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Cultivating sources of competitive advantage

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Document Version

Publisher's PDF, also known as Version of record

Publication date:

2015

[Link to publication in University of Groningen/UMCG research database](#)

Citation for published version (APA):

Olthaar, M. (2015). Cultivating sources of competitive advantage: Opportunities for small-scale African farmers in global value chains [Groningen]: University of Groningen, SOM research school

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Cultivating sources of competitive advantage: opportunities for small-scale African farmers in global value chains

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Published by: University of Groningen
Groningen, The Netherlands

Printed by: Ipskamp Drukkers B.V.
Enschede, The Netherlands

ISBN: 978-90-367-7781-0 (book)

ISBN: 978-90-367-7780-3 (e-book)

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university of
groningen

Cultivating sources of competitive advantage

Opportunities for small-scale African farmers in global value chains

Proefschrift

ter verkrijging van de graad van doctor aan de
Rijksuniversiteit Groningen
op gezag van de
rector magnificus prof. dr. E. Sterken
en volgens besluit van het College voor Promoties.

De openbare verdediging zal plaatsvinden op
maandag 7 september 2015 om 11.00 uur

door

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te Rotterdam

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Acknowledgements

Nothing or nobody exists or lives in isolation. While I have the privilege to write my name on this thesis, it is written with the indispensable support of many people. This concerns not just professional support, but practical and emotional support as well. I owe a large number of people my gratitude for which the smallest gesture I can bring is to mention their names on these few pages I have reserved for them. I hope you will read them before you continue reading the thesis, knowing that this thesis is more an effort of collective action than sole proprietorship.

It goes without saying that I start with thanking my supervisors at the University of Groningen. I thank Wilfred Dolfsma for his valuable support, clarity, suggestions for how to continue, friendliness, and motivation. Clemens Lutz was similarly of great support. I owe Clemens my gratitude for all the brainstorming, mental support, enthusiasm, and friendliness. Furthermore it was great travelling with Wilfred and Clemens to Ethiopia to share part of this journey with them. With Clemens I travelled a few more times to Africa and I enjoyed the joint supervision of many related MSc thesis research projects. I am grateful to Florian Noseleit as well who provided valuable additional support in the late stage of the PhD research, which definitely improved the research.

Of course none of our work can be carried out as productively as we do without the great secretary support. So my appreciation goes to Jeannette, Karin, Mirjam, Iris, Gerda, Lydia, Ellen, Betsy, Astrid, Arthur, and of course Truusje who passed away at a much too young age.

My gratitude goes to the many people from the Netherlands Ministry of Foreign Affairs and the Africa Studies Centre who commissioned this research and supported me in various practical ways. Though there are many to thank, let me mention Frits van der Wal, Marion van Schaik, Alida Ritsema, Ineke Duijvestijn, and Ton Dietz.

The list of people I need to thank in Ethiopia is at least equally long. Cor Jan Zee is the first to mention. Without Cor Jan, his knowledge, time, clarity, proactiveness, and support I could not have collected the data in Ethiopia the way I did. I need to thank Oscar Geerts. It was fun to first supervise Oscar as an MSc student collecting data in Ethiopia and next consulting him as industry expert in the position of sesame business consultant. I am grateful for Goshu's translation work and so many other things. I owe Gezu, Tuum, Muez, Hawlit, and Kiday my gratitude for their support in collecting data and for being friends. Humera would not have been the same to me without them. Tekalgn and Dereje have provided much useful advice and guidance and have been great friends as well. I am very

grateful to Bruke, Hawen, and so many others from Beza. They have been great friends in Addis Ababa in times of joy and in times of sickness. Binyam Mamo was the best receptionist ever, and I will never forget the few days I spent with Wudineh, Hirut, and Gashahun in Jimma. Joep van den Broek, Geert Westenbrink, and Hans van den Heuvel from the Embassy of the Kingdom of the Netherlands, deserve my gratitude for the highly practical support provided. Dr. Geremew helped me a lot in the start-up phase of data collection and took me to Gondar and Sansha. From the Ethiopian Institute of Agricultural Research I furthermore need to thank Dr. Dawit Alemu, Dr. Bulcha, and Dr. Adugna. There are many more people I met during my stays in Ethiopia and I would like to thank them all and in particular the numerous interviewees in Kafta-Humera, Addis Ababa, Gondar, Sansha, and Mek'ele, and the hundreds of farmers in Kafta-Humera participating in the survey.

Next I would like to thank my fellow PhD students for sharing the joys and burdens of being a PhD student. Eveline Hage has been a great friend from the beginning. It was great being office mates of Hawa Tundui, Xiao Wang, and Fan Xin and a privilege to be the paranymphs of Hawa Tundui and Tao Zhu. Georgiana, Brenda, Holmer, Irene, Eden, and Amber: Keep up the good work! And of course, Getahun Mosissa, fellow PhD student at the faculty of law, Ethiopian from origin: "close friend" describes him better than anything else. I am glad for Getahun to be reunited with his wife and children, though I will miss him, our great conversations, and the fun things we did. I feel privileged to have been able to visit them in Jimma twice. We will meet again!

I am very grateful to my friends simply for being friends. Corstin Dieterich became about the same time as me a PhD student in ethics at the University of Amsterdam. While he and Jolanda are mostly good friends, it was great, fun, helpful, and supportive sharing our experiences as PhD students. I am grateful to Jolanda for explaining to Christine what it means to be a wife of a PhD student. It is always fun hanging out with Jan and Peter, Paul, and Jeroen. Feel free to continue traveling to the North bringing your bicycles. Matthijs, Rixt, Getahun, Eveline, Dajo, and Antonia and many others from the small group, have been wonderful friends in Groningen.

Of course I need to provide special thanks to my beautiful wife whom I love so much. Christine, thank you so much for your patience and support. It is a joy being married to you.

And last, but certainly not least, thanks to all my supportive relatives, including my great in-laws I was privileged to come to know the past years.

Matthias Olthaar
Groningen, 2015

Abstract (EN)

Entrepreneurs in developing countries face daunting challenges in their endeavors to reap the benefits from their activities. Particularly smallholders operating in competitive markets are confronted with severe challenges. In the current thesis we study the strategic position of African farmers in global value chains – at the level of the individual farmer and the collective – and the institutional environment they are confronted with. On both theoretical and empirical grounds we discuss opportunities for farmers to appropriate more of the value created by them. We collected quantitative and qualitative data among sesame seed farmers in Ethiopia and other stakeholders in the sesame seed value chain. We contribute to existing literature in different ways. Firstly we contribute to existing literature by studying the access to and use of strategic resources by African farmers at individual level as well as the level of the collective. We contribute to current literature not only by demonstrating commodity producer heterogeneity (despite their ostensible homogeneity), but also by developing a novel template for studying the basic tenets of one of the most prominent theories in strategic management literature in the past two decades, the resource-based theory. While the resource-based theory has proven to be valuable for both scholars and managers, its intuitive insights appeared difficult to operationalize. To date there is still an ongoing discussion on how to increase rigor of empirical resource-based theory research. We argue that the template that we develop adds to this rigor. In our study on the use of resources at the level of the collective we contribute to existing literature in particular by providing novel empirical quantitative and qualitative evidence for consequences of the balancing act between equity and efficiency, and for the importance of member homogeneity in terms of goals yet member heterogeneity in terms of contributions, that both have been theorized before, but suffered from a lack of empirical proof. We continue with a study on institutional environments that confront entrepreneurs in developing countries. We develop a framework for studying such environments and shift the focus from so-called ‘voids’ in current literature to the richness that, as we argue, characterizes societies’ institutional fabrics. We argue that failures to utilize the potential of entrepreneurial activity in developing countries is more the result of competing institutions than of absent institutions. Our final contribution concerns global value chain literature. We discuss conditions for successful value appropriation by primary producers. We argue that to date the distinction between value creation and value appropriation has largely been neglected in global value chain research, resulting in incomplete findings and conclusions, as well as disappointing policy implications. To fill this gap we rely on strategic management and collective action literature and argue how primary producers in global value chains can develop, bundle, and deploy strategic resources as a collective of sole proprietors.

Abstract (NL)

Ondernemers in ontwikkelingslanden zien zich geconfronteerd met lastige uitdagingen in hun pogingen de vruchten te plukken van hun activiteiten. In het bijzonder kleinschalige boeren die actief zijn in competitieve markten worden geconfronteerd met complexe uitdagingen. In dit proefschrift bestuderen we de strategische positie van Afrikaanse boeren in mondiale waardeketens – op zowel het niveau van het individu als het collectief – en de institutionele omgevingen waarin deze boeren zich bevinden. Op basis van zowel theoretische als empirische gronden bediscussiëren we mogelijkheden voor boeren om meer waarde toe te eigenen van de waarde die ze creëren. We hebben kwalitatieve en kwantitatieve data verzameld onder sesamzaadboeren in Ethiopië en andere stakeholders in de sesamzaadketen. We leveren verschillende bijdragen aan bestaande literatuur. Ten eerste bestuderen we de toegang tot en gebruik van strategische middelen door Afrikaanse boeren op zowel het niveau van het individu als het collectief. We dragen daarmee bij aan de literatuur door niet alleen heterogeniteit van ogenschijnlijk homogene bulkproducenten aan te tonen, maar eveneens de ontwikkeling van een nieuw methodologisch sjabloon voor het bestuderen van de centrale theses van één van de meest prominente theorieën binnen het vakgebied van strategisch management gedurende de afgelopen twee decennia, de “resource-based theory”. Hoewel de resource-based theory van waarde is gebleken voor zowel academici als de praktijk, bleken de intuïtieve inzichten moeilijk te operationaliseren. Tot op heden is er een lopende discussie over hoe empirisch resource-based theory onderzoek beter geoperationaliseerd kan worden. We beargumenteren dat het sjabloon dat we ontwikkeld hebben hieraan bijdraagt. In onze studie naar het gebruik van middelen op het niveau van het collectief dragen we in het bijzonder bij aan bestaande literatuur door met empirisch kwantitatief bewijs te komen voor de voorheen getheoretiseerde zoektocht naar 1) de balans tussen efficiëntie en gelijkheid binnen collectieven en 2) het belang van homogeniteit onder leden van een collectief voor wat betreft de doelstellingen doch heterogeniteit voor wat betreft de bijdragen aan een collectief. De volgende bijdrage betreft een studie naar institutionele omgevingen waar ondernemers in ontwikkelingslanden zich mee geconfronteerd zien. We hebben een raamwerk ontwikkeld voor het bestuderen van dergelijke omgevingen. Daarbij verschuiven we de focus van zogenaamde “voids” (leegtes) zoals die momenteel in de literatuur worden bestudeerd, naar de complexiteit en verscheidenheid van institutionele omgevingen. We beargumenteren dat teleurstellende prestaties voor wat betreft het realiseren van het potentieel van ondernemerschapactiviteiten in ontwikkelingslanden, meer het resultaat is van aanwezige concurrerende instituties dan van afwezige instituties. Tot slot dragen we bij aan literatuur over mondiale waardeketens en productienetwerken door het bediscussiëren van voorwaarden voor waarde toe-eigening. We stellen dat tot

op heden het onderscheid tussen waarde-creatie en waarde toe-eigening niet wordt toegepast in onderzoek naar waardeketens. Dit resulteert in onvolledige bevindingen en conclusies, alsmede tekortschietende suggesties voor beleidsmakers. Om deze onvolledigheid in de huidige literatuur te adresseren maken we gebruik van strategisch management literatuur en beargumenteren we hoe primaire producenten in waardeketens strategische middelen kunnen ontwikkelen, bundelen en inzetten als collectief van eenmansbedrijven.

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