Organizational and Leadership Development: A Case Study of Three Coffee Cooperatives in Rwanda

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Abstract
Rwanda’s growth has been hindered by insufficient investments in agricultural enterprises and education. In 2001, USAID funded the Partnership for Enhancing Agriculture in Rwanda through Linkages (PEARL). The project centered its efforts on strengthening the coffee sector and improving the human resources of producer cooperatives. PEARL assisted Rwandan coffee producers to form cooperatives focused on production for the specialty coffee market.

This study was conducted to assess the perceptions of three coffee cooperatives’ board of directors, management, and membership regarding their cooperative’s organizational and leadership development. Research objectives include perceptions on decision-making processes, conflict resolution, job descriptions, the training of members for leadership positions, strategic planning, and the imminent development of a national federation of coffee cooperatives. The research instruments included a quantitative, close-ended category-scale questionnaire and a qualitative, open-ended interview using standardized questions. A case study data analysis methodology was used to combine the responses to the quantitative and qualitative methods. A sample of 65 participants was chosen for the study.

The vast majority (>75%) of the respondents believed that decision-making is equitable. Likewise, (>85%) of the participants perceived that the board of directors and management know how to help members resolve conflicts. Moreover, it is widely believed (>87%) that conflict resolution should be handled by the overall leadership rather than at the sector level. The employees of Cooperative 1 lack job descriptions. All of the cooperatives would greatly benefit from a program for developing new leaders, strategic planning, and increased communication on the emerging national coffee federation.

Keywords: Cooperatives, management, organization, leadership, coffee
Introduction
Rwanda is an agrarian economy based mainly on small family farms (Schattenberg, 2006). It is the most densely populated country in Africa. Landholdings are traditionally divided among the children of the deceased, leading over time to smaller landholdings. It is estimated that Rwandan families’ landholdings are, on average, less than one half acre. Compounding the situation, 90% of the population of 8.2 million is dependent upon agriculture as their primary source of sustenance and income. According to the World Bank (2004), per capita income is $240 USD ($1,500 at purchasing power parity). Coffee is one of the principle cash crops, as it accounts for about 30% of export earnings (Ministry of Finance and Economic Planning, 2004). The estimated 500,000 coffee growers in Rwanda cultivate, on average, 75 coffee trees (T. Shilling, personal communication, November 15, 2006).

Rwanda has the good fortune of having a perfect climate and altitude and acidic soils for growing high grade, premium coffees. It has a long history of growing coffee, including the Bourbon variety, one of the most highly prized coffee varieties. Despite the natural advantages for the production of high-grade coffee, the Rwandan coffee producers and industry emphasized quantity over the quality. Coffee cherries at all stages were harvested regardless of their quality. Fertilizers and liming agents were seldom used. Dry processing of the cherries decreased the quality of the beans. In addition, Rwandan coffee producers were severely impacted by the low prices for bulk grade coffee on the international coffee market (PEARL, 2004).

Rwanda is constrained by inadequately trained human resources and insufficient investments in agriculture, private industries and education. Participation in global markets has been limited. Moreover, Rwanda is seeking to overcome the impacts of the genocide in 1994 in which approximately 800,000 Tutsis and moderate Hutus died. The nation’s social and economic fabric was severely fragmented. Rural agricultural producers, including coffee farmers, were hard hit. Since the genocide in 1994, Rwanda’s government and international aid agencies have made great strides in assisting the process of reconciliation, creating income earning enterprises for agricultural producers, and training for capacity building.

PEARL
One such project is the Partnership for Enhancing Agriculture in Rwanda through Linkages (PEARL), which is funded by the United States Agency for International Development (USAID). Taking into account the high percentage of the population dependent on coffee production as a cash crop and the low levels of education, PEARL centered its efforts on strengthening the coffee sector and human resource training in producer cooperatives.

In 1999, a small group of coffee producers in Butare Province joined together to increase production and sell their coffee directly to merchants, thus avoiding the middlemen. In 2001, a shared vision emerged among these producers to pool their resources as an association in order to earn increased income (PEARL, 2004). Recognizing an opportunity to support the initiative of a grassroots effort, PEARL assisted Rwandan coffee producers to form cooperatives focused on production for the specialty coffee market in Europe and the United States. PEARL’s aim was to provide technical assistance to Rwandan coffee farmers by improving the methods of production, processing, and marketing through strict quality control. PEARL assisted in the development of twelve cooperatives with a membership around 35,000 coffee growers. The cooperatives served as an effective vehicle for extension and educational training. From its inception, PEARL’s multifaceted mandate has included the strengthening of the coffee cooperatives’ human resources. As indicated in the PEARL Model for Successful Agricultural Outreach and
Technology Transfer (n.d.), the project has focused on strengthening the coffee cooperatives’ human resources.

Improvements in the quality of the coffee enabled the producers to compete in the specialty coffee market in the United States and Europe. Over the last decade, the specialty coffee market has experienced tremendous growth. In the US, sales of specialty coffee have increased from $7.76 billion in 2000 to $11.05 billion in 2005 (Specialty Coffee Association of America, 2006). According to Stephen Holderman of Javaology Enterprises in the UK, the specialty coffee industry has seen double digit growth in each of the past 15 years, and shows signs of continued growth (Anderson, 2006).

Likewise, the twelve coffee cooperatives have experienced tremendous growth. In 2001, the membership of the first cooperative, Maraba, was about 300; it currently has more than 2,000. The collective membership between the cooperatives is about 35,000. In 2001, Maraba members received $0.14 USD per pound of green coffee; the current average price is about $1.36 USD. The collective income of the cooperatives has grown from zero in 2001 to $3.5 million USD in 2006. Based on a survey of 300 cooperative members, the average annual income from coffee has tripled over the last five years (Schattenberg, 2006). It is clear that PEARL was a visionary project that enabled Rwandan producers to secure a foothold in the expanding specialty coffee market.

Figure 1. Maraba Coffee Cooperative.

Agricultural cooperatives in developing countries
In a study of the human resource capacities of agricultural cooperatives, Prakash (2000) wrote that cooperatives are the best-suited institutions for economic and agricultural development. He noted, however, that cooperatives in developing countries have historically faced many challenges, including a low level of managerial capacities among staff and board members. For long-term sustainability, it is vitally important that cooperative leadership respond to market demands, improve their technical and managerial capabilities, and address the needs of farmers. It is imperative that managers and board members receive training relevant to their context. Through management training, cooperatives may exploit the advantages brought about through purposeful cooperation.
Birchall (2003) has noted that cooperatives’ record for reducing poverty in developing countries is less than stellar, not due to shortcomings in the cooperative model, but rather due to external and internal constraints. The barriers are multiple and multifaceted: lack of autonomy due to government interference, inadequate access to markets, men typically held membership and decision-making positions though women did most of the farming, and mismanagement. As these constraints are overcome and an environment for the growth of cooperatives is established, the viability of cooperatives is greatly increased. Birchall suggests that financial help from governments and international aid agencies for cooperatives be temporary and emphasize human resource development. Central to the achievements of agricultural cooperatives are the emphases placed on democratic processes, bottom-up decision making, and member-ownership of the cooperative (Global Exchange, n.d.).

While the PEARL-assisted cooperatives have experienced financial success over the last five years, shortfalls in organizational and leadership development may negatively affect the future of the cooperatives. Considering the rapid growth of the cooperatives, and the impending assimilation of the cooperatives into a national federation of coffee cooperatives (RWASHOSCA), it is timely to assess the organizational and leadership development capacities of the cooperatives. The livelihoods of thousands of Rwandan coffee farmers depend on the survival and growth of well-managed cooperatives.

**Purpose and Objectives**

This study was conducted to assess the perceptions of three cooperatives’ board of directors, management, and membership regarding their cooperative’s organizational and leadership development. It serves as a foundation for addressing the management training needs through adult education curricula, thus contributing to the coffee cooperatives’ continued viability.

The specific objectives of this study was to gain insight into the cooperatives’ perceptions of decision-making with their cooperative, conflict resolution, job descriptions, the training of members for leadership positions, strategic planning, and their understanding of the impending assimilation of cooperatives into a national federation of coffee cooperatives.

**Methods**

The research instruments included a quantitative, close-ended category-scale questionnaire and a qualitative, open-ended interview using standardized questions. The strength of the quantitative method is that many questions can be asked in a short period of time and the responses can be directed compared and easily aggregated. The strength of the chosen qualitative methods is the participants’ freedom to express themselves in their own words, thus providing a wealth of data (Mikkelsen, 2005).

Both of these methods were conducted as face-to-face conversations. Face-to-face interviews are useful research tools; the participants were asked to clarify ambiguous responses and nonverbal behaviors were observed. All five interviewers were fluent in at least English, French, and Kinyarwanda. The interviewers ensured the content validity and cultural appropriateness of the instrument questions by cross-checking their translations of the instruments and the participants’ responses. Also, a pilot study was conducted to test the reliability, clarity, and length of the instruments.

Tim Shilling, the PEARL project director, and the PEARL staff selected the three cooperatives, as they believed them to be representative of the other cooperatives. The sample population consisted of the board of directors, management, and members of three cooperatives.
Managers and board of directors were deliberately chosen due to their positions while members’ participation was based upon their availability at the time of the interview. A total of 65 individuals participated in the research task from mid-July to mid-August 2005. The use of multiple sources of data, methods of data collection, and interviewers ensured triangulation.

In the data analysis process, the names of the participants were coded. All quotes may be traced using the audit trail. The responses to the open-ended interviews were tabulated based on frequency of responses. Using the SPSS computer-based program, the close-ended category-scale questionnaires were analyzed based on the descriptive statistics, such as the frequency and percentage of responses. Taking into account the methodological pluralism of a mixed method study, a case study data analysis methodology was used to combine the responses to the quantitative and qualitative methods.

Results

Participants’ responses yielded information relating to decision-making processes, conflict resolution, job descriptions, the training of members for leadership positions, strategic planning, and understanding of the impending assimilation of the cooperatives into a national federation of coffee cooperatives, and other topics related to organizational and leadership development.

Decision-making

In Cooperative 1, three-quarters of the board of directors and management indicated that the members voice their opinions in the General Assembly and that members have the “last say”. Slightly more than half of the members interviewed believed to have a personal role in the decision-making processes of the cooperative. In Cooperative 2, all of the board of directors and management believed that the membership participates fully in decision-making. One management team member stated, “Apart from the day-to-day activities decided upon by the management, most decisions are made by the members in the General Assembly.” About two-thirds of the membership participants stated that they participate in the decision-making process through the General Assembly and sector level meetings. In Cooperative 3, all of the board of directors and management as well the members indicated that the members actively participate in decision-making.

Conflict resolution

In Cooperative 1, more than three-quarters of the board of directors and management (87%) and the membership (93%) agreed with the statement, “The leadership and management know how to help members resolve conflicts.” Moreover, 87% of the members mentioned that conflicts should be resolved by the central rather than sector level leadership. In Cooperative 2, there was a disparity in opinion among the leadership and membership concerning conflict resolution. The board of directors and management (57%) indicated that any attempt at conflict resolution should first take place with sector level leadership. The membership (92%), on the other hand, stated that it is the central rather than the zonal leadership that helps resolve conflicts among members. Eighty-five percent of the participants in Cooperative 2 agreed with the preceding survey statement. In Cooperative 3, all of the board of directors and management participants believed that it is their responsibility to resolve conflicts rather than the sector level leadership. The membership was evenly split between the position that the board of directors should solve the conflict without consulting the membership and the position that conflict resolution must first be attempted at the sector level.
Job descriptions
In Cooperative 1, the board of directors and management (63%) admitted that they assume responsibilities that should be fulfilled by the other. For example, one participant stated, “Yes, some individuals in management are on the board and some board members are in management.” The Cooperative 1 General Manager blatantly admitted that the roles of the board of directors and management have not been clearly defined and that job descriptions are needed. In Cooperative 2, the respondents (95%) indicated that the board of directors and management have job descriptions and follow them. In Cooperative 3, the participants indicated that the responsibilities of the board of directors and management have been delineated clearly. One member stated, “The leaders represent the cooperative while the managers execute the cooperative’s activities.”

Training of members for leadership positions
The purpose of these questions was to find out whether the cooperatives have deliberate programs for developing new leaders, especially the youth, so that there is a permanent pool of leadership talent. In Cooperative 1, three-quarters of the board of directors and management acknowledged that there is no training program for developing the members and creating a pool of leadership talent. One respondent from the remaining quarter said, “Yes, we train them. In meetings, they watch what we do and imitate us.” In Cooperative 2, slightly more than half of the respondents indicated that the cooperative does not have a membership education and training program. Three-quarters of the membership, however, stated that they are becoming better leaders by watching their leaders and participating in decision-making. In Cooperative 3, two-thirds of the board of directors and management indicated that there is not a deliberate plan for developing and training members. A comment by a management team member revealed a great deal about why the cooperative has not instituted a member education program: “The leaders don’t even want to think that a time will come when they have to leave their positions, so they don’t want to start preparing someone who will take over from them.”

Strategic planning
In Cooperative 1, half of the board of directors and management and 60% percent of the members do not know if the cooperative has a strategic plan. Those who believe that there is a strategic plan offered widely diverging ideas that often centered on ends rather than means. In Cooperative 2, about three-quarters of the board of directors and management stated that every year the cooperative adopts strategic plans at the General Assembly meetings. In contrast, the members (70%) interviewed were unaware of the strategic plan or are aware that a strategic plan has been approved but do not know what it is. In Cooperative 3, two-thirds of the board of directors and management and half of the membership believed that the cooperative has a strategic plan, but when prompted, could offer little more than a definition of a strategic plan. The other respondents stated that they either do not know what the strategic plan is or that the cooperative does not have one.

Coffee federation
The formation of the twelve cooperatives into a national federation of coffee cooperatives, the Rwandan Smallholder Specialty Coffee Association (RWASHOSCA), is critical for the long-term sustainability of the cooperatives, particularly in light of the impending withdrawal of
PEARL from Rwanda in October 2006. The objective of these questions was to ascertain the participants’ understanding of their cooperatives’ role in RWASHOSCA.

In Cooperative 1, all of the board of directors and management participants agreed or strongly agreed with the statement, “I understand the purpose and functions of the federation”, whereas a much smaller portion of the membership (20%) agreed or strongly agreed. Two-thirds of the membership stated that they do not know the purpose and functions of the federation. There is little understanding of the federation or the relationship between the federation and the cooperatives. In Cooperative 2, the board of directors and management agreed or strongly agreed (86%) with the preceding survey question. On the other hand, only 8% of the membership responded similarly. The interviews revealed that about half of the membership knows that the federation exists, yet know little about its intended role in the sustainability of their cooperative. In Cooperative 3, the board of directors and management (58%) and membership (30%) stated that they understand the purpose and functions of the federation.

Conclusions and Recommendations

Decision-making appears to be fairly equitable in the three cooperatives, particularly in Cooperatives 2 and 3. Cooperative 1 could ameliorate the disparity of perceptions between the board of directors, management, and membership by improving the communication flows between the leadership and membership. This may be achieved through increased emphasis on the frequency of the General Assembly.

Regarding conflict resolution, the three cooperatives largely perceive that the leadership and management know how to help members resolve conflicts. The concern, however, is that considering the large membership size of the cooperatives, the leadership not be overwhelmed with conflict resolution mediation. The respondents overwhelmingly supported the idea that it is the role of the management to resolve conflicts rather than sector level leadership. Maintaining this position may prove to be a challenge in light of the membership growth of the cooperatives and the need to decentralize the leadership responsibilities.

Cooperatives 2 and 3 have established clearly delineated job descriptions. Cooperative 1 would greatly benefit from job descriptions in order to avoid improprieties and conflicts of responsibility between the board of directors and management. Moreover, the development of job descriptions may serve as a foundation for effective strategic planning.

All three cooperatives would greatly benefit from a deliberate program for developing new leaders, especially the youth, so that there is a permanent pool of leadership talent. This is especially important considering the tremendous growth the cooperatives have experienced over the last five years and their projected growth. In addition to training future leaders and managers, it is critical that the leadership be willing to yield their positions and roles to other capable individuals within the cooperatives.

The three cooperatives lacked strategic plans for the future. This is likely associated with a lack of understanding about the purpose and functions of RWASHOSCA, the national federation of coffee cooperatives. PEARL would do well to spend time disseminating information to the cooperatives about the federation. In addition, it is critically important that leadership of the cooperatives communicate with the membership about RWASHOSCA, especially on who is eligible and how the board of the federation may be selected.
Educational Importance and Implications

The perceptions of the cooperatives’ board of directors, management, and membership about their cooperative’s organizational and leadership development shed light on the management training needs of the three cooperatives. It is expected that adaptations of existing adult education curricula on cooperative management may lead to improvements in the management practices of the cooperatives. This, in turn, may increase the long-term viability of the cooperatives and positively impact the economic and social welfare of cooperative members. Moreover, agricultural cooperatives in other developing countries may benefit from this needs assessment of these three Rwandan coffee cooperatives.

References


