

# Agribusiness development and the role of value chain business associations

## The case of dried fruits and vegetables in Tanzania

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Daniel Wilson Ndyetabula

*Department of Agricultural Economics and Agribusiness,  
Sokoine University of Agriculture (SUA), Morogoro, Tanzania*

Olav Jull Sørensen

*Department of Business and Management,  
Aalborg University, Aalborg, Denmark, and*

Anna A. Temu

*Department of Agricultural Economics and Agribusiness,  
Sokoine University of Agriculture (SUA), Morogoro, Tanzania*

### Abstract

**Purpose** – The purpose of this paper is to explore the rationale for value chain business associations and construct a conceptual framework for establishing and managing a value chain association, using the value chain for dried fruits and vegetables in Tanzania as the empirical basis.

**Design/methodology/approach** – To achieve the objectives of the paper, a conventional approach involving literature review, framework development, and data collection and analysis was used to conceptualise the organisation of a value chain association in a developing country context.

**Findings** – The study finds rationale for a value chain-based business association based on the literature review, observations and discussions from the stakeholder workshop.

**Research limitations/implications** – It has been suggested that upgrading the currently fragmented dried fruit and vegetable value chain to encompass all value chain actors might have implications towards “creativity”, “innovation” and “entrepreneurial abilities” along the value chain, i.e. resources and competences that could enhance the value of the market offer and thus the competitiveness of the whole value chain. A value chain-based business association might be one of the stepping-stones to enhance innovative and entrepreneurial abilities for strong and competitive value chain activities.

**Originality/value** – If the literature has been relatively silent on business associations understood primarily as industry associations, it has been completely silent on value chain associations. This paper therefore makes explicit contribution on the conceptualization of value chain association with a particular focus on the developing country setting.

**Keywords** Tanzania, Value chain, Business associations, Dried fruits and vegetables

**Paper type** Research paper



### 1. Introduction

Traditionally, private sector companies in market economies have been organised in various business associations which cater to the interests of its members, such as the government. These associations can be organised in different ways, but overall, we can observe three categories of associations: general associations catering to the interests of the private sector; associations for particular types of companies, such as small and medium enterprise (SME), multinational companies (MNCs) and exporters; and

associations organised along industry lines, serving industries such as that of garments, fruits and vegetables, the retail trade, truck owners, and farmers. Conventionally, the purpose of an association is threefold. First, the association is the primary advocacy institution for outsiders, including the government. Second, the association serves its members by providing functions such as organising training or providing information. Third, the association may be looked upon as a network in which members can meet and exchange experiences or form alliances.

The three roles of an association are crucial when a company begins to adjust itself for exploiting available market opportunities. In doing so, the company will automatically encounter boundaries for how far it can reach (Nielsen, 2002). This can come about as a result of numerous factors, such as the company's lacking the technology needed for product development or not having the requisite production capacity to meet the increased demands (Nielsen, 2002). These challenges may largely contribute to the low value of products provided to end consumers in a value chain (Sørensen, 2011), which could otherwise be efficiently improved if, for instance, a company was a member of an association (a network).

According to Nielsen (2002), the above challenges are examples that can explain why companies need to join networks such as business associations, which can offer access to more resources than the single company can possess. When a company joins an association or a network, it is trying to overcome its limitations; networks are important for access to new markets and technologies, information sharing, speeding products to markets, optimising overall performance and reducing costs (Harrigan, 1986).

With the increasing focus on value chains at both local and international levels (Ponte, 2011; Chitundu *et al.*, 2009; Gibbon, 2008), we envision the emergence of a new category of business associations, based on the value chain and built to cater to the interests of companies at the chain's various levels (producers, processors, distributors, traders, consumers, etc.). Obviously, a business association along the value chain will have many similarities with industry-based associations, although a value chain-based association seems to have some advantages in that it is able to discuss in a holistic and collective manner the very core of business: the creation (against a profit) of value that is attractive to the final consumers.

The aim of this paper is to explore the rationale for value chain business associations and construct a conceptual framework for establishing and managing a value chain association, using the value chain for dried fruits and vegetables in Tanzania as the empirical basis. The dried fruit and vegetable subsector in the East African region is emerging and steadily growing (Ndyetabula, 2012; Match-Maker, 2008) with unexploited market opportunities. Therefore, the model will be developed based on existing literature and the observations, discussions and interviews from an actual value chain stakeholder meeting held in Tanzania in November 2012.

Theoretically, the study is informed by four streams of literature. The basis for the study is the literature on value chains, which has experienced tremendous growth over the last decade (Ponte, 2011; Sørensen, 2011; Fromm, 2007). Next is the network literature (Håkansson *et al.*, 2009; Ford, 1990); as the actors in a value chain may be looked upon as a network, it helps to use the precise conceptualisation of relations among actors that this literature provides. Third, we will also draw on the literature of industrial organisation (Håkansson and Östberg, 1975), as this focusses on the specific levels in the value chain and thus can provide us with insights into the specific structures at each level. Finally, we will draw on the literature of business associations, including how they are governed (demarcating the association; legal status; bodies for

management; and decision making, main tasks, and visions and missions). This literature does not constitute a separate and well-defined discipline. The industrial organisation literature (Nevitt, 1996; Ahrne and Brunsson, 2008; Ferguson and Ferguson, 1993) hardly discusses business associations, although they can be considered part of the structuring of an industry. The political science literature does look at business associations in the context of a broader discussion of business government partnering.

Empirically, the attempt to form a value chain business association in Tanzania by using the country's emerging value chain for dried fruits and vegetables will serve as the data source for the study, with particular focus being placed on data from a stakeholder meeting held at the Sokoine University of Agriculture (SUA) in Morogoro, Tanzania from November 22-25, 2012.

The paper is structured as follows. In Section 2, the specific research question and the methodology of the study will be presented, followed in Section 3 by a review of the four streams of theories. In Section 4, the conceptual framework for the study is presented, followed in Section 5 by the presentation of the empirical data. Section 6 finally, will discuss and conclude, both in relation to the theoretical contribution of the study and the potential practical contributions.

## 2. Research questions and methodology

The overall research question for this study is whether the increase in the value chain orientation of business will form the foundation and provide the rationale for the formation of value chain business associations, and, if so, how could such a value chain association be conceptualised and organised.

As will be shown, there are many similarities between a conventional business association and a value chain business association, but there are also some important differences due to the holistic view presented by a value chain perspective and its associated requirement in terms of the mind-set of the actors in the value chain.

Because there is so little research on value chain-based business associations, we chose to conduct a study that is both partially deductive and partially exploratory by first reviewing literature and formulating a framework that guided the collection of empirical data. In keeping with the value chain perspective of the study (Sørensen, 2011; Gibbon, 2008), we conducted a series of interviews with participants who come from various levels of the value chain and attended the regional dried fruits and vegetable stakeholder workshop organised by SUA in Tanzania. The participants included value chain primary actors (producers and processors), support actors (equipment and packaging manufacturers) and institutional actors (Bureau of Standards, Food and Drugs Authority). There was a total of 150 workshop participants and we were able to conduct 15 interviews with representatives from each level of the value chain. Table I provides an overview of the participating value chain actors.

The main interview questions were probes regarding the description and explanation of the processes and practices in relation to value-adding activities. We asked questions about the relation that each value chain actor has to the next actor in the value chain. To this end, we used five dimensions (value chain level, links to next levels in the value chain, experience of the actor in participating in value chain activities, consolidation/restructuring activities in the value chain and degree of fragmentation/concentration) to derive the structure and practice of the value chain.

Interviews with processors of dried fruits and vegetables were conducted to capture a broad picture of the agribusiness value chain activities in the region. Specifically, the

Primary actors	Support actors	Institutional actors
Input suppliers (mainly from Tanzania) ↓	Financial institutions (CRDB Bank from Tanzania)	
Farmers (mainly from Tanzania) ↓	Technology suppliers (Innotech GmbH from Germany)	Tanzania Bureau of Standards
Processors (from Dar es salaam, Kilimanjaro, Coast, Kagera, and Tanga regions in Tanzania) and others from Uganda and Kenya ↓	Tanzania Bureau of Standards	Tanzania Food and Drugs Authority
Distributors (Mek One from Tanzania) ↓	Packaging Producers (Sentaza Limited from Tanzania)	Tanzania Food and Nutrition Centre
Consumers		Representatives of the Ministry of Agriculture

**Table I.**  
Groups of value chain actors involved in the study interviews

processors were interviewed so we could gain information about their roles and influences in the value chain and the way they interact with other actors.

In-depth discussions with the stakeholders and other actors in the dried fruits and vegetables value chain were conducted to give us a holistic picture of the value chain in the region in terms of structure, business interaction amongst actors, product flow and service provision along the chain.

Overall, the main reason for using the aforementioned dimensions during the interviews is that we wanted to have a broader picture of the structure of the value chain and actors' operational situation. The mind-set here was that successful formation of a network like a value chain-based business association can be explained by the differences according to which value chain actors have organised and structured their value-adding activities.

As indicated above, as this study is both deductive and exploratory in nature, elucidating the data interpretation is a delicate process. Data interpretation in qualitative research is something that cannot be postponed until the end of the research process when the empirical study has concluded (Denzin, 1994). It actually goes on when preparing interview questions, in addition to conducting, transcribing and reading the interviews. In keeping with this principle, we developed the dimensions of analysis earlier on, as the insights from the literature review were unfolding, alongside preparation of the interview questions. The data collected from interviews was transcribed within 24 hours of collection. Transcription of the interview materials is a time-consuming exercise, but as we had created the interview format, we were already very acquainted with the materials. We converted the scripted interviews into text-file for analysis using a 5 × 5 matrix table (finally organised as Table II). The table matrix analysis was preceded by thematic coding procedure (Murphy, 2007) from which the five analytical dimensions were developed and discussed. The discussion herein leans on the description of the structural organisations and relations among value chain actors to explore the rationale for networking. In some cases, verbatim quotations are included to support arguments of the discussion.

**Table II.**  
Structure of value chain for dried fruits and vegetables in Tanzania

Level in the value chain	Degree of fragmentation-concentration	Mature-emerging industry	Consolidation-restructuring process	Links to next level	Description
Input suppliers	Somewhat concentrated and dominated by Tanzanian Indians	Relatively mature	No consolidation or restructuring	Sell mostly for cash	A number of smaller shops and licenced distributors
Producers/farmers	Many small-scale farmers, but also a few estates	Mature in fruits and vegetables production	Few dynamics	Mostly market relations. Farmers difficult to enter binding contracts with	Smallholders dominate in a mix of subsistence and cash crop production. Farmers sell on short term and seek the best deal
Processors/driers	Fragmented, with only a few small-scale processors	Emerging industry but the concept of drying is known	Restructuring in the sense of technological upgrading	Sell from the plant at cost-plus prices; sometimes sell to other processors in bulk; sell through certain. Sell cash?	Very few, partly donor-driven processors. Experimentation takes place
Distributors/marketers	Highly fragmented	Mature	Restructuring tendencies in urban areas towards chain formation. Looking for stable supplies and quality. Can source both domestic and international	Sell at fixed price. No promotion	Retail trade dominated by a mix of open markets and small shops with a few large supermarkets and small chains
Consumers	Increase in urbanisation and in average income	Emerging new lifestyles	A small segment of consumers willing to experiment		Urbanisation is increasing, and new lifestyles are coming up among a richer segment

### 3. Literature review and conceptual framework

This section looks at the very economic foundations of the proposed value chain association, these being the value chain or value network itself, and examines their rationale as well as their organisation and activities. Also examined are the theories regarding the upgrading of value creation and structure of the industries along the value chain, in addition to the literature on business associations.

#### 3.1 *The concept of value chain*

The value chain literature basically started with the fall of the central planning era and the privatising of parastatals, opening and liberalising the economies both domestically and internationally. In that situation, the global field was open for MNCs to organise their activities more freely within as well as across countries, and as a result, many countries formulated foreign direct investment platforms to attract MNCs. Various development researchers conceptualised this new situation in similar ways but using different terms for the phenomenon. For example, the global commodity chain (Gereffi, 1994); the global production network (Dicken, 2007), the global supply chain (Skjøtt-Larsen *et al.*, 2007), and the global value chain (Kaplinsky and Morris, 2000). Today, the term “global value chain” seems to be the one commonly used and agreed upon. While these authors focussed on the global arena in general and placed special focus on the global value chains crossing the borders of developing countries, others like Porter (1980) were more interested in the value chains inside the companies. Examining this corporate value chain (Sørensen, 2011) serves to prompt questions such as how the company could work more efficiently or more effectively. In the Porter (1980) version of the corporate value chain, he works with nine generic activities namely, inbound logistics, infrastructure, human resources management, technology development, procurement, operations, outbound logistics, marketing and sales and services.

*Defining a value chain and its actors.* A value chain is basically a linked sequence of activities in which each activity and its stage in the value chain adds value to the product or service in question, a value for which the end consumer is willing to pay (Dicken, 2007). The simple, generic value chain is shown below. In case one and the same company carries out more of the generic activities, we will speak of the corporate value chain.

Extracting/raw materials → design → production → sales/marketing → consumption → recycling.

Going beyond the simple value chain, a distinction can be made between primary actors, support actors and institutional actors in the value chain (Sørensen, 2009). The primary actors are those that are directly adding value to the final market offer. If the final product is dried fruits and vegetables for consumers to enjoy, the chain is made up of the farmers who grow the fruits, the processor that develops the product concept and dries the fruits, the traders/retailers that market the products, and the consumers that buy and consume the product. In most cases, when the concept of a value chain is used, it is understood as the set of primary actors.

Support actors are the companies and organisations that underpin the value-adding processes carried out by the primary actors (Sørensen, 2011; Gibbon, 2008). Support actors include equipment producers, producers of packaging materials, advertising agencies, auditors and research institutions, among others. The group of support actors can easily involve more actors than the whole primary value-adding chain, and they vary greatly in importance. At times, the support actors can be crucial for the

development of the value chain. For example, if a company develops a new packaging material that is able to revolutionise the distribution of the products, the support actors may be the ones that increase the efficiency and effectiveness of the value chain, with the primary actors merely adopting the new packaging material.

The institutional actors are those that frame the value chain and its activities. First and foremost, institutional actors include the government and its agencies that regulate the activities throughout the value chain (Ndyetabula, 2012). For example, a standards board would set the standards to which companies must adhere in order to be allowed to sell their products. It could also be certain international bodies, like the WTO, that define the rules of the game in, for example, global trade. Furthermore, a business association may also be seen as an institutional actor given its dual role of advocacy and providing support to members.

While the value chain construct as presented above focusses on activities and functions that are linked sequentially, a value chain may also be seen as a network of the three mentioned categories of actors. By adding a network perspective, it is possible to conduct a Social Network Analysis to pinpoint the strength of relations between the various actors of the value chain.

Furthermore, according to Human and Provan (1997), networks can be either competitive or cooperative. Even with this possibility, Human and Provan (1997) indicate that the nature of SME operations makes it important for the SME networks to cooperate on some activities of common interest while competing on others. With this thinking in mind, we use the next subsection to indicate our understanding of the inherent collaboration-conflict dilemma between value chain members resulting from the nexus between the competition and cooperation roles of actors in a network. Additionally, we deem it appropriate to revisit Human and Provan's (1997) concept of SME networks as opposed to other forms of alliances and inter-organisational collaborations.

*The relations between the actors of the value chain.* The value chain literature has placed particular focus on the links between the various actors in the value chain (Gereffi 1994; Gereffi *et al.*, 2005) and developed a typology for the types of links that can be observed in practice, ranging from pure market links to those existing in a hierarchy which organises all links within a company. In between, we find links that have some features of being organised and dominated by one or more actors in the value chain.

As stated, a value chain is a sequence of activities in which each activity adds value to the product or service in question. Each activity and step in the value chain is thus a prerequisite for the next step, meaning that the activities are interdependent. At the same time, the actors are independent of each other and it is therefore crucial to know the mechanisms they use to bind the activities together so that the accumulated activities can ultimately deliver competitive value to the consumers. The binding mechanisms can be understood from the value chain perspective in which different relations (such as market, hierarchical and network relations) of SME networks are also encompassed (Sørensen, 2011).

The value chain perspective (Porter, 1980; Gibbon, 2001) asserts that actors in a value chain must collaborate to deliver value that is of interest to consumers. However, each actor in the value chain also has his personal interests, namely to maximise his share of the total value created in the chain (Sørensen, 2011). Looking at the value chain as a set of buyers and sellers, it is evident that the buyers will try to buy as cheaply as possible while the sellers will try to sell at the highest possible price. As a result, while collaboration in the value chain is necessary, there is also an inherent conflict of interest

between the value chain members. One main task of a possible value chain association will be to handle this inherent collaboration-conflict dilemma to the satisfaction of all members by using compromises and the creation of win-win situations.

Taking a closer look at the possible ways the relations in the value chain can be organised, it appears that the conflict is less in some and almost absent in others. In line with Gereffi *et al.* (2005) and as indicated above, a distinction is made between three broad categories of relations:

- (1) market relations;
- (2) network relations; and
- (3) hierarchical relations.

In the case of market relations, the conflict between value chain actors is very real, as the price for the transaction is more or less the only transaction issue. In a competitive market, the forces of demand and supply will, in the end, determine the right price. Thus, in a value chain dominated by market relations, the value addition and the sharing of value is determined by the forces of supply and demand at each level of the value chain.

In the hierarchical relations, the value-addition activities are within one and the same company and are thus under a unified management control. In this case, we speak of a corporate value chain (Porter, 1980; Sørensen, 2011), where management can coordinate all the activities in-house and thus optimise value adding in relation to the requirements of the final customers. There may, of course, be some internal conflicts between different sections of the company, but we will not discuss those in this context.

Between these two extremes (market and hierarchical relations), the relations in the value chain may be organised according to the principles of networks (Harrigan, 1986; Gustafsson *et al.*, 1991; Ford, 1990; Child and Faulkner, 1998; Håkansson *et al.*, 2009; Nooteboom *et al.*, 1997). Principally, networks can be divided into two types, these being formal and informal networks (Nielsen, 2002). The former can then be divided into other types, such as contracting alliance, strategic alliance, joint venture, virtual company and trade/business associations (Nielsen, 2002; Human and Provan, 1997; Kenis and Provan, 2009). The literature (Human and Provan, 1997) classifies SME networks as another type of emerging inter-organisational collaboration. According to Nielsen (2002), formal networks can be examined through of a number of configurations, such as that of the value chain, ad hoc, policy network, distribution network and knowledge development network. In this case, the value chain is looked upon as a network of actors. The rationale of networks in this perspective is that the actors are interdependent and in need of resources and competencies controlled by other members of the network. The actors develop long-term and trusting relations and they have a mutual understanding, meaning that they (have to) take the interests of the network's partners into consideration to get access to their resources. Thus, in the network perspective, the actors tend to look for win-win solutions. However, even in a network perspective, some actors will be more dominant than others, and there may be lead actors (Gereffi, 1994) who define the rules of the game and set the agenda. Still, this rule setting must be within the logic of the network's mode of organising, which is one where some actors control certain resources of value to the other members of the value chain and where trusts are assumed to prevail.

The seminal work of Human and Provan (1997) that developed a theory of structure and outcomes in small firm networks demonstrated that SME networks are conceptually

distinct from other types of collaborations like joint ventures, contracting alliances and strategic alliances, especially in terms of purpose and membership criteria. For example, while the purpose of SME networks is to provide direct services, such as joint product development, to its members, the purpose of a trade/business association is to provide its members with services like lobbying and promotion. In terms of membership criteria, SME network membership emphasises geographical proximity for combining core competencies, allowing small firms to accomplish specific organisational objectives. In contrast, a joint venture combines core competencies in large firms that are not necessarily geographically proximate (Human and Provan, 1997).

Related to our issue of forming a value chain-based business association, the question is what are the crucial resources and competencies of the value chain and how can a value chain association contribute to making sure those resources are in play. The resources could be many, both immaterial ones such as, “innovation”, “entrepreneurial abilities” or “brands”, or material ones such as “finance”, “logistics”, or resources and competencies that could enhance the value of the market offer and thus the competitiveness of the whole value chain. Thus, the overall role of any value chain association would be to take a holistic view of the value chain and ensure that every actor is creating value and every link is performing optimally, in addition to ensuring that all get a fair share of the profits, or at least a share that will make them stay and continue contributing to the chain.

### 3.2 *The structure of the value chain*

The literature on value chains and networks has its strength in analysing the relations between actors, while the literature on industrial organisation is strong on revealing the structure of industries (Schaefer and Mack, 1997). As the value chain consists of a set of interlinked industries, the industrial literature can be of use in determining the structure at each level of the value chain, that is, the structure at the farmers’ level, the processing level, the distributive trade level and the consumers’ level. There is no need for an extensive review of the literature, as we will use very basic concepts and distinctions related to the structure of industries in the value chain analysis.

A basic distinction can be made between an industry with a high degree of concentration and a very fragmented industry (Eshlaghy *et al.*, 2010). In the former, a few companies command a large market share, an example being three to four companies having a market share of 75 per cent. The opposite is the case in a fragmented industry, in which no companies hold a dominant share (a share high enough to be able to influence the market through the company’s behaviour).

Another useful distinction is that between a mature industry and an emerging industry (Benders and Slomp, 2009). In the first case, the industry has been around for many years. This is, for example, the case of the market traders of fresh fruits and vegetables. Conversely, the emerging industry is a newcomer to the business. This is the case of the dried fruit and vegetable processing industry in Tanzania.

A third useful distinction is between stable industries and industries under consolidation or restructuring (Gatti, 2011). In an industry that is under consolidation, we expect the industry to become more concentrated, while in an industry in transformation, we expect the establishment of new companies with innovative ideas.

The literature on industrial organisation (Nevitt, 1996; Ahrne and Brunsson, 2008; Ferguson and Ferguson, 1993) is also well known for its models of markets, including the completely competitive market, the oligopoly, the monopoly and so on. These are also useful distinctions that we will put to use.

As part of the structural analysis of the value chain, it is essential for our study to identify any or potential dominant actors that can take the lead in coordinating the activities and the actors of the value chain. Furthermore, we are also interested in identifying actors and structures, which are able to appropriate a major share of the value generated in the chain, leaving less to others, and in this same vein, we hope to identify structures that can generate a surplus so that required investments for the development of the company can take place.

### *3.3 Upgrading within the value chain*

The literature on upgrading within the value chain (Ponte, 2011; Trienekens, 2011; Gibbon, 2001) has been rather instrumental in influencing the possibilities for local companies to claim a better position in the local or global value chain, allowing them to produce more value and earn more profit (Humphrey and Schmitz, 2002a). When more and more countries adopted a free trade and investment regime, local companies faced MNCs both in relation to selling in the domestic markets and in relation to outsourcing. In general, upgrading was found to be difficult, but not impossible. In the garment industry, for example, Gereffi (1999) defined a stage model for upgrading with a local producer moving from a situation where the buyer supported and trained the staff in even simple operations to ones where the local producer on his own was able to follow designs and blueprints delivered by the buyer and to finally in stage 3 become a local brand producer.

During the big outsourcing wave in the 1990s, upgrading was challenging, as the local producers were producing according to a design provided by big international buyers and thus selling to a market about which they knew little. This situation changed somewhat in the beginning of this century, when income and demand started increasing in a number of emerging markets; there was suddenly a domestic market for the local products and a set of more sophisticated consumers demanding quality and branded products.

Humphrey and Schmitz (2002a) developed a typology of upgrading based on four categories: process upgrading, product upgrading, functional upgrading and inter-sectoral/inter-chain upgrading. For example, process upgrading involves the introduction of new technology and more efficient organisation of the work process. It also includes basic things such as producing in larger quantities, matching standards and delivering on time. Product upgrading entails improving the quality of the present products, adding new variants or selling products under Fair Trade conditions. Functional upgrading may be exemplified by improvement of the packaging and the marketing of the products, while inter-chain/inter-sectoral upgrading involves the application of a competency acquired in one function of the chain and putting it to use in a different sector.

The four-dimensional upgrading typology would be part of the agenda for a value chain-based business association and could be considered to create benefits that the value chain members gain from being member of the value chain business association. Human and Provan (1997) have found that there are two types of outcomes from being a member of a network, these being transactional and transformational outcomes. In the former, members benefit from such services as enhanced resource acquisition and performance gain, while in the latter, members benefit from the ways in which managers of network firms think and act. The two types of outcomes are closely related to value chain upgrading in the sense that they allow actors to move up the value chain to more rewarding functional positions or to produce more value-added products (Ponte, 2011; Fromm and Dubon, 2006).

### 3.4 *The concept of a business association*

*Defining a business association.* According to Ahrne and Brunsson (2008), a business association is “a meta organisation”, that is, an organisation whose constituent members are other organisations. A business association can thus be defined as:

[...] an organisation of companies or persons with a common interest that the association is expected to nurture. As indicated above, membership criterion is one of the features distinguishing business association from other types of inter-organizational collaborations. In business association, membership is voluntary and normally, a fee is paid to become a member (Doner and Schneider, 2000).

The common interests (Gustafsson *et al.*, 1991) will depend on the framing of the association (Nevitt, 1996). For an association that accepts all private companies, the common interests relate to the development of the private sector, meaning that the association has a broad mandate. For an association that is organised around particular types of companies, for example, small- and medium-sized companies, the common interests would relate to the particular issues for that group of companies (access to finance, less bureaucracy, etc.). Similarly, the common interests for an association for a particular product at a particular stage in the value chain, for example, an association of tea processors, may centre on factors such as standards or finance.

The membership would, in principle, be all companies that are within a specific category. An association may, of course, refine its criteria for membership to enhance its legitimacy and to avoid members that do not adhere to sound and ethical business principles, behaviour and ethics. In the literature, the demarcation and encompassment of membership is called the density of the business association (Doner and Schneider, 2000).

*Theories of business association.* The area of business associations is under-researched (Reveley and Ville, 2010). The literature on industrial organisation, given its focus on structure and organisation of industries, would be the natural field in which to discuss business associations, but this literature is almost silent on the topic. According to Doner and Schneider (2000), one reason for the heretofore scant research on business associations is the early association with economic rent as the purpose of their formation. However, with the increasing focus on new institutional economics (NIE), meta-organisations and business networks in general, it is of no surprise that the research on business association is on the increase. This does not rule out rent-seeking behaviour by business associations, but Doner and Schneider (2000), and also Reveley and Ville (2010), show that although this may be the case, external pressures from competition and the Government (Doner and Schneider, 2000), coupled with internal proactive motivation to develop the industry (Reveley and Ville, 2010), tend to prevent such behaviour. Rent-seeking behaviour may also stem from various government agencies due to power asymmetry between the agencies and private sector actors, an issue donors have taken up and put on the advocacy agenda of business associations.

Doner and Schneider (2000) associate two roles with a business association, that is, a market supplementary role and a market complementary role. In the first case, the association advocates government involvement for the provision of various public goods. In the latter case, the association overcomes market failures. For an association to be successful, it must have a high degree of membership among the potential members (density) and command what is called “club goods”, that is, incentives for members to remain members. Furthermore, it must also have effective interest

mediation skills. The role regarding the government range from the advocacy role to form the prolonged arm of the government.

Reveley and Ville (2010) build on Doner and Schneider (2000), but move beyond their findings. They enhance the conceptual framework by employing a purely NIE framework with a focus on eliminating opportunism and lowering transaction costs, increasing market efficiency to also include what they call “organisational-institutional theory”. This addition makes it possible to study the processes of business association, and Reveley and Ville (2010) focus especially on the formation of social capital (Adler and Kwon, 2002) that enables the association to unfold the potential strength of an association density and incentive mechanism. It is also through social capital that the association can stick together and survive rough times.

To summarise, the literature on business associations (Ahrne and Brunsson, 2008; Nevitt, 1996; Doner and Schneider, 2000) has moved from seeing them as purely rent-seeking institutions that should be forbidden (via institutions that served an advocacy role together with running internal incentive schemes and the rent-seeking tendencies being kept low through external pressures), to more proactive institutions that collaborate with the government and other external partners and have an internal strength allowing them to proactively develop themselves and the members they serve.

*Theories of value chain business association.* If the literature has been mostly silent on business associations understood primarily as industry associations, it has been completely silent on value chain associations. The theories discuss vertical linkages but only in the sense of seeing to the interests of members such as the suppliers or the buyers. Reveley and Ville (2010) talk about three external constituents that influence the association, namely competitors, transactors and the state, and they mention a situation in which transactors (buyers and sellers) collaborate to develop the industry rather than being an external force that prevents rent seeking.

Perhaps value chain associations are not needed. After all, market transactions take place within the value chain and they are the chain’s normal *modus operandi*. Furthermore, a value chain may be driven by a lead firm that plays the role of an association, just as Reveley and Ville (2010) found: associations are, at times, “private interest”. The value chain may already work as a network, having essential linkages between the actors within the network without having formed an apex body in the sense of an association. Similar ideas can be found in the marketing literature focussing on relationships (Hollensen, 2011), in the literature on inter-organisational collaboration (Gatti, 2011) and in the innovation literature with a focus on “open innovation” (Di Minin *et al.*, 2010).

However, many value chains are fragmented and in need of more coordination to develop; this is an issue that could be discussed in a value chain association. As in the conventional associations, there are also issues of opportunism (Williamson, 2000), asymmetric information and trust through social capital (Burt, 2000; Adler and Kwon, 2002) to which a value chain association could contribute and thus increase the efficiency of the chain as a whole. It could also support effectiveness by focussing on innovation. Here, it is well established that much innovation comes from collaboration between suppliers and customers (Hotho and Champion, 2011). Finally, given the focus on traceability, ethical behaviour related to human resources, environmental concerns and increasing consumer demand for quality and healthy foods, it seems that value chain business associations are a must, as they will have a holistic perspective required to address such issues.

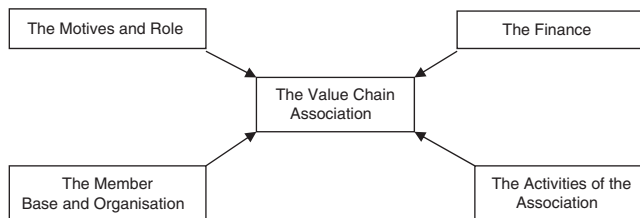
So far, focus has been on the primary actors of the value chain. In the previous section, a distinction was made between primary, support and institutional actors. To what extent should a value chain association include the latter two groups of actors? In principle, the members are those that contribute to the adding of value to the product or service in question. It seems natural that the primary actors constitute the core of the membership base for value chain associations. Support actors may be crucial for the activities of the primary actors, although they do not participate directly in the value-adding process. For example, equipment suppliers are essential, especially if they are developing new technologies that may revolutionise either the production of the agricultural produce (e.g. a new hybrid of seed) or the processing (e.g. a refined technology for controlling the processing conditions). The same question relates to institutional actors, should they be members of the association. To the extent that the institutional actors are the regulators of the value chain (setting standards, requesting licensing, monitoring the behaviour, etc.), a dialogue is essential, but actual membership may not be necessary for dialogue to take place.

### 3.5 Conceptual framework for the study

Based on the literature review and the discussion above, we propose a framework for the study, as shown in Figure 1. Each component of the framework is discussed briefly.

*Motives and role.* The motives must be understood from the base of the common interests (Child and Faulkner, 1998) that can be associated with a value chain-based business association. One of the foundations of networks like business associations is a common vision among the network partners (Nielsen, 2002). It is important to examine the partners' vision, in which motives, roles, competitive relations, goals and action environment are encompassed. Of course, each level in the value chain will have its own interest, but the overriding interest of a value chain association must be the maximisation of the value added throughout the chain, as that will create a framework for a highly satisfied final customer and establish a base allowing each member in the value chain to have a share that makes the business sustainable. If the share does not create sustainability, that particular link will be detrimental to the smooth working of the value chain.

Thus, it is clear that a value chain association would have to balance a more collective-oriented interest with the more individual interest associated with the individual actors at each level of the value chain. This means that the value chain association must pay attention to the links between the actors because it is through the links that the sharing of the total value added to the product or service is determined. Furthermore, it is through the links that the actors, as referenced in the literature on network (Galaskiewicz, 1996; Håkansson *et al.*, 2009; Håkansson and Snehota, 1995) and user-producer interaction (Lundvall, 1985; Tidd *et al.*, 2000; Edwards *et al.*, 2005; Hotho and Champion, 2011),



**Figure 1.**  
Conceptual  
framework for a  
value chain business  
association

can support each other and thus make the value chain both more efficient and more effective. The association should thus develop a good understanding of the types of links that are in place at each level of the value chain, as well as assess the combined effects of the governance of the chain as a whole (Gereffi *et al.*, 2005).

*Membership base and organisation.* As outlined above, the membership base in a value chain association may be a narrow one with only the primary actors as members or a broad one in which those actors that indirectly contribute to the value-adding process may also be members, or perhaps associate members.

The issue of organisation is the one that is partly legal and partly issue related to what is possible and appropriate in a given situation. The forming of an association may not be formally regulated by the government, but is part of the general rights of people in the society to meet and form organisations to voice their opinions. However, an association may also be required to register or to adhere to specific requirements, such as showing that it actually is a membership-based organisation. To gain legitimacy in society and with important stakeholders, it is essential that the value chain association be registered as required.

Apart from the legal discussion, the association can be organised in different ways depending on what is possible at the time given financial limitations or the need to grow the membership base. A distinction can be made between three basic organisational structures:

- (1) loose network of value chain actors;
- (2) formal organisation; and
- (3) add on organisation.

Often, associations start as loose networks of key actors that have the foresight to see the association's need to grow the value chain. In this situation, there is not a formal organisation or even a formal list of members. The loose network normally consists of a few outspoken actors in the value chain, and these actors may take the initiative to arrange specific events. They are also the ones that the press or the authorities will contact when needed, although they do not really represent anyone but themselves.

The formal organisation needs little clarification. These members form the core for electing the board and the chairman, deciding on the membership fee and fulfilling other duties as needed.

The "add on organisation" is a business association that is formed by existing associations (Ahrne and Brunsson, 2008). Often, business associations will already be in place for each level of the value chain in question, meaning that a value chain "association" could be formed by appointing a member from each of these associations in order to form a value chain association or working group. The advantage of this is that there is no need for yet another association. The disadvantage is that the agenda of the value chain working group will be subdued by the various industry value chains. The collective agenda of the value chain-based association may not be promoted.

*The activity portfolio of the value chain association.* The activities of the value chain association will have to reflect the role of the association and the concrete objectives. The three generic roles of a business association are as described: support the member base to grow the companies, promote the value chain through advocacy activities and develop an association culture through various social or social-professional activities.

Assuming that the association wants to be professional in its approach, be able to deliver real results to its members and stakeholders, and be perceived as a legitimate partner by all stakeholders, the manner in which the value chain association conducts its activities is crucial.

For the advocacy role, we propose that the association should undertake five different but interrelated activities, as outlined in Figure 2 (Sørensen, 1994).

First and foremost, the value chain business association has the task to formulate a strategy for the association and policies and plans for the development of the value chain in general and the individual and especially the weak links in particular. This requires “discourse activities” (see Figure 2), that is, studies and research that generate a solid knowledge base for the association, which the government and others cannot dispute. The association may establish its own resource base for conducting such investigations or it may link up with local universities or consultants to provide the data and the analyses.

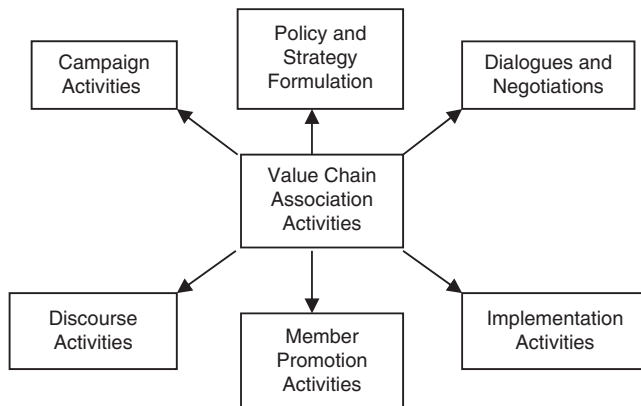
The association’s actors must also develop the capability of taking responsibility, entering into dialogues and being prepared to go into actual negotiations on behalf of the association’s members, knowing that they have the trust of the members to make any necessary compromises. Of course, the result of negotiations may have to be taken to the board or even the general assembly to receive final approval.

This takes us to the implementation activity. The association may develop the capacity not just to discuss and enter an agreement, but also to take part in the implementation of the agreement. The association may find it advantageous to organise the implementation on its own, and this may also be cheaper than having it done by a public institution. In general, the association may be at the front edge and enter a voluntary agreement with its members to avoid any interference from outside (Doner and Schneider, 2000).

Figure 2 also includes activities directed more internally to the members. These include various services such as providing information and findings from research or training, among others. Normally, associations do not have the capabilities to conduct these activities by themselves, but do so in collaboration with external partners.

#### 4. Empirical investigation and analysis

The way the data for the empirical part of the study were collected has already been explained in the section on methodology. The data presentation and analysis are



**Figure 2.**  
Activity portfolio of  
the value chain  
association

organised in such a way that the overall structure of the value chain for dried fruits and vegetables is presented. As we indicated in Sections 2 and 3, we are interested in the rationale for a value chain-based business association. An attempt to look into structures and organisation of a specific value chain therefore plays a crucial role in addressing the central question of the study. To this end, the empirical investigation leans on the structure of the value chain in relation to operations of the chain's core actors, examining this structure through the lenses of the five dimensions indicated in Table II.

#### 4.1 Primary actors

Table II provides an overview of the structure of the value chain for primary actors, focussing on the situation at each level of the value chain and on the way the links between the various levels are organised.

Overall, the value chain has a fragmented structure with many small-scale actors, none of which are market dominant. Although many parts of the value chain are quite mature in the sense that the structure has not changed much, we also see new structures emerging. The processing industry is growing and new lifestyles are emerging in the urban areas. Furthermore, while little consolidation has taken place, some restructuring can be observed in the sense of new business formulas. This can be seen in the retail sector, where supermarkets are appearing and a tendency towards chain formation can be observed.

The processing level of this study's chain is not new, as the concept of drying fruits and vegetables has been known and used for a long time, but an industrialisation of this processing is new to Tanzania. Today, there are only a few small processing companies, using a variety of drying technologies ranging from pure and open sun drying to tunnel drying and the use of electrical ovens. The emerging industry is in need of learning and developing in order to be able to cater to the needs of urban consumers and meet the requirements of the retail sector, which is ready to take up new items.

The supply side is highly fragmented, comprised of numerous small-scale farmers. The challenge here is to access the farmers and obtain the fruits and vegetables in the right quality, as certain varieties are better for drying than others. Basically, the problem for the processors is the same as in many other processing industries: how to ensure steady quantity and quality of farm produce. For instance, one of the processors from Tanzania describes a possible cause of the low and inconsistent quality of final products:

We experience inconsistencies in dried product quality. This is the main challenge, which, in my opinion, is caused by inconsistencies in supplies. Since farmers are too small, raw materials enough for producing sizeable dried products are sourced from more than one producer, and as a result, final products become inconsistent over time.

Looking at the dynamics of the value chain, each level of the fruits and vegetables chain operates in a way that is rather isolated, with simple market links to the upstream and downstream actors. For the retailers, the product is only marginal and no promotion efforts or backward integration can be expected.

Farmers may be willing to specialise in appropriate fruits and vegetables if a market can be ensured, but experience in all trades has shown that this is not an easy process given that the farm level is so fragmented and the fresh fruit and vegetable markets are readily available. Cooperation and similar arrangements at a village level could take up

this challenge and even integrate forward if a village entrepreneur were to emerge. Here is a quoted example from one of the fruit producers in Tanzania:

I am personally ready to be organized into arrangements that will make my products move forward to the markets. It is unfortunate that there are currently no such arrangements and I have to walk a long distance to bring my bananas to markets. Produce sale contracts would also reduce a big burden of searching for markets during the on-season; this is even better if prices are slightly higher than the prevailing market prices.

The processing level is, as stated, rudimentary but emerging. Processors struggle with securing stable and high-quality supplies, as the smallholders are unwilling to enter into contractual relations with the processors. The marketing side is unstable. Processors are fragmented in their selling and marketing, selling from the plants, exhibitions and even sometimes from their own shops. On the positive side, the state of the industry in Uganda and Kenya has shown that it is possible for this industry to develop, even to the point of becoming an exporter.

As the analysis has shown, the overall role of a value chain business association would be threefold. First, the association would have to support developing a quality product that offers value for customers. The quality is important because the concept of industrialised dried fruits and vegetables has not yet been adopted by consumers; they tend to gravitate towards fresh fruits and vegetables from the local markets. Thus, bringing processors and retailers together is an important task. A second important task is to promote standards and work with the Tanzania Bureau of Standards (TBS), and a third is to develop the organisation itself in order to establish effective and efficient linkages between all the actors in the value chain.

#### 4.2 Support actors

The most important support actors in the dried fruits and vegetable value chain are the suppliers of machinery and technology, the packaging producers, universities or labs and donors.

Table I provides an overview of the support actors who were present at the workshop. Not all were present, but the key players came and presented their activities and roles in the value chain. Overall, we have two main categories of support actors: those with market relations to the primary actors (e.g. machinery providers) and those who have a more service-oriented or facilitating role (e.g. donors and bureau of standards members).

From the interviews and discussions with stakeholders who attended the workshop, we found that although the partners are aware of each other, there are no close and collaborative relationships. Clearly, there was no common culture or atmosphere of building a value chain together. For example, those from SUA and the TBS know each other well, but collaboration in the setting of standards is very sporadic, as indicated by one of the respondents from the Bureau of Standards:

We know of SUA professors who are members of our various standard committees, but there are no institutional agreements to link their product discoveries with standardization. I am not so sure why this is so, but I guess SUA being a research institution makes it less interested on standardization of the researched products thereafter.

Packaging is one of the key problems in many emerging industries in Tanzania, and the dried fruit and vegetable industry is no exception. Packaging costs often come to 25 per cent of total costs. TBS has facilities to both produce and test various types of packaging, but until the time of this study, these were not operational.

In terms of technology, according to interviews with the participants, there are three different types used for drying, namely indigenous wooden constructions and the tunnel and electrical cabinet dryers from abroad. In a value chain perspective, the three types of suppliers differ in terms of how they can serve the customers. While the local carpenters can produce a drier according to requests from the buyer, the German supplier of tunnel and cabinet driers was present at the value chain workshop, and he offered deep insights, both technical and economical, into the drying process itself, and this information could potentially benefit the users. At the same time, he expressed interest in working with the users to receive information that can be used to improve the equipment. Thus, this supplier used an open innovation platform:

I am more interested in providing technical information but also receiving feedback on the technology I supply. It is through this interaction new insight into innovation comes for better and cheaper technologies.

However, packing is often a constraint to small producers, including pilot producers, as they cannot buy the quantity required to get bulk discounts. At the same time, the local assortment of packaging materials is limited. TBS has a packing test facility with the equipment required for testing appropriate primary, secondary and tertiary packaging, but there is limited activity there at the present, partly due to lack of manpower required to use the facility effectively and partly because business is limited due to the low number of private companies demanding its services, as indicated by one of the technical staff from TBS:

There is currently state of the art technology for testing packaging materials at TBS, but we are faced by two main challenges of low human resource capacity and low business acumen to effectively put the technology into use.

Universities and their laboratories serve the purpose of supporting the drying technologies, adapting and optimising driers, testing products for nutritional and sensory properties before and after drying and training operators on good hygienic practices in food drying. Also, universities can help in market research by providing advice on value chain management. In a business incubator setting, a university provides business support services to new entrants in the value chain.

Donors have been eager to support the establishment of small-scale drying businesses. They have focussed mainly on the female group, and the purpose has been fostering self-sufficiency or income generation rather than commercialisation and growth. Thus, the attempts to develop the value chain have been, to a large extent, donor driven and limited to sustenance rather than prosperity. However, in most cases, the projects have failed when donor support ceased, and this is partly due to their low base in economics and business in the assessment of potential for growth. In the case of the development of agribusiness value addition, most donor packages are loosely defined and fragmented, often intervening in one node of the value chain and leaving others to adjust without intervention. Many times, required adjustments in the other nodes do not take place at the same pace as changes on the node which received intervention, and thus the business scrambles after the donor departs:

Our Business was supported by UNIDO and a project at SUA. We were doing very well with their support. However, the withdrawal of their support in 2009 affected us largely. As I am speaking, our processing plan is not operational. We struggle with a number of things, including access to the right platform for rescue information.

#### 4.3 Institutional actors

The most important institutional actors are the TBS and Tanzania Food and Drugs Authority (TFDA), both of which set standards in Tanzania, and the developed economies of other countries that set the requirements for the food they import. However, in Tanzania, there are also other important institutional actors in food processing, such as the Small Industrial Development Organization, a government agency that supports the development of industries through efforts like training, technology development and transfer, product development and marketing. Although these efforts have increased the number of start-ups, the size and scope of the businesses have remained dormant, with limited growth and a considerable lack of improvement in product quality and standards. Some have remained at subsistence levels for years, and the lack of innovation and entrepreneurial activity is widely known. Other agencies which have tried to make changes include Tanzania Engineering and Manufacturing Design Organization and Tanzania Industrial Research Development Organization for technology, Tanzania Traditional Energy Development Organization (TaTEDO) for renewable energy, and several NGOs working on various aspects in agriculture and agribusiness value chains. To a large extent (with the exception of TBS and TFDA), the institutions do not communicate with each other when it comes to the enforcement of compliance to standards and safety issues. TBS has indicated that the lack of coordination of core activities at concerned institutions is a daunting challenge:

We are institutionally not very well coordinated. Although we work to finally improve standards and safety environment of products, the institutional obligation boundaries between TBS, TFDA, and Tanzania Food and Nutrition Centre (TFNC) are still fuzzy. Much as we cannot speak to each other very clearly, we have also created a gap with other stakeholders in value chains. We are less informed of the needs of actors of the value chain. There must always be one interested person from the value chain who must follow TBS to initiate the standard development process, and as a result, a lot of noises come therefore. If this becomes an obligation of the association, noises will be kept to the minimum.

## 5. Discussion

The background for this paper on value chain business associations indicates that we have witnessed an increased interest in the organisation of value chains as a way to increase value for all partners in the chain. This interest emerged from the fact that the liberalisation of trade and investment made it possible for companies to coordinate both across and inside countries and thus take a more holistic view of the value chain.

Alongside the general coordination of the value chain, we have witnessed other developments that build on an increased openness. One of the more important developments is the theory of “open innovation” (Ulhoi, 2010; Bessant and Tidd, 2007) and “user-producer interaction” (Lundvall *et al.*, 2003). Another development is the keen interest in the formation and management of networks.

Value chain formation and development has also been on the development agenda in an attempt to create value, growth and employment in developing countries. Here, the literature on the potential for and barriers to upgrading has been an integral part. These developments begged the question of why do we not form value chain-based business associations that can serve the interest of all actors in the value chain.

At the outset, we defined a value chain business association as having three roles: an advocacy role working with the government and its agencies, in addition to other institutional actors; a facilitation role providing services (training, information)

to the members; and a networking role, allowing members to meet, socialise and share experiences. The empirical study has shown that these classical virtues of an association need to be amended in the case of a value chain association. First of all, a value chain association may be less needed if the chain has a strong leader that is able to drive it (direct and coordinate). In our example from Tanzania, we faced a rather fragmented value chain that was dominated by simple market relations with price as the main market signal. In this case, the value chain business association, when properly organised and enjoying the legitimation by its members, could serve as the driver of the chain. With donors keenly interested in supporting value chain development, a well-organised value chain association would be able to attract development funding. Second, when a chain is new and emerging, an association would be pertinent to undertaking what we previously called “discourse activities”, that is, conducting studies and providing facts on the development of the chain. This activity may be jointly conducted together with universities; the researchers would have the analytical capabilities to conduct relevant studies. Third, the association may also have a policing role in the sense of preventing members with inclinations towards opportunistic behaviour that might give the new industry a bad image.

Returning to the issue of conflict and collaboration within networks (Human and Provan, 1997), the study has also shown that a value chain business association needs to be able to discuss both conflicts related to competition and conflicts related to the generation of value, especially with regard to the acquisition or sharing of the value generated throughout the value chain. It is not a question of an equal sharing, as the market forces still reign, but rather ensuring that each value chain actor gets a share that makes his business profitable and allows him to invest in the necessary upgrading of the business.

With regard to membership, the analysis has shown that it is crucial to have all links of the chain as members, making it possible for the association to focus on effectiveness and efficiency across multiple links rather than individual links, and to assess changes and calculate implications of a change in a holistic manner.

In this study, we have seen that both the literature and development practice emphasise the importance of business associations. However, when it comes to associations organised along a value chain, the literature is silent and no practical experiences have been found. Still, this does not mean that vertical collaborative relations do not exist. Collaborations between producers, suppliers and marketers are many, and they use a variety of forms such as strategic alliances, project collaboration and network meetings, among others. Furthermore, as suggested by the empirical evidence, the increasing requirements of traceability and documentation required by governments and buyers make it imperative for actors in the value chain to collaborate. This indicates that the actors in the value chain have much to share to make the value chain efficient and effective.

Legally, there are no regulations that prevent the formation of a value chain association. Anti-monopoly laws aim at regulating competition at the industry level, but do not prevent collaboration between companies at different levels in the value chain. In Tanzania, anti-trust law is still in the making. As this is a socialist economy, there is much encouragement of an association of any form that is not for political purposes.

## 6. Conclusion

When more and more emerging economies from the 1990s and later gradually adopted a liberal trade and investment regime, it became possible for MNCs to view their global

value chain in a holistic manner across countries. At the same time, it also made it possible for developing countries which were supported by donors to look at development of their economy from a value chain perspective and launch policies that would upgrade not just a single industry, but a complete value chain.

This study focussed on the emerging value chain for dried fruit and vegetables in Tanzania, taking a particular interest in the question of the formation of a value chain business association. Business associations are normally formed along industries, different categories of companies, or as apex organisations for the business community. A value chain business association would form a fourth category.

In this study of an emerging and fragmented value chain, we found that a value chain association would have new roles in addition to the common three (advocacy, facilitation and networking). This new association would have the role of a driver of the value chain, as a fragmented value chain has no lead firm. In an emerging and fragmented value chain, it would also have the role of preventing opportunistic entrepreneurs from entering and causing the value chain to have a bad image. Finally, it would have the role of promoting efficiency and effectiveness across links rather than at individual levels of the value chain. In general, the links between actors are the focal units for a value chain association, a notion which runs contrary to the conventional industry associations in which the actors themselves are the focal units.

Our findings show that in an emerging and fragmented value chain, the actors are aware of each other, but very little formal cooperation takes place, and the transactions are basically market and price based. Such a value chain would, at each link, suffer in terms of the ability to accumulate funds and invest in development. Furthermore, such a value chain would also suffer from lacking the capability to contact and discuss crucial issues for development with support and institutional actors, as each member is too small and has no negotiation power. Forming an industry association at each level of the chain would, of course, be helpful, but our analysis shows that much is to be gained by the primary actors of the value chain coming together and forming a value chain association. Ideally, the association would include the main support actors as well as institutional actors, if not as direct members then as associated members who participate in key events, such as the value chain workshop we initiated for dried fruits and vegetables in Tanzania.

## 7. Policy implications

The study of the value chain business association for dried fruits and vegetables was explorative in nature and a part of a broader action research project on the development of value chains and entrepreneurs within agribusiness. However, we find that the study gives rise to policy discussions on government support of the formation of value chain business associations along the lines indicated by the findings of this study. In Tanzania and other countries, donors have spent years providing support to the establishment of advocacy organisations as part of developing a private sector. If the Tanzanian government would include the formation of value chain business associations in its development agenda, there is a good chance that donors would support the policies since they already consider value chain development to be a priority among donors. This study could be used to formulate a policy on the promotion of value chain business associations. It should go beyond the mere advocacy role and include genuine promotion of development, and the policy should be flexible given the present stage of the value chain.

## 8. Implications for research

As this study was explorative in nature, it is of no surprise that the findings indicate additional areas for research. First, there is a need to strengthen the empirical foundation by conducting additional studies in other agribusiness areas. It would be especially interesting to study a value chain which is more mature and less fragmented in order to assess the role of a value chain association in such a situation. Second, industry associations have existed for many years, and there is a need for mapping the association landscape to see how the concept of a value chain business association would fit into it. Third, there is a need for more research on the formation and sustainability of a value chain business association with diversity in its members. On a more theoretical platform, there is a need for reviewing the literature on value chains with regard to “functional orientation” while also considering the literature on networking and its “human orientation” in order to find ways of integrating the two constructs and thus improving the study of value chains.

These policy and research implications seem to align with and support the actual development agenda focussing on the growth through better integrated and upgraded agribusiness value chains.

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#### **About the authors**

Daniel Wilson Ndyetabula is a Postdoctoral Fellow from the Department of Agricultural Economics and Agribusiness, Sokoine University of Agriculture, Tanzania and the Department of Business and Management, Aalborg University, Denmark. Daniel has research interests on agribusiness value chains in developing countries. Daniel Wilson Ndyetabula is the corresponding author and can be contacted at: ndyetabd@gmail.com

Olav Jull Sørensen is a Professor of International Business and Chair of the Asian Cultural Centre at the Aalborg University. He is affiliated to the Department of Business Studies, Centre for International Business. He has research interests on global value chain, entrepreneurship, and innovation. His current research project is on agribusiness value chain creation in Tanzania.

Anna A. Temu (PhD) is a Senior Lecturer at the Department of Agricultural Economics and Agribusiness, Sokoine University of Agriculture (SUA), Tanzania. She researches on agribusiness management.

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