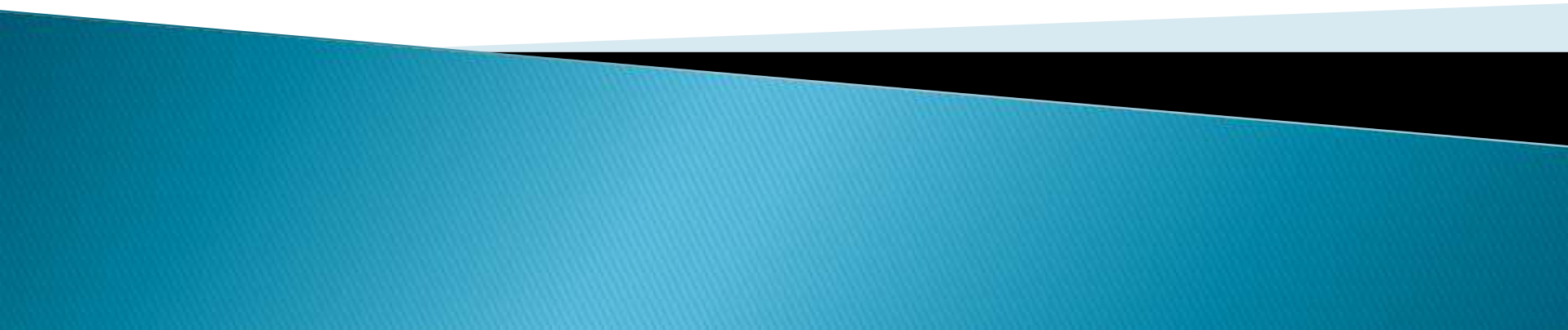



# Horticultural Value Chains– Governance Structure

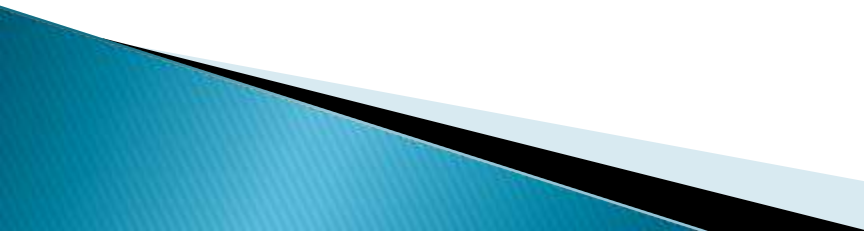


# HVC–A Market Activity

## The Great Debate

1. J.M. Keynes
  2. Fredric Hayek
    - ▶ Markets need to be ‘controlled’ by the government. Market Intervention
    - ▶ Market as spontaneous human organization (Language, currency etc)
- 

# Governance

- ▶ Understanding ‘Governing’ of Human Activity  
– Markets, social interactions, trust–sum total of human behaviours
  - ▶ Trajectories of Development– Reluctance to let go of state control, markets underdeveloped, private sector underdeveloped– ‘patronage dependency pattern’
  - ▶ State control to Markets– the broad spectrum of governance of HVC
- 

# Models of HVC Governance

## Five Models of HVC Governance

### 1. Markets Governance Model

- ▶ Simplest form of governance–Price the Dominant Variable– Transactions straight forward–limited flow of information & Knowledge– Silk Route Value Chain

### 2. Modular Governance Model

- ▶ More complex, demand driven–complex interactive flow of information– Suppliers (owners of technology and innovators)
- ▶ Price and costs keep switching– labour intensive to tech intensive
- ▶ Codification as a VC Management tool used within

# Models –cont..

3. Relational Value Chains Governance Model
    - ▶ Mutual dependence–regulated by Intangible Human Variables–’reputations, social and spatial proximity, family and ethnic ties etc– Confined to Industrial cities and districts–---Long term– High Costs of Diversification
  4. Captive Value Chains Governance Model
    - ▶ Dependency of Small Suppliers on Big Firms– Captive suppliers network
    - ▶ Asymmetric Power relationship/s
    - ▶ Idiosyncratic Relationship
- 

# Models– Cont...

## 5. Hierarchy Model of HVC Governance

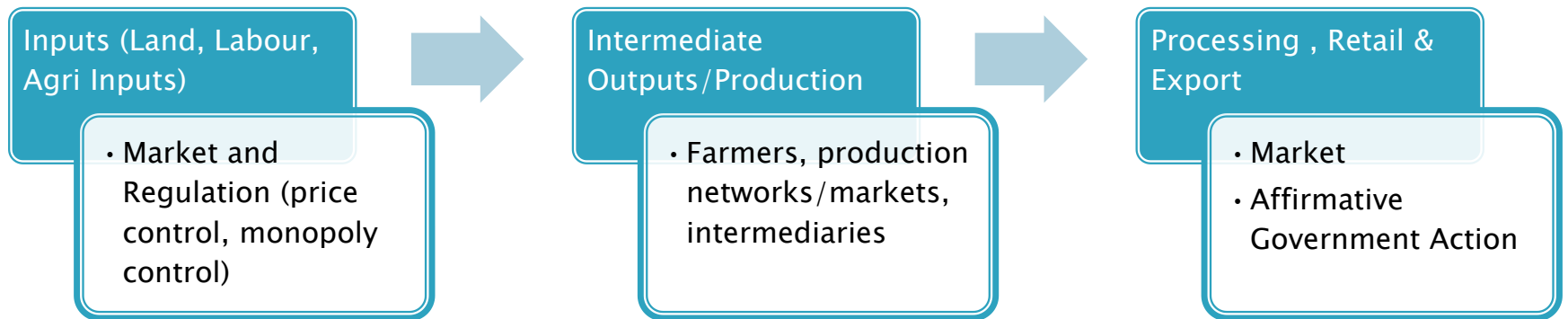
- ▶ A vertical Integration (process can be linear but governance is vertical hierarchical)

# Conclusion

## Optimization Mix of Governance Models

- ▶ Factors for Consideration
  - ❑ There is no isolation (Politics, social and economics all interlinked)
  - ❑ Governance in emerging economies needs 'regulatory function of Government'
  - ❑ Social equity needs government support/intervention

# Proposed Model of HVC Governance





**Thank you so much for your Consideration**

