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Governance Inertia & Performance in a Micro-sized Single Desk Seller

A 120 point thesis presented in partial fulfilment of the requirement for the degree of Master of Management

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Colville King
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ABSTRACT

Single Desk Seller (SDS) firm structures dominate the agribusiness sector in many developing countries, and were created to resolve export market failure and achieve performance efficiency and effectiveness. Many of these SDSs are also state owned enterprises and have been perceived to be inefficient and a drain on the public purse, as well as no longer having a *raison d'être* in the face of the World Trade Organization’s anti-competition open markets policies. However, unlike in developed countries, SDSs are likely to remain a significant feature in small developing countries due to their inherent problem of small scale and undeveloped equity markets. It therefore beholds researchers and practitioners to correct inefficiencies of these structures in order to achieve optimal performance. The Arrowroot Industry Association, with a record of disastrous performance makes an ideal case to explore this governance-performance relationship. A holistic case study research methodology was used to carry out this study.

The main finding was that the governance structure of the Arrowroot Industry Association (AIA) was unresponsive to and did not co-evolve with its environment over the last (20) twenty years. As a result it increasingly became an inefficient mechanism for solving governance according to the normative prescriptions of property rights, transactions cost, agency, resource based view, resource dependency theories, stakeholder, and stewardship theories. Consequently, and despite having a rare and valuable starch product, the AIA was unable to meet demand or secure sufficient rents from the value chain to meet the revenue objectives of itself or of its members.

The most significant causes of inertia in the AIA’s strategy and structure were caused by two exogenous variables (a fixed legislation and significant politically influence in the strategic process), and two endogenous variables (poor cognitive ability of management and directors and the limiting effects of its eroded resource base). The combination of poor performance and inertia of the AIA over the years resulted in various forms of escalating commitments, debt accumulation and a shrinking supply base upstream as producers sought alternative means of income. Furthermore, the absence of markets for managerial talents, corporate control and arrowroot production, harvesting and processing technologies restricted alternatives available to the AIA of Government in resolving the perceived problems.

Research implications and recommendations for the AIA are subsequently discussed. The major recommendations proposed to reverse the performance problem of the AIA were (1) tighter vertical integration of the AIA to internalise of downstream inefficiencies, (2) efficient allocation of property rights along the entire value chain, (3) clearly defined roles and boundaries for key stakeholders, (4) increasing managerial, technological and financial capacity, and (5) reducing Government control by making influence-cost significantly prohibitive.
ACKNOWLEDGEMENT

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The collective and individual knowledge, experience and insights gained through the interviewees facilitated the richness and nuanced analysis contained in this account of the AIA’s structure-performance relationship. I would therefore like to thank; Peter Ballantyne (Chairman), Michael James, St. Elbert Walters (Deputy Chairman), Oswine Ballantyne, Calma Mc. Donald and Esford Lavia of the current Board; Allison Balcombe, Honourable Monty Roberts – former Chairs of the AIA Board; Philmore Isaacs - former Chief Agricultural Officer; Markley Gill and Glenroy Browne – former Managers; Cauldrie Browne – current General Manager; Honourable Montgomery Daniel (Minister), Alan Alexander (Permanent Secretary) and Reuben Robertson (Chief Agricultural Officer Ag.) from the Ministry of Agriculture; Leslie Nero, Lydia Mattis, Crispin Daniel, Winifred Ballantyne – Staff members; Gregory Gumbs – former auditor; and Walter Hackshaw, Clifford Nero, Euran Williams, Maude Nero, Estina Francis, Norris Baptise, Alhius Baptiste, Cynthia Baptiste, Lucinda Roberts, Urias Caesar, Caulton Huggins and Estina Lavia – farmers.

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<th>Acronym</th>
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<tr>
<td>A.C.C.O.R.D</td>
<td>Australian Centre for Co-operative Research and Development</td>
</tr>
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<td>AIIP</td>
<td>Arrowroot Industry Improvement Project</td>
</tr>
<tr>
<td>AWB</td>
<td>Australian Wheat</td>
</tr>
<tr>
<td>CATM</td>
<td>Chinese Agricultural Technical Mission</td>
</tr>
<tr>
<td>CARICOM</td>
<td>Caribbean Common Market</td>
</tr>
<tr>
<td>CTF</td>
<td>Cassava Task Force</td>
</tr>
<tr>
<td>CWB</td>
<td>Canadian Wheat Board</td>
</tr>
<tr>
<td>ECS</td>
<td>Eastern Caribbean Dollar (Pegged rate US$1=EC$2.70)</td>
</tr>
<tr>
<td>ECA</td>
<td>East Caribbean Agency</td>
</tr>
<tr>
<td>ECCB</td>
<td>Eastern Caribbean Central Bank</td>
</tr>
<tr>
<td>ECGC</td>
<td>East Caribbean Group of Companies</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agricultural Organisation (of the United Nations)</td>
</tr>
<tr>
<td>FATM</td>
<td>French Agricultural Technical Mission</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GOSVG</td>
<td>Government of St. Vincent and the Grenadines</td>
</tr>
<tr>
<td>ICA</td>
<td>International Cooperative Alliance</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
</tr>
<tr>
<td>KAIRI-SAP</td>
<td>KAIRI Strategic Action Plan</td>
</tr>
<tr>
<td>MOA</td>
<td>Ministry of Agriculture</td>
</tr>
<tr>
<td>NCB</td>
<td>National Commercial Bank</td>
</tr>
<tr>
<td>OAS</td>
<td>Organisation of American States</td>
</tr>
<tr>
<td>OECS</td>
<td>Organisation of Eastern Caribbean States</td>
</tr>
<tr>
<td>RNM</td>
<td>Regional Negotiating Machinery</td>
</tr>
<tr>
<td>SCM</td>
<td>Supply Chain management</td>
</tr>
<tr>
<td>STABEX</td>
<td>Stabilisation of Export Earning</td>
</tr>
<tr>
<td>STE</td>
<td>State Trading Enterprise</td>
</tr>
<tr>
<td>SVG</td>
<td>St. Vincent and the Grenadines</td>
</tr>
<tr>
<td>SVAIA</td>
<td>St. Vincent Arrowroot Industry Association</td>
</tr>
<tr>
<td>SVBGA</td>
<td>St. Vincent Banana Growers Association</td>
</tr>
<tr>
<td>SDS</td>
<td>Single Desk Seller</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
</tr>
<tr>
<td>WIBDECO</td>
<td>Windward Island Development Company</td>
</tr>
<tr>
<td>WTO</td>
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