

From the associative companies to the nuclei of rural entrepreneurs

De las empresas asociativas a los núcleos de emprendedores rurales

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ABSTRACT

Since the second half of the twentieth century, the impulse to the creation of Rural Associative Organizations (RAOs) has become one of the main tools to implement rural development policies. However, most of these efforts have ended in failure, and have been marked by both the paternalism of the institutions and the lack of active participation from the rural communities. Faced with this situation, other methodologies and approaches have started to emerge. These new views have provided rural people with tools to participate in their own development processes and recognize that rural issues go beyond agricultural production. The Rural Management and Development Research Group in the Department of Agronomy at Colombia's Universidad Nacional has been working within this conceptual framework that tends to focus not only on participatory methodologies, but also on gender focus, the new rural setting and the territorial development. The research group has been involved in rural areas of Bogotá and Cundinamarca, building proposals with the active participation from the Nuclei of Rural Entrepreneurs as an alternative model to the conventional rural associative enterprise.

Key words: rural development, peasant economy, associatively, paternalism, self-management.

RESUMEN

A partir de la segunda mitad del siglo XX, el impulso a la conformación de Empresas Asociativas Rurales (EAR), se constituye en una de las principales herramientas para llevar a cabo las políticas de desarrollo rural. La mayor parte de estas iniciativas terminaron en el fracaso, marcadas por el paternalismo de las instituciones y la falta de participación activa de las comunidades rurales. Frente a esta situación, se ha desarrollado metodologías y enfoques que contemplan la participación real de los habitantes rurales en sus propios procesos de desarrollo y que reconocen que lo rural va más allá de la producción agropecuaria. Dentro de esta corriente de pensamiento, que contempla dentro de su marco conceptual a las metodologías participativas, el enfoque de género, la nueva ruralidad y el desarrollo territorial, ha venido trabajando el Grupo de Investigación en Gestión y Desarrollo Rural de la Facultad de Agronomía de la Universidad Nacional de Colombia, en territorios rurales de Bogotá y Cundinamarca, construyendo la propuesta de trabajo con Núcleos de Emprendedores Rurales, como modelo alternativo al de la empresa asociativa rural convencional.

Palabras clave: desarrollo rural, economía campesina, asociatividad, paternalismo, autogestión.

Introduction

As a result of the research fieldwork and of permanent academic reflection by the Research Group on Rural Management and Development at Colombia's Universidad Nacional (GIGDR for its name in Spanish), the methodological approach was constructed to support the "Nuclei of Rural Entrepreneurs", seeking to respond to the need to strengthen sustainable development processes with the communities and bearing in mind that most institutional initiatives aimed at rural development have limited resources, which are assigned for short-term projects.

The GIGDR defines the Nuclei of Rural Entrepreneurs (NRE) as groups of individuals within a territory who develop innovative processes in some aspect pertinent to their context or productive problems. These groups have

an economic project at the idea or execution levels, i.e., they are engaged to a productive or service activity and have a disposition to improve such. They can be made up of different stakeholders from the rural areas and can be a mixed type or a combination of these types of stakeholders and without gender discrimination. These groups have achieved a certain level of organization without having to be formally constituted; their proposal responds to initiatives from its members to be conducted jointly (Parrado *et al.*, 2009).

We start from the hypothesis that active participation from rural communities in their own development processes enhances the sustainability and pertinence of the actions undertaken (Chambers, 1992; Geilfus, 1997; Fals, 1998; IFAD, 2004; Perry, 2004; Camacho, 2007; Parrado *et al.*, 2009).

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The NREs go against the conventional approaches of promotion of rural association, where the relationship between institutions and rural communities occurs in a vertical and paternalistic manner, leaving little room for the participation and initiative from peasant workers. On the contrary, the NREs are active subjects of change and dynamic processes of economic and social development in the territories. Work with the NREs permits reaching greater efficiency and effectiveness in the use of financial resources, human capital, and time available in the institutions and it is frameworked within participatory methodologies, returning elements of Participatory Research and Planning and the Horizontal Extension or peasant to peasant.

The research group experience has concentrated on NREs present in the areas of provinces from the east and Tequendama in Cundinamarca and in the District of Sumapaz in Bogotá, where multidisciplinary, inter-institutional work has been carried out with a long-term vision and territorial approach.

The Rural Associative Organizations in Latin American development programs

We can locate the origins of associative organization in Latin America, in the forms of collective production of the aboriginal communities represented in the *Minga* and the *Mano Vuelta*, which reinvented during the Colony under the figure of the *Mita* by the Spanish, as an instrument of slavery, mainly in the mining industry and then in agriculture.

During the first half of the 20th century, cooperative organization arrived to Latin America brought by European immigrants and religious communities, and since the 1930s it has been promoted by some social leaders, without obtaining a significant impact in the local social and economic structures (Coque, 2002).

During the 1960s, the Latin America peasant movements were consolidated influenced by the Cuban Revolution. These movements had Agrarian reform as their main battle cry, *i.e.*, the equitable distribution of land ownership, guaranteeing access to land for the small producers. The Government of the United States, during John F. Kennedy's administration, established the strategy denominated "Alliance for Progress", which was signed the OAS-member Latin American countries in 1961. The Alliance for Progress sought the enactment of nonstructural policies of agrarian reform, which would offset the Cuban influence.

Throughout the continent Agrarian Reform laws were enacted with a vision of economic liberalism, seeking to modernize agricultural production from the expropriation of lands underutilized by landowners and turning over waste lands to small farmers. Institutions were created to assume the responsibility of coordinating the process² and promoting the formation of cooperatives or community enterprises made up of small farmers benefiting from the distribution of land.

These cooperatives were constituted and coordinated by the State, with a highly paternalistic approach and limited participation from peasants in decision making processes, which led them to generalized failure (Coque, 2002).

In the 1970s, under World Bank leadership the model for Integrated Rural Development model (IRD) was launched seeking to create a social class made up of "modern" small farmers, who would incorporate to their productive processes the technological packages of the Green Revolution³ and would manage their agricultural exploitations with a business vision (Vargas, 1999). Again, the paternalistic approach and the limited farmer participation led to the failure of the model, which tried to redesign itself during the 1980s, including more active participation from peasants, to finally disappear during the 2000s in the middle of the economic liberalization.

As of the 1990s, with the implementation of free-market models, state support centered on agricultural business exploitation with possibilities of competing in international markets. Small farmers, excluded from the economic model, become receptors of assistance programs to combat poverty. Proponents of the model expected for the great agro-industrial businesses and the growing metropolis to absorb rural labor as the peasant economy disappeared, which was seen as a burden for the insertion into international markets (Echeverri, 1998).

After a decade of economic liberalization, which included the bankruptcy of the sectors that could not endure the dismantling of protective measures, increased imports against the low growth of exports, and the subsistence of

² The Colombian Institute of Agrarian Reform – INCORA – was created in Colombia through Act 135 of 1961.

³ The Green Revolution can be defined as the promotion of the use of genetically modified plant varieties and fertilizers and pesticides of chemical synthesis (agrochemicals). To express their genetic potential, the varieties must be planted in single crop and managed based on the use of agrochemicals, which are generally sold by the same companies producing the seeds.

a mostly peasant rural sector in most of Latin American countries, the governments revised their strategy, seeking to improve competitiveness from the approaches of agro-industrial chains and clusters.

To consolidate competitive chains with a low production base, we again recurred to associative organizations⁴. Peasant workers organized around formal businesses, which aggregate their product offering and increase their technological level to be able to more efficiently integrate with the links of agro-industry, commercialization, and consumption, ensuring the quality of their production (Kantis 2004. Monares and Bustamante, 2004. Riveros, 2009. Molina *et al.*, 2008). Reality shows us that most of these efforts continue ending in failure, because of the impotence of institutions and the lack of motivation by farmers.

Faced with the failure of the paternalistic approach of rural development, alternative discourses are being constructed, which address the problem with a holistic view, seeking to empower the peasants and promote the self-management of the RAOs. These models that can be defined as participative models surged during the 60s and 70s from the proposals for Popular Education, Participatory Action Research and Gender Approach (Chambers, 1992; Geilfus, 1997; Fals, 1998). They address the challenge of rural development with a holistic view, seeking to empower the peasants and promote self-management in development processes.

During the last two decades, new proposals have been developed by academia and cooperation agencies regarding Latin American rural development. The proposals of the New Rural Setting and Broadened Agriculture acknowledge that the rural economy goes beyond the merely agricultural, and that in the rural areas the activities of the industrial and service sectors are also important⁵, in some cases representing more than 50% of the rural product (Echeverri, 1998; Salgado, 2004; Pachón, 2007; Aranda *et al.*, 2009).

As of the new views mentioned on rural development, from the local development experiences of the LEADER program in Europe and retaking elements from the system theory and from territorial planning, among others,

⁴ The Associative Work Enterprises (AWE) and the Agricultural Transformation Societies (ATS) are examples of legal associative forms launched within the last two decades in Colombia.

⁵ Environmental services and rural tourism have received increasing attention, not only from academia but from local and national governments.

surges the territorial development approach (Shejtman and Berdegué, 2003). The object of development goes from the production unit or agro-industrial chain to the territory, understanding such as a social construction around a cultural identity. The discussion of competitiveness also passes to a territorial dimension, and there is talk, for example, of territorial brands and regional competitiveness agreements between stakeholders and development agents. Rural Associative Organizations (RAOs) are conceived as important local players, fundamental base of development processes.

Toward understanding Rural Associative Organizations (RAOs)

Understanding rural associative organizations is necessary to recognize their particularities and complexities, as human organizations where different interests converge. Their study requires a comprehensive and trans-disciplinary approach, which bears in mind that every human group is defined from the interaction with its local context and constitutes a unique reality. The relationships arising between the different elements and dimensions that converge in the RAOs make the whole different from the sum of its parts. It is not convenient to limit our discussion to reductionist and systematic methods of industrial engineering and to the theory of organizations, which try to place each organization within rigid and universal models.

Some variables to bear in mind when addressing rural associative organization are: the reasons that explain their creation, the interests that motivate its members to participate, and the territory where they are found⁶:

1. **Origin:** Most of the RAOs have been created through the initiative of institutions external to the community. In many occasions, the small producers have received incentives to participate in these processes under the expectation of receiving “gifts”, which range from the award of agricultural inputs to financial resources. This condition restricts autonomy and sustainability in the organization’s long term.
2. **Individual motivation:** In some cases participation has self-incentives because individuals seek to satisfy prior civic questions or relationships, but in other instances it is necessary to create external incentives

⁶ There are many more endogenous and exogenous variables that must be kept in mind to analyze the RAOs. However, to keep this article concise, we examine three of these we consider fundamental.

that evidence their receiving concrete benefits. When individuals sense that their opinion is not taken into account or that they do not obtain the desired results, they tend to abandon the processes.

Motivation is a very important factor for RAO development and sustainability, especially during the initial stages, when there are generally no significant results in the financial area, although there are in the social and human fields, when individuals feel they are part of a group working to accomplish common goals, generating bonds of trust. Within this perspective, money can become a perverse incentive, as it is more clearly so in processes of political participation, given that participation will depend on a payment or income perceived for such. On the contrary, if the motivation to participate obeys a comprehensive set of human, social, political, and economic incentives, there will be greater sustainability of the process (Max-Neef, 2000; Rodríguez, 2007; Razeto, 2009).

3. The territory: As social construction linked to an identity and a geographical space, constitutes the framework in which social organizations are born and develop, among which there are the RAOs. These feed on the strengths and opportunities offered by the territory and by the processes of territorial development being conducted or set to be launched with the participation from the different local players and external entities. It is a decisive factor for the RAOs, for the territory to have a broad and diverse institutional offer, close to the needs of the local communities and with a good social capital base in permanent improvement.

Nuclei of Rural Entrepreneurs, a proposal within the framework of the territorial approach

The work with the Nuclei of Rural Entrepreneurs (NREs) is a methodological proposal elaborated by the Research Group on Rural Management and Development at Universidad Nacional (GIGDR for its name in Spanish) starting with its research experience and the promotion of rural development in different Colombian territories⁷. In the book: *Nuclei of Rural Entrepreneurs, a Proposal for Rural Development with a Territorial approach* (Parrado *et al.*, 2009), the GIGDR synthesizes its proposal, analyzing the

relationships arising among the NREs and the formulation of public policies, participatory research processes, educational models, action of promoters of development, and the elaboration of rural tourism products.

The articulating hub of the proposal lies in strengthening the capabilities or skills of the members in each NRE to promote self-management, through a dialogue relationship with support institutions and the generation of positive synergies with the territory. The success of the process depends on the relations of trust established between local players and external institutions, which demands long-term work coherent with local realities. The external agent goes on to playing the role of accompanying the process, avoiding leadership, imposition of ideas and locating rural entrepreneurs as objects of study or as passive subjects. Institutional support must lead to accomplishing tangible results, even if they are at small scale, like for example, the direct sale of products to final consumers.

NRE members must have many capabilities or skills to accomplish successful results, both individually and collectively. Within the main capabilities to be strengthened, there are those having to do with negotiation, management, contextualization, leadership, creativity, autonomy, coordination, information management, and articulation of networks. This requires more formative processes than isolated training. The themes to be studied must be initially defined by the NRE members, thus, avoiding the imposition of courses they may consider of little interest.

The work approach with the NREs excludes no one, given that it works with formal and informal organizations with different degrees of development and economic activities, which as they are internally strengthened and obtain results in accomplishing their objectives, they also start assuming a leadership role in the territorial setting, attracting other local players into the process. Strengthening the NREs gives way to a second phase of horizontal extension or of peasant to peasant.

Between the NRE and their territories there are interdependencies that enable their mutual development but that also imply some risks. The NREs benefit from the land offer in areas of institutional support, infrastructure, public services, education, environmental quality, and human capital. At the same time, the NREs contribute to the construction of citizenship and territorial identity. They are the base for the competitiveness of territories, leading processes of social and economic development.

⁷ With the approach of Nuclei of Rural Entrepreneurs, the GIGDR has led three thesis projects by students from agricultural engineering and two extension projects in the district of Sumapaz and the Department of Cundinamarca.

TABLE 1. Differences between the Nuclei of Rural Entrepreneurs and the conventional Rural Associative Organizations.

Dimension	NRE	Conventional RAO
Motivation for their constitution	Through member initiative and/or institutional support	Through initiative of institutions external to the organization. Use of incentives to summon potential partners
Legal typology	Formal or informal organizations	Legally constituted organizations
Relationship with external institutions	Horizontal	Vertical
Interaction with the territory	Dynamic and comprehensive. NREs are territorial development leaders	Fragmented and utilitarian
Number of participants	Relatively stable over time	Starts with a large number of people, which is progressively reduced until ending up with a small proportion of these
Integration model	Territorial, inter-sectorial	Sectorial
Educational model	Comprehensive training Promotion of self-management by strengthening skills	Training in technical and business aspects in fragmented manner
Autonomy	High to medium	Low
Creativity Development	High to medium	Low
Management capacity	High to medium	Low
Long-term sustainability	High to medium	Low

Source: Parrado *et al.* (2009).

Strengthening the NREs can also be the basis for the formulation of local public policies and for guiding institutional action to meet the specific needs of the territories⁸.

For the purpose of synthesizing the main contributions suggested by the NRE approach, against conventional Associative Enterprises, the following comparative chart is presented Tab. 1.

Conclusions and recommendations

Rural association in Latin America dates back to the pre-Columbian period, but it wasn't until the 1960s that it became State policy and received decisive institutional support. Nevertheless, the paternalistic and non-participatory approach of the Agrarian Reform and Integrated Rural Development programs led to the failure of most of the Rural Associative Organizations created during the 1960s and 1970s.

With the implementation of the free market model in Latin America, State support was drastically reduced for the peasant economy, which was initially focused on welfare mechanisms to combat poverty and in a second stage to

integrate the RAOs into clusters and competitive agro-industrial chains, without obtaining significant results.

Recent models of rural development recognize the complexity and inter-sectorial characteristic of the rural territories. Within this analysis framework, the RAO study requires a holistic and trans-disciplinary approach, which bears in mind the different endogenous and exogenous variables that determine their sustainability.

The Research Group on Rural Management and Development proposes working with the Nuclei of Rural Entrepreneurs, seeking to promote self-management skills by enhancing the capabilities of its members and establishing positive synergies with their territory. This new approach demands a new role from the institutions, which go from accompanying to facilitating the process and to projecting their action within a long-term horizon.

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⁸ An adjustment example of institutional action from the interaction with the NREs lies in the execution of the Master Plan of Food Safety and Supply for Bogotá. The proposals made by local leaders belonging to an NRE have permitted improving the support model for "Agro-Networks" or rural territories and the food distribution logistics.

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