



MEDIA RELEASE

Wednesday 9 November 2022

Good governance leads to improved efficiency of coffee cooperatives

The Papua New Guinea National Research Institute (PNG NRI) launched its Discussion Paper No. 201 on “**The role of democratic governance to cooperative economic performance: An Analysis Of Survey Data From Papua New Guinea**”. The paper is written by Professor Morris Altman, Dr Francis Odhuno, Mrs Louise Lamontagne and Ms Hannah Altman. The Report was launched today at the University of Goroka, Eastern Highlands Province (EHP) by the the Acting Vice Chancellor University of Goroka Dr Mathew Landu.

This subject is important since in PNG, as a whole, village-based small farmers with no more than 2.5 hectares produce 85 percent of the country's annual coffee output. The authors first ask whether these village-based farmers are members of a coffee producer cooperative society. If, so, do they take part in the democratic governance of their cooperatives? How does their involvement contribute to the economic performance of their cooperatives?

These questions are based on a well-established fact that one of the most important determinants of a cooperative achieving competitive advantage is the extent to which it is organised around cooperative principles of governance. The cooperative advantage should reveal itself most profoundly through members voice at the micro level of the management of the cooperative.

Using data for a sample of coffee cooperatives in Eastern Highlands Province (EHP) of Papua New Guinea (PNG), the authors test whether democratic governance, i.e. member involvement in the cooperatives' affairs lead to better production performance of coffee by cooperatives. As indicators of involvement, the authors consider two aspects of democratic governance - member attendance at annual general meetings and member participation in other general cooperative business decision-making process.

The study found that there is a high member involvement in both annual general meetings and general cooperative business decisions, especially for the most productive of the coffee cooperatives in EHP. The authors note that this is consistent with important aspects of International Cooperative Alliance principles of good governance.

However, the high rates of meeting attendance are not sufficient to generate high levels of the cooperative's productivity in terms of coffee output per member and per worker. On the other hand, the authors find that participation has strong positive contribution to productivity measured in terms of gross coffee output per cooperative member and employee.

The survey data used in the study is from a limited sample, but provide evidence that one way of increasing productivity is a higher level of adherence to cooperative principles and values. Drawing a broader sample of coffee cooperatives from throughout PNG would provide more robust findings.

The Publication and Media Release can be accessed on the PNG NRI website <https://www.pngri.org>.

Also, follow discussions and updates on our social media platforms:

Facebook: <https://www.facebook.com/pngnri>

Twitter: <https://twitter.com/pngnri>

LinkedIn: <https://www.linkedin.com/company/national-research-institute-of-papua-new-guinea-nri/>

For enquiries, please contact Samuel Kehatsin on Tel: 326 0061 or Email: Samuel.Kehatsin@pngri.org

Authorised for release by:

Dr. Osborne O. Sanida
Director, PNG NRI