

Evolution towards strategic sustainability of COCOA production in Ghana (1888 to date)

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Abstract— Cocoa output impacts tremendously on the livelihood of people of Ghana and largely to the gross domestic product (GDP) of the country. The country attained a milestone where it grew to be among the largest producers of Cocoa in the world, the status which it sustained for five decades. Thus lives of the Ghanaian population changed due to the income earned from this sector. This research is undertaken with the aim of investigating the role played by Cocoa in Ghana's economy by various stakeholders. This conceptual paper exclusively used a literature review to investigate the evolution towards strategic sustainability of Cocoa production in Ghana.

The study has revealed that since the introduction of Cocoa in Ghana in the late 19th century, the cash crop has experienced a series of major developments and challenges. These ups and downs offer interesting lessons. Moving forward, indigenous businesses in Ghana are participating, benefitting and actively engaging in exportation and dealings in Cocoa with less restrictions. Furthermore, this study has shown presently that abundant opportunities are unlocked for indigenous businesses to obtain foreign loans, credit facilities, and expertise assistance; as distinct from the first era where cocoa business was mainly controlled by foreigners. Therefore, the study recommends a need for further transformations to strategically sustain the efficiency of Cocoa sector and round-table meeting with all key stakeholders in policy making that will favour, the farmers, the sector and the country at large.

Keywords-*Evolution; Sustainability; Industry; COCOA; Production;*

I. INTRODUCTION

Cocoa production contribute tremendously to the livelihood of Ghana farming community and the gross domestic product (GDP) of the country (Tutu, 2011). The country attained a milestone when it grew to be among the largest producer of Cocoa in the world (Ilfie, 1995). Furthermore, Hallett (1974) and Ludlow (2012) asserted that an estimate of 200 000 tons of cocoa were exported from the Gold Coast yearly to overseas. Studies (Shillington, 1995; Cooper, 2002; Ludlow, 2012) established that standard of living of the Ghanaian citizens changed favorably due to the revenue that was generated from Cocoa as a cash crop (Knudsen, 2007; MMYE, 2008).

Besides, policy ensuring long run sustainability of cocoa production were in place to support Cocoa production. For example, as the sole exporter of cocoa, COCOBOD has as its policy for the whole year to control production targets and producer prices. As regards the latter for example, COCOBOD takes into account the world price of cocoa before the price is offered to cocoa farmers. So also, COCOBOD controls production targets by setting aside over 100 million\$ from Freight on Board (FOB) in order to stimulate higher productivity of cocoa among farmers. This is achieved through various programs, including: Hi-Technology program, launching of National Cocoa Rehabilitation Program, investing in Disease and Pest Control and Cocoa Swollen Shoot Virus Disease (CSSVD) (Laven & Boomsma, 2012).

In addition to the pricing policy, the Ghanaian government ensures a stable pricing system which guarantee farmers with a stable income and promote better farming business plans (KPMG, 2012). Agyeman et al. (2014) state increasing empowerment and diversification among farmers in the Western part of Ghana. Likewise, Government of Ghana (GoG) is mandated through its policy to give at least 70% of Freight on Board (FOB) price reduction to cocoa farmers. Furthermore, farmers continue to receive supports through seedlings, subsidized inputs and extension services as strategies by COCOBOD to cocoa production sustainability.

Other strategies used in Ghana to ensure sustainability involves soil fertility through means of composting, mulching, and chemical fertilizers. According to the report from Biodiversity and Agricultural Commodities Program (2013), methods used to prevent diseases include chemical, regulatory, cultural, and biological control. In addition, quality control strategy is considered very important for sustainability of cocoa production. While officials from the Quality Control Unit of COCOBOD are involve, farmers are expected to play a significant role in quality control, by taking responsibility for the quality of their produce. This approach enable farmers to command higher selling prices, ensure closer involvement to cocoa production and marketing process. Thus, concerns like traceability are easily addressed.

Despite the fore discussed strategies used in Ghana and various stakeholders' policy making to ensure Cocoa

production for long run sustainability, the introduction of Cocoa in Ghana since early 19th century continue to undergo series of major contractions and challenges. Ruf and Siswoputranto (1995) suggested that successions are intrinsic to Cocoa business because Cocoa sector is subjective by environmental factors such as accessibility of forest land; environmental factors such as deforestation, epidemics of disease, and geographic swings in manufacture, financial and societal factors such as relocation.

More so, the Cocoa industry and its major players; COCOBOD, produce buying companies (PBC), the government of Ghana and other stakeholders are facing difficulties which include among others, lack of understanding of the strategic leadership concept (Laven & Boomsma, 2012). Satisfying performance of the Cocoa sector comes as a result of the vitality of strategic leadership in the industry because strategic leaders possess the necessary know-how and experience that can be used to provide direction to the industry that is currently seeming not to be performing well as it can be seen through the low crop production of Cocoa.

Kolavalli and Vigneri, (2011) established that Ghana was regarded as number one in Cocoa production universally, although the Western neighbouring country known as Ivory Coast took the position as the number one Cocoa producer from Ghana. The strategic leadership that ought to effectively assist the Cocoa sector by enhancing its performance during this trade that is jam-packed of constant changes and unstable environmental conditions was unnoticeable. In addition, lack of effective strategic leadership by the Cocoa Board (COCOBOD) in Ghana has resulted in the movement of farmers from one sector to a different one as a result of frustration, inflated overhead prices and declining market share inclusive of low profitability (Cocoa Board Report, 2011).

This research is undertaken with the aim of investigating the evolution towards strategic sustainability of Cocoa production in Ghana. Consequentially, this conceptual study investigates the role played by Cocoa in Ghana's economy by the various governments, private establishments and foundations that transform universal market values to local farmers, evolution of the sector in relation to worldwide prices, and its relationship with poverty eradication.

This study is organized as follows: rationale of study, spotlight on brief Cocoa outlook: private and public, distinctive stages regards to Cocoa evolution in Ghana and defining the impact of remedial steps, this was followed by research methodology and the paper concludes by discussing limitations and future research.

II. THE RATIONALE OF THE STUDY

Since introduction of Cocoa in Ghana in the 19th century, the crop has undergone a series of major expansions and contractions. Evidence from studies of Ruf and Siswoputranto (1995) suggest that cycles are inherent to Cocoa business because Cocoa sector is subjective by

environmental factors such as accessibility of forest land; environmental factors such as deforestation, epidemics of disease, geographic swings in manufacture; and financial and societal factors such as relocation.

Liberalization has led to favourable global competition in Cocoa sector, making local farmers to participate equally by exporting as well. In addition, indigenous firms in Ghana can now engage in exportation with minimal restrictions as well opportunity for foreign loans, credit facilities, free support and advices unlike in the first era where the sector was majorly monopolise by foreigners. The rationale behind this study is a need for further transformations in order to strategically sustain the efficiency of Cocoa sector and call for round-table meeting with all key stakeholders in policy making that will support the farmers and the Ghana economy at large. This is because cocoa is a valuable resource for income generation not just locally but beyond the borders and this makes the government remain with a big market share to exercise trade exports. By regulations, Cocoa exports are subjected to tax and recovery of income and also its conversion into the national currency. What follows next is brief Cocoa outlook.

III. BRIEF COCOA OUTLOOK:

a) Private and Public

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b) Distinctive four eras with regard to COCOA evolution in Ghana

The evolution of agricultural sector of Ghana was basically categorised into four eras'. The first era runs colonial rule, this was a period from 1920-1957 where cocoa was introduced

into Ghana (Hallett, 1974; Ludlow, 2012). During this era, the Cocoa industry at first took place under a free market process whereby the European companies majorly regulated the local purchase and exporting respectively where Cadbury was the number one British Cocoa dealer. In terms of public participation, the then colonial agriculture ministry tirelessly promoted the establishment of joint business ventures in the country's Cocoa sector.

In 1947, a Cocoa Marketing Board (CMB) now known as the (COOBOD) was established which decided that the British Ministry of Food would be the only seller of Cocoa in the country through the COCOBOD stream

The second era projected state-regulated Cocoa economy. This was a period from 1957 to 1980, during this era, the Cocoa Marketing Company (CMC) of Ghana was established as an extension and an arm of the COCOBOD. The duty of the CMC was basically to record national traders and nominate those that are responsible at coordinating international buyers' actions within Ghana.

The third era, marked incoming of reforms starting from 1980 to 2000, this period introduced reforms which was a step towards increasing manufacturers' costs by decreasing the expenses in terms of marketing and costing systems through bettering efficiency of parallel Cocoa processing (Akiyama, *et al.*; 2001). In fact, all primary West African Cocoa manufacturing countries like Ghana and Cote d'Ivoire began to inaugurate a degree of gradual reforms by as early as the 1980s an exception being Cameroon and Nigeria that introduced heavy reforms..

The last era introduced "A move from within", a period from 2000 to current was a gradual move by various actors eager to take over and play a part in various roles left by the state-government. The implementation of competition strategy in the internal marketing of Cocoa further helped the government in acquiring a positive reputation for itself with foreign markets when it called only for qualified LBC to take part in exports for Cocoa buying beginning in October of the year 2000.

Ghana continued as the world's leading Cocoa supplier in the 1964/65 season, which led to 33% share of global supply. The increase was as a consequence of a mass spraying strategy against capsids. A decline of ten percent of world production was however reported in the 1970s because of unstable political environment and low producer prices in the late 1970s and early 80s. During this time, Ivory Coast took over the world's largest producer of cocoa, contributing about 40%. Ghana is now the world's second largest producer of cocoa (after the Ivory Coast). Cocoa beans is planted in six regions out of the ten regions of the country; namely: Western, Ashanti, Brong Ahafo, Eastern, Central and Volta. Western Region has become the main cocoa producing region, accounting for more than 50% of total annual production (Grossmann-Greene & Bayer, 2009).

c) Defining the impact of remedial steps

A point of departure was drawn to the four time-era explored above, the first and the second phase, that is, the colonial system to state-led economy resulted into international interest in price variations so much so that by the year 1937, foreign customers initiated Cocoa purchasing memorandum of understanding. Invariably, this pricing technique accorded producers a trusted dependable income that guaranteed the state in acquiring income from Cocoa since the price is determined prior the harvest (Ministry of Finance, 1999). Massive developments in research and education continued to be seen as crucial components in terms of the increase of quantities of Cocoa production as well as trading with other remedies to curb farming ills like diseases and pests.

Furthermore, the upsurge of reforms in the third phase slightly opened up the market added to the steady rise in manufacturer-price but on the downside, such did not naturally bring about profits for farmers whom also depend on the costs of Cocoa for manufacturing, work rate and varying of income. Before the introduction of new regulations and policy measures, inputs were autonomous or largely sponsored but privatisation of such input execution and high manufacturing expenses resulted to prices climbing in the decade of 1989 and 1999 (Haque, 2004).

Researchers are of the view that climbing manufacturing expenses further impacted on farmers in as far as revenue, time and their energy were concerned. Blowfield, (2003) established that farmers mobilized family members and began increasing work hours as well as task interchange unions. Lastly, the fourth phase focusing on move from inside-out did not only emphasize on state involvement and participation, but non-governmental organisation involvement was very noticeable, the COCOBOD also carried on with its involvement in the farming sector through same policy measures and frameworks from even in the millennial age (1980s to 2000s).

This phase also saw intervention and greater involvement by global purchasers, NGOs as well as customers' societies brought about by wave of media to manifest a degree of growth of local accreditation projects with a prime focus to employment principles and stabilized procurement (Wijaya *et al.*, 2018).

IV. RESEARCH METHODOLOGY

This conceptual paper embraced desktop research. This study was grounded on an intensive analysis of the secondary sources of information that includes; journal articles, books, COCOBOD documents. The internet was used greatly explored as an additional sources in thorough understanding of strategic leadership vital to the private and also the public sector entities. Lastly, this paper explored the North-West university library catalog.

V. CONCLUSION AND FUTURE RESEARCH

The study explored the evolution towards strategic sustainability of cocoa production in Ghana from 1888 to date. Using a literature review methodology, the study revealed that despite the strategies used in Ghana alongside various stakeholders' policy making to guarantee Cocoa production for long run sustainability, the Cocoa industry in the country continue to undergo series of major contractions and challenges. Evidence from reviews suggest that Cocoa sector is subjective by environmental factors including accessibility of forest land; environmental factors such as deforestation, epidemics of disease, and geographic swings in manufacture; and financial and societal factors such as relocation.

Further findings indicated that Ghana Cocoa industry and its major players; COCOBOD, PBC, the government of Ghana and other stakeholders are facing difficulties, particularly the lack of understanding of the strategic leadership concept. Thus, the study conclude a need for further transformations in order to strategically sustain the efficiency of Cocoa sector and calls for round-table meeting predominantly in the area of policy making with all key stakeholders. Policy decisions should take into accounts the input of all key stakeholders, especially farmers.

The outcome of this paper are substantial to future researchers who may wish to undergo a similar study, especially in the Cocoa sector transformations in Africa or towards effective strategic leadership for the Cocoa sector. The researcher was limited to study developments and changes within the evolution phases and implications over a specific time. There is a need for future research to conduct empirical data analysis on the impact of the various era of Cocoa production in Ghana. Therefore, future studies should consider a much broader sampling to validate results. Meanwhile, the current results should be interpreted with cautions for the larger geographical location of Ghana.

Irrespective of identified limitations, this study is novel and unique, because of its efforts to investigate and address the impact of each era of evolution of Cocoa and ability to identify the impact of corrective phases.

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