

# Organizational efficiency for quality reputation – The case of GI banana

■ P.G. DHAMOTHARAN AND K.N. SELVARAJ

Received : 11.06.2013; Revised : 17.08.2013; Accepted : 12.09.2013

## ABSTRACT

Geographical Indications (GI) is one of the six Trade-Related Intellectual Property Rights (TRIPS) of the World Trade Organization (WTO) that seeks to provide comprehensive and effective protection to goods registered as GI goods. In case of GIs, the community organization is entitled to use registration logo which is dependent on the good cultivation practices adopted by the farmers of the community and efficient marketing of GI products in order to guarantee the quality and reputation of the GI products. Since collective dimension of GIs is the quality control, ensuring the conformity to the product specification in maintaining the quality reputation is depending up on consensus among the members of the community organization. Community Organizations have to play a big role in order to ensure realization of the potential benefits of GIs in terms of quality maintenance under various manifestations such that the whole community gets benefits. The producers expressed many constraints that made them to discontinue cultivation and it is evident that area under hill bananas declined very sharply in recent years despite the fact that the Hill Banana Growers Federation has undertaken many initiatives to revive it. The study results show that many producers are not members of the federation and the task of federation is to enroll all the producers as members in order to maintain the quality attributes for which these bananas are known in the market. Further, to increase the market share of GI banana through demand creations, promotional activities would be vital for which federation role is paramount important.

**KEY WORDS :** Geographical indications, Community Organizations, Banana

**How to cite this paper :** Dhamotharan, P.G. and Selvaraj, K.N. (2013). Organizational efficiency for quality reputation – the case of GI banana. *Internat. J. Com. & Bus. Manage.*, 6(2) : 236-239.

In case of GIs, the community organization is entitled to use registration logo which is dependent on the good cultivation practices adopted by the farmers of the community and efficient marketing of GI products in order to guarantee the quality and reputation of the GI products. Since collective dimension of GIs is the quality control, ensuring

the conformity to the product specification in maintaining the quality reputation is depending up on consensus among the members of the community organization. Therefore, the collective nature of the production process necessitates control to prevent free riding and opportunistic behaviour of the members. Studies have shown that Origin-labeled products are very often characterized by a “collective dimension” (Belletti and Marescotti, 2002) in the sense that they are linked not only with the skills of many producers/processors but also with locally created public goods and with the history, habits and culture of the local community. This requires creation of collaborative networks through which many stakeholders jointly manage the common product in the same way a single firm might do (Barjolle and Sylvander, 2002).

## MEMBERS OF THE RESEARCH FORUM

### Correspondence to:

**P.G. DHAMOTHARAN**, Department of Agricultural and Rural Management, Tamil Nadu Agricultural University, COIMBATORE (T.N.) INDIA  
Email: dhamu.agri@gmail.com

### Authors' affiliations:

**K.N. SELVARAJ**, Department of Trade and Intellectual Property, Tamil Nadu Agricultural University, COIMBATORE (T.N.) INDIA  
Email: knanjundiahs@gmail.com

Although stakeholders remain economically and legally independent in producing and marketing the common good, they are linked in that their activities that result in a particular origin labeled product whose main characteristics are determined in the code of production. This peculiar manifestation of independence/ interdependence between producers of the common good, each pursuing its own objectives, emphasizes the fact that origin-labeled products stem from a collective process. Menard (2000) stated that there are various advantages associated with cooperation and collective production which includes the economies of scale in the acquisition of information, risk-bearing among the group when facing unanticipated contingencies, mitigation of adverse selection and moral hazard and increased productivity due to a more developed “sense of responsibility”. Therefore, the Community Organizations have to play a big role in order to ensure realization of the potential benefits of GIs in terms of quality maintenance under various manifestations such that the whole community gets benefits.

## METHODOLOGY

### Data :

GI is a community rights and the registration is issued to the producers organizations registered under society act in order to benefit each and every producers of the GI product. The Sirumalai and Virupakshi hill bananas were registered as GI in the name of Tamil Nadu Hill Banana Growers Federation. However, it was found from the pilot survey that many producers of GI banana were not members of the Federation. The Hill Banana Growers' Federation comprised of president, secretary and members. The success and failure in sustaining the quality reputation of the GI products are depending upon the effective role played by the members of the producers' association. Hence, twenty producers as members and twenty non-members were chosen from the producer organizations totaling forty producers.

### Gap analysis for organizational efficiency :

#### Paired t- test :

The gaps in the efficiency of the organizations was identified considering six management capability such as marketing management, customer relationship management, quality management, customer service management, product management and leadership of producers' association. Paired t-test was used to know whether there is a statistically significant difference between the community members mean score and mean score of non- members of the association. Each participant was required to give their response on satisfaction and need for each statement on management capabilities of the community organizations.

Let,  $x$  = Members satisfaction score on the organization efficiency,  $y$  = Non-Members satisfaction score on the

organization efficiency.

Null hypothesis that the true mean difference between the satisfaction score among members and non-members is zero was tested adopting the following the procedure.

#### Steps :

- The difference ( $d_i = y_i - x_i$ ) between the two observations on each pair was calculated
- Mean difference  $\bar{d}$  was calculated.
- Standard deviation of the differences,  $S_d$ , and standard error of the mean difference was calculated by using the formula :

$$SE(\bar{d}) = \frac{S_d}{\sqrt{n}}$$

- t-statistic was calculated by using the formula :

$$T = \frac{\bar{d}}{SE(\bar{d})}$$

- Under the Null hypothesis, this statistic follows a t-distribution with  $n - 1$  degrees of freedom.
- Value for T to the  $t_{n-1}$  distribution by using tables of the t-distribution was compared and this provides the p-value for the paired t-test.

### Empirical Results :

Producers' organizations have to play a big role in order to ensure realization of the potential benefits of GIs in terms of quality maintenance under various manifestations such that the whole community gets the benefits. The producers' organization comprises of president, secretary and members. Mostly all the producers were not the members of the organization due to the reason they were not aware of the benefits realized as a member. The success and failure in sustaining the quality reputation of the GI products are depending upon the effective role played by the members of the Producers' Organizations. This part examines the functional role of community organizations in sustaining the quality and promotional activities for GI products.

The complexity and competitiveness of today's business environment requires that companies continuously raise the bar on their effectiveness. Top performance increasingly demands excellence in all areas, including leadership, productivity, and adaptation to change, process improvement, and capability enhancement (knowledge, skills, abilities, and competencies).

### Role of the community organization :

- To ensure all the farmers within the geographical location to be member of the organization.
- Make them to attend all the meetings conducted by the organization.
- To provide training for quality maintenance of the GI product.
- Providing marketing assistance to members.
- Promotional activities such as awareness campaign

- to make all the people to aware about GI.
- Giving technical guidelines for disease control through community radios.

**ANALYSIS AND DISCUSSION**

The findings of the present study as well as relevant discussion have been summarized below :

**Organizational efficiency :**

In this present study, gap analysis was made from the perspective of overall members and non-members satisfaction in the federation of hill bananas and the results are presented in Table 1.

The gap analysis showed that, the difference between the satisfaction mean of the overall members and non-members of the organizations for the management capability attributes have both positive and negative difference values. This indicated that there was a difference between the satisfaction mean between the members and non-members of the federation.

Based on the paired t test analysis, it was also proven that there was significant difference between the overall members’ satisfaction mean and non-members satisfaction mean towards the chosen attributes except “Making aware about the benefits obtained as members through awareness campaign”. (P value- 0.720), “Helpful in adopting new

technology”(P value- 0.158) “helps in increasing the nutrition value” (P value-0.842) and “Networking with others to exchange information”(P value-0.408), with the test conducted at significance level of 0.05 (95 % CL). Thus, these showed that the member of the federation was satisfied with their management capabilities, but for the non members their real satisfaction is less with these attributes.

It could be concluded that the performance of the organization was found to be efficient because the mean scores for all the members were highly satisfied compared to the non members in the federation.

**Table 2 : Advantages of being member in the federation (n=20)**

| Advantages                         | Member |      |
|------------------------------------|--------|------|
|                                    | Score  | Rank |
| Marketing Promotion                | 60.13  | I    |
| Higher price                       | 47.47  | II   |
| Adoption of new technology         | 41.29  | III  |
| Training for cultivation practices | 40.65  | IV   |

**Table 3 : Reasons to become non-member (n=20)**

| Problems                            | Per cent | Rank |
|-------------------------------------|----------|------|
| Lack of awareness                   | 64.57    | I    |
| Small size of land holding          | 50.00    | II   |
| Expenses for training and traveling | 35.43    | III  |

**Table 1 : Organizational efficiency between the members and non-members of the GI banana growers (n=40)**

| Items  | Members and non-members |          |       |                    |         |
|--|-------------------------|----------|-------|--------------------|---------|
|  | M Score                 | NM Score | Mean  | t value            | p value |
| Marketing management   |                         |          |       |                    |         |
| Marketing of GI banana                                       | 6.29                    | 6.16     | 0.13  | 4.27**             | 0.000   |
| Gaining insights about the channel partners                  | 6.16                    | 5.98     | 0.18  | 5.50**             | 0.000   |
| Identifying and understanding market trends                  | 6.16                    | 6.03     | 0.14  | 4.67**             | 0.000   |
| Quality management   |                         |          |       |                    |         |
| To overcome the pest and disease incidence                   | 6.14                    | 6.00     | 0.14  | 4.32**             | 0.000   |
| Adoption of new technology                                   | 6.16                    | 6.14     | 0.02  | 1.42 <sup>NS</sup> | 0.158   |
| Product management   |                         |          |       |                    |         |
| Awareness on nutritional value                               | 6.15                    | 6.16     | -0.01 | 0.20 <sup>NS</sup> | 0.842   |
| Aware in maintaining the medicinal value                     | 6.16                    | 6.00     | 0.16  | 3.631**            | 0.000   |
| Customer relationship management                             |                         |          |       |                    |         |
| Making aware about the benefits through awareness campaign   | 6.10                    | 6.04     | 0.06  | 1.82 <sup>NS</sup> | 0.720   |
| Maintaining loyalty among customers                          | 6.20                    | 6.10     | 0.10  | 2.71**             | 0.008   |
| Service management   |                         |          |       |                    |         |
| Making efforts to fulfill the needs of customer expectations | 5.09                    | 2.14     | -1.05 | -26.46             | 0.000   |
| Getting the market related information in time               | 5.66                    | 5.58     | 0.07  | 0.83 <sup>NS</sup> | 0.408   |
| Leadership management  |                         |          |       |                    |         |
| Networking with others to exchange information               | 5.66                    | 5.58     | 0.07  | 0.83 <sup>NS</sup> | 0.408   |
| Able to gain consensus from a diverse group                  | 5.34                    | 5.58     | -0.24 | -6.12              | 0.000   |

\* and \*\* indicate significance of values at P=0.05 and 0.01, respectively

**Advantages of being members of the federation :**

The advantages of being members of the association were analyzed using Garrett's ranking and the results are presented in Table 2.

It was found that as members of the federation, GI banana growers had the privilege of obtaining good price due to various promotional activities undertaken by the federation. One such promotional activity was that linking the growers directly with the buyers. As members they were benefitted from technology oriented capacity building programmes which are being often organized by the federation in order to make the members aware of the latest technologies and for adoption so that the quality reputation is maintained.

**Reasons for non-participation :**

Lack of awareness (65 %), small size of land holdings (50 %) and high expenses towards trainings and travelling (35 %) were expressed as various reasons for not enrolling as member of the federation (Table 3).

**Conclusion :**

The producers expressed many constraints that made them to discontinue cultivation and it is evident that area

under hill bananas declined very sharply in recent years despite the fact that the Hill Banana Growers Federation has undertaken many initiatives to revive it. The study results showed that many producers were not members of the federation and the task of federation was to enroll all the producers as members in order to maintain the quality attributes for which these bananas are known in the market. Further, to increase the market share of GI banana through demand creations, promotional activities would be vital for which federation role is of paramount importance.

**REFERENCES**

- Barjolle, D. and Sylvander, B. (2002). Some factors of success for origin labelled products in agro-food supply chains in Europe: Market, internal resources and institutions. *Economies et Societies*, **25**: 9-10.
- Belleti, G. and Marescotti, A. (2002). OLPs and rural development strategies, Dolphins Report, Introductory notes for Paris WP 3 Meeting, May 6-7, 2002.
- Menard, C. (2000). Enforcement procedures and governance structures: What relationship in institutions, contracts and organizations, C. Menard and E. Elgar (eds.), Cheltenham.

