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Farmer Producer Companies of Kerala: Group Dynamics Assessment of Shareholders

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ABSTRACT

The study focuses on the group dynamics of shareholders in the selected FPCs (Farmer Producer Companies) of Idukki district, Kerala. A sample of 120 respondents among 13 FPCs was identified using proportionate random sampling. Results of the study indicate that majority of the shareholders in the selected FPCs exhibited a low to medium group dynamics and shareholders of four FPCs exhibited a high level of group dynamics. But the variation of GDI (Group Dynamics Index) among companies also point that some firms have better intra-group understanding and exhibit higher degree of group cohesiveness and team work along with a favourable attitude towards the management which caters to a smooth decision making procedure. Principal component analysis of the selected indicators revealed that decision making procedure and team work has a significant effect on variance of the GDI.

Keywords: *FPC; Group Dynamics; Perspectives; Shareholder; Kerala*

INTRODUCTION

Farmer Producer Companies (FPCs) are emerging start-ups in India and this concept blends well with the new opportunities and environment. Partici - pation, organisation and membership pattern, similar to co-operatives, along with a company's outlook helps FPCs to maintain professionalism and flexibility in their business activities (Mukherjee, 2018). These FPCs are formed by the equity contribution of the members who are either primary producers or producer institutions (DAC, 2013). Thus, an appropriate framework for owning the company by producers themselves is provided by these organisations since producers are the equity holders.

Like every other group, Farmer Producer Organisations will also go through the stages of forming, norming and performing with implication for situational leadership styles as they pass through various stages. Hence a constellation of related socio-psychological organisational and group behaviour theories are applicable

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for the FPCs. This includes the law of propinquity, Homan's theory, balance theory and exchange theory (Mukherjee, 2018) The propinquity theory of group formation fits very well because normally the FPC is formed by the individuals of a particular region, who are in spatial and geographical proximity. The consensus building, negotiation, conflict resolution and mediation in FPCs can be explained on the basis of Homan's theory. Persons with similar attitudes towards common objects attract each other. Once a relationship is formed these persons try to maintain a symmetrical balance between attraction and common attitudes. Thus balance theory explains the need of sustenance of FPC by maintaining balance in relationships, attitude and performance. Finally exchange theory explains the joining of new members to the FPC based on reward- cost outcomes of interactions with the existing group members and participation in the group activities.

In FPCs, it is necessary for members to act together beyond personal or individual intentions for the success of the FPC. FPC being an organisation functioning primarily based on the contributions of the member farmers, their participation in activities and decision making, essentially group dynamics is important for better performance of such organisations (Ajith, 2018). Hence, understanding the group dynamics in FPCs and devising ways to improve the same can help formulate policy recommendations and solutions to improve the performance of such organisations that are facilitating the transformation of Indian agriculture to agribusiness.

METHODOLOGY

The district of Idukki in the state of Kerala, India, was purposively selected due to the higher number of FPCs and relatively lesser number of studies compared to the state scenario. An exhaustive selection of functioning thirteen FPCs were made from the district. Due to the variation in the number of members among these FPCs which ranged from 93 to 500 and geographical limitations of the district a total of 120 respondents were selected using probability proportionate to size sampling as given in Table 1. The Kaiser–Meyer–Olkin (KMO) measure was estimated and the value of 0.7 was obtained which indicated sampling adequacy.

Table 1. Selection of Respondents (n=120)

Sl. No	Name of FPC	No. of Respondents
1	Idukki Spices Farmer Producer Company Ltd	19
2	Neyssery Agro Farmer Producer Company	15
3	Marayoor Agricultural Producer Company Ltd	13

Sl. No	Name of FPC	No. of Respondents
4	Green Idukki Farmer Producer Company Ltd	13
5	High Range Organic Producer Company Ltd	12
6	Hill Range Tribal Farmer Producer Company Ltd	10
7	Mangulam Agri Farmer Producer Company Ltd	8
8	Green Vivo Agro Producer Company Ltd	7
9	Sahya Farmer Producer Company Ltd	6
10	Tillage Agro Producer Co Ltd	6
11	Kumily Agro Spice Producer Company Ltd	5
12	Thodupuzha Farmers Agro Producer Company	5
13	Mannen Organic Farmer Producer Company Ltd	1
	Total	**120**

The group dynamics of selected FPCs was estimated using four indicators viz., group cohesiveness, team work, decision making procedure and attitude towards group management. The reliability for the selected indicators was assessed as the internal consistency of the items by estimating the Cronbach Alpha value. Principal Component Analysis was executed among the indicators to identify the contribution of variance to the group dynamics and weightage of each indicator in terms of factor loadings. A Group Dynamics Index (GDI) was also calculated for the selected FPCs using the formula (Manojkumar, 2009) given below.

$$GDI = \sum_{i=1}^{N} Wi \frac{Ri}{Mi}$$

Where Wi = Weight of the indicator, Ri = Score obtained for the indicator and Mi = Max score available for the indicator. Further analysis of the data were carried out using frequency, percentage, quartiles and other measures of central tendencies like mean and standard deviation.

FINDINGS AND DISCUSSION

Reliability of the Indicators

Reliability of the selected indicators were assessed in terms of internal consistency of the scale items by estimating the value for Cronbach's alpha for each. As shown in Table 2, all indicators obtained a cronbach alpha value more than 0.7 indicating high reliability.

Table 2. Cronbach's Alpha of each Indicator (n=120)

Sl. No	Indicator	Cronbach Alpha
1	Attitude towards group management	0.771
2	Group cohesiveness	0.830
3	Team work	0.870
4	Decision making procedure	0.868

Attitude Towards Group Management

Most of the members of farmer group often exhibit favourable attitude towards collectivism and management (Poornima, 2005). Acquired through experience, attitude exerts a directive influence on subsequent behaviour and help to interpret new information and make decisions. Thus the attitude towards the management has an impact on the contribution and participation of shareholders in the activities of the FPC. The majority of the shareholders exhibited a positive (68.33 %) attitude towards the group management. Relatively lesser number of the shareholders (17.50%) showcased highly positive attitude followed by shareholders which exhibited less positive attitude towards the group management. This indicates that majority of the shareholder believed that group management conducted meetings and trainings at right time, but the service delivery needs to be improved.

Group Cohesiveness

The value shared, information flow and willingness to stay in the group is influenced by group cohesiveness. The groups with higher cohesion outperform other groups (Banwo et al. 2015). As per Table 3, more than half of the shareholders (62.50%) exhibited medium level of group cohesion. 19.17 per cent of shareholders exhibited low level of group cohesion while 18.33 per cent of shareholders exhibited high level of cohesion. This indicates that the general belief of the respondents is that shareholders run to support each other during hardships and rely on one another in the group for carrying out the group task. Majority of the shareholders on some levels felt that they belonged in the group. But the shareholders who scored low group cohesiveness felt that it was not comfortable to work with some group members, and they could not rely on another.

Teamwork

Group members are expected to preserve unity and move towards their goals as a single unit and willing to give the major credit to combined team. Most of the respondents exhibited a medium teamwork (73.33%), followed by low (15.83%) and high (10.83%), indicating the most of the shareholders believe that the group is working as a team in all activities and feel that the combined effort of the group brought much success. But a certain extent of the shareholders prefers to work alone as there are individuals in the team who claim all recognition for the group achievement which explains the low category

Decision Making Procedure

The degree to which the involvement of other members in making a decision in the organisation is referred to as decision making process. Participation in decision making improves the organisa - tional learning and performance. Similar to the other indicators more than half of the respondents (69.17%) fell in to the medium category followed by 22.50 per cent of shareholders who exhibited high category of decision making procedure. Only 8.33 per cent of respondents exhibited a low category score for the indicator. The results indicated that most of the shareholders belonged to the medium to high category which means that usually any group decision is taken jointly by all members in a participative manner and decision of the majority is valid in the FPC.

Table 3. Distribution of Shareholders on the Basis of Selected Indicators (n=120)

Sl. No	Indicator		Percentage distribution		
			Low (<M-SD)	Medium (M-/+SD)	High (>M+SD)
1	Attitude towards group management	M=15.94 SD=2.50	14.17	68.33	17.50
2	Group cohesiveness	M= 26.65 SD= 3.09	19.17	62.50	18.33
3	Team work	M=21.97 SD=3.38	15.83	73.33	10.83
4	Decision making procedure	M= 20.98 SD= 3.00	8.33	69.17	22.50

Principal Component Analysis

Principal Component Analysis was used to understand the contribution of the indicators to the variance in group dynamics of the FPCs, as understanding this can help decide on which avenue to focus and formulate strategies to improve the same. The KMO value of 0.7 confirmed the sampling adequacy to conduct PCA. The results from the varimax rotated PCA elucidated four factors that were independent of each other, and together could account for 100 per cent of the total variance (Table 4). Among these four factors the first two factors with eigenvalue 2.12 and 0.91 one accounted for the more than 75 per cent cumulative variance in group dynamics which validated the selection of variables in the estimation of the group dynamics of FPCs. However the factor one which has an eigenvalue greater than one, impart only a contribution of 53 per cent which indicates that other organisational variables like group leadership, atmosphere and participation of the shareholders in group activities have an effect on the group dynamics and this has to be further studied. From the factor loadings of each variable under the factor one as shown in Table 5, the weightage of contribution of the selected variables to the group dynamics can be assessed. The results show that decision making procedure and team work has a higher weightage to group dynamics and improving these avenues can result in better group dynamics. In practical terms, the group management in order to improve the group dynamics must initiate steps to improve the participation of members in decision making and inculcate democratic culture in the same as FPCs are essentially member owned institutions. Further the trainings and activities for team building can help the members to improve their team spirit and ultimately the performance of these organisations.

Table 4. Factor statistics related to the Factors affecting Group Dynamics of FPCs

Group Dynamics Factor	Eigen values	Variance (%)	Cumulative Variance (%)
GD Factor 1	2.125	53.129	53.129
GD Factor 2	.913	22.815	75.944
GD Factor 3	.505	12.622	88.566
GD Factor 4	.457	11.434	100.000

Table 5. Factor loadings of Selected Indicators

Sl. No	Indicators	Factor loadings
1	Decision making procedure	.836
2	Teamwork	.823
3	Group cohesiveness	.777
4	Attitude towards group management	.107

Factor loadings, obtained for the indicators on the basis of the factor one, which had an eigenvalue of more than one (2.1) was used as weights for calculating the Group Dynamics Index (GDI) and the FPCs were ranked on basis of the index (Table 6). These FPCs were also categorised on to low medium and high categories using quartiles as shown in the Table 7. From the results it can be noted that shareholders of five FPCs exhibit low group dynamics, while four each exhibit medium and high group dynamics. Thus shareholders of majority of the FPCs are exhibiting low to medium group dynamics. The lack of effort from the group management as well as the shareholders for participative decision making and inability of the group to act as a team and pressure group unity may be the major reasons for the low group dynamics of certain FPCs. For example, Hill Tribal Organic FPC situated in the tribal region of Idukki, near to the forest areas, exhibit the lowest GDI in the study and does not conduct regular meetings for deciding the progress and major activities of the FPC, partly due to the location and terrain. Further the shareholders sell majority of the produces including coffee and spices to retailers rather than the FPC, expecting that they pay better price. These reasons substantiate the low GDI score and performance of the FPC. Similarly the FPCs like Tillage Agro PC and Neyassery FPC, with higher GDI scores exhibited a better team spirit and coordinated their activities through division of work decided through meetings. Further the shareholders were participating in the activities of the FPCs including value addition, packing, marketing, and accounting. They were also facilitating the institutional linkages like marketing agreements between local shops, and credit that help FPCs gain advantage in the competition. Further the better emotional connect of the members and their belief that shareholders will help each during crisis made a significant positive effect on the group cohesiveness. Shareholders of these FPCs received several services like input supply, credit and trainings along with marketing. They also believed that the management active in listening to shareholders and majority of the decisions made is post discussion thus improving the overall group dynamics.

Table 6. GDI Ranking of selected FPCs

Sl. No	FPC	GDI	Rank
1	Tillage Agro Producer Company	2.14	I
2	Neyassery Farmer Producer Company	2.13	II
3	Mankulam Farmer Producer Company	2.11	III
4	Kumily Farmer Producer Company	2.07	IV
5	Thodupuzha Farmer Producer Company	2.07	V
6	Green vivo Farmer Producer Company	2.06	VI
7	Sahya Farmer Producer Company	1.99	VII
8	Mannen Farmer Producer Company	1.97	VIII
9	High Range Farmer Producer Company	1.93	IX
10	Marayoor Farmer Producer Company	1.93	X
11	Green Idukki Farmer Producer Company	1.91	XI
12	Idukki Spices Farmer Producer Company	1.90	XII
13	Hill Range Tribal Farmer Producer Company	1.80	XIII

Table 6. Distribution of FPCs on basis of GDI (N=13)

Sl. No	Quartile	Number of FPC	Percentage
1	Low (<1.93)	5	38.46
2	Medium(<2.07)	4	30.77
3	High (>2.07)	4	30.77
(Q1=1.93) (Q3=2.07) Range = 0.15			

CONCLUSION

AS FPCs are member-owned institutions, collective action and group efforts will help improve the performance of these organisations. Existence of positive group dynamics among members helps FPCs to achieve division of labour in their activities and promote the envisaged decentralisation of power. On analysis of the GDI for the selected FPCs based on the identifies indicators it was identified that most of them exhibited a low to medium group dynamics, warranting remedial efforts for team building and coordination activities. The principle component analysis of the data indicated that efficient management strategies that follow democratic leadership styles help impart a

sense of teamwork among the FPCs and improve their dynamics. An emotional connection enables them to help each other during crises and support their activities and a timely incentive structure adds to the better outcome for FPCs of the state. Hence, in order to achieve better group dynamics in FPCs, focus must be given for participative administration along with trainings and activities that improve the unity and division of labour in the organisation.

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