activities developed by APCO, achieve union around common goals, to be more competitive every day
	Health	21	47	
	Support for coffee growers	39	87	
	Caring for the environment and Waste treatment RRR	43	96	
	FLO and organic certifications	45	100	
	Sell product in cooperative	34	76	
	Organize the farm	39	87	
Crop records and Annotations	36	80		
To count with a farm plan	29	64		

**Source:** Elaboration of the authors themselves.

Finally, if criteria established in other studies are taken into account to determine if a rural association is successful (Ruralter, 2005), with factor verification, in addition to those shown in Table 2, as a minimum count of 20 associates, more than 50 thousand dollars annual sales, presence of at least one professional in the management team funded by the association and five or more years of existence. It can be said that in APCO they are fulfilled in full, having 264 associates; Annual sales in excess of \$ 100000. It was observed that they have an engineer and an administrative assistant paid by the association, plus two extensionists of the departmental committee of coffee growers; 21 years of operation, FLO and organic certifications. Moreover, to all the benefits perceived by the associates and described in previous sections.

**Table 2.** Success factors in rural associative enterprises.

Factor of success	Aspects covered
Favorable results for partners	Price of products, increased production, more structures that are profitable, generation of social surplus, services provided to members and productive units.
Level of sustainability of the association	Level of sustainability of the association Independence and autonomy in aspects; Financial, management, organizational solidity, environmental sustainability, independence of external subsidies that condition their survival.
Permanence or durability	Operating period for at least five years.

Source: elaboration of the authors based on Ruralter, 2005.

## Discussion

The Ocamonte coffee growers saw an opportunity for associativity to improve their conditions. For instance, 54 producers decided to take the initiative and found the association of small coffee growers (APCO) in 1994. Given these concerns, their organization, leadership, empowerment, respect, transparency, commitment and common vision enabled them to cope with the crisis and work it out different alternatives to sustain themselves and to link more and more partners (in 2015 there were 264, of which 89% had more than 5 years of associate ). Therefore, around the 3<sup>rd</sup> year of founded APCO, they undertook the process of special coffees, with a different management from conventional processes. In addition, the first certification for the association, that is the FLO seal (fair trade) was born, some partners decided to work to achieve the organic seal, and thus improve their living conditions and contribute to the development of their locality.

The association of small farmers of Ocamonte (APCO) has demonstrated a true example of associativity. Proof of this, was the union of 54 producers, who had the initiative and the

disposal of their resources in search of a common goal, which was to face the coffee crisis and be more competitive in the coffee market. For this process, the union and management of the board of directors, which is widely recognized by its members, has been of vital importance. The 89% of partners highlight the quality of meetings and transparency in reporting; 62% approve the projects they propose and develop; 89% see the image they have given to the association and the excellent representation of the associates favorable and 69% feel at ease with the talks, orientations and the opportunity to participate. Citing to Callejas, 2017, the union of the members and the pursuit of common goals, strengthens the organizations.

Thus, it can be said that the development of the rural sector demands an associated, integrated and shared work, any action to improve the processes of innovation, requires the combined effort of the main rural actors, that is to say, the peasants themselves. Innovation occurs more frequently among small producers, where social proximity is greater, predominating positive relations, such as relations of cooperation and solidarity. Rueda - Muñoz, (2011). "The strategy is to strengthen partnership between small producers, and between them with medium and large, including marketers" Perfetti quoted by Callejas C. (2017).

## Conclusions

APCO is an example of organization, leadership, empowerment, respect, transparency, commitment and common vision, where farmers have been able to cope with the crisis, remain associated for more than 20 years, gain benefits for their well-being and community in general.

It is important to highlight the interest of APCO, to include the culture of production under the seal of certification and innovations in its production processes, as this is a dynamic of sharing and socializing experience and knowledge, which brings new ideas that Generate added value to the organization and contribute to be more competitive in the coffee market, so much so that the new generations, or the children of the associates, declare that they want to continue this work and in their schools develop productive academic projects around the coffee crop.

APCO as a successful rural association, which has served as an example and motivator for other productive sectors to organize in associations as follows: Ocamonte Cocoa Association, Association of Women Professed and Future of Women Ocamontana and Ocamonte Coffee Growers Committee, demonstrating that being an active part of their problems can contribute

to the solutions and not only wait for the assistance and others to make the decisions for them, welcoming the approaches of the United Nations program for development-UNDP, which considers that local development must center into the actors of the territory as the base of its construction, at the same time, potentiates and capitalizes its capacities with concerted strategies in participatory form.

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