Full Length Research Paper

The role of productive processes on the implementation of differential advantage approach in Kenya “OVOP” projects

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The study sought to fill an information gap of streamlining productive processes in the implementation of differential advantage approach in Kenya OVOP projects. Since the adoption of One Village One Product (OVOP) movement has been faced with implementation challenges, inadequate resources, and capacities inhibiting its momentum in Kenya. Similarly, lack of political commitment, leadership and mutual cooperation among different actors in shared value of productivity, seems to be a major hindrance for OVOP drive in Kenya. It therefore suggest that lack of deep understanding of the critical role of productive processes for effective implementation of differential advantage approach was the study's knowledge gap tried to fill. The overall objective of the study was to examine the role of productive processes on the implementation of differential advantage approach in OVOP projects with the view of deepening our understanding requisite conditions for successive implementation process of the approach. The study took place in three pioneer districts adopted OVOP project: Nyeri North, Laikipia West and Yatta. The study unit of analysis was OVOP projects based on convergence and social development theories. The study was a descriptive case design. A sample of 72 individuals was selected through quota sampling on the ground of pre-specified characteristics. Questionnaires, interviews guides, FGDs and observations were used to collect quantitative and qualitative data. A literal replication analysis was also involved to confirm predicted propositions through pattern matching and generalizing results. The study recommended the establishment of county coordinating organ with chain champion and make Kenyan typical villages as OVOP units instead of current self-interest groups or projects. It was therefore hoped that the lesson provided may be useful for the implementation of rural development approaches to county governments and regional planners.

Key words: Industrial clustering, specialized industrialization, culture economy.

INTRODUCTION

One Village One Product (OVOP) is a development concept promoted by the Japanese government for facilitating rural economic development in developing countries. OVOP was popularly adopted in Japan in

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According to Kurokawa et al. (2010), the original OVOP aims at developing community capabilities and strengthening cooperation among producers. The OVOP project should therefore support existing producers by upgrading technologies or facilitating cooperation as UNIDO (2001) added that in supporting different subsectors to overcome scale disadvantages and increase group productivity. Kurokawa et al. (2010), puts it that the government cardinal role in OVOP movement is facilitation of participatory processes and provision of technical and market information for better decision-making, building participants capacity, and strengthening bonding (organizational capacity, cooperation, collective action) and bridging (horizontal and vertical linkages) social capital of rural communities.

According to Haraguchi (2008), overlapping of the three areas (that is, sales promotion and administrative structures, production and community capacity building) must be considered to ensure a successful and sustainable OVOP project and achieve its objective-community development for poverty alleviation by producing differentiated products, by making use of local resources, and increasing value added. Notably from several literature reviews was that OVOP movement evolves out of partnership of inhabitant initiative as principal actor with other stakeholders who offer supplementary support to their activities. The process involves collective activities of all stakeholders in defining problems, searching for and implementing solutions and assessing values and practices together. In order to tap unique cultural resources, the inhabitant identity was essential in facilitating crucial structures processes and conducts necessary in sustaining mutual relationships within a group and with other actors.

In Kenya, community-initiated development has been hard to come by and whenever this happened, projects have largely evolved into shadows of their true potential or stalled altogether (Misati and Ontita, 2012). Concomitantly, even with the introduction of OVOP movement as a mentorship model, it has successful economic development model for rural areas in South Asian countries; however it is faced with numerous implementation challenges since its introduction.

According to Japan International Cooperation Agency (JICA, 2011), it is worthwhile noting that challenges inhibiting OVOP momentum in Kenya, such as inadequate resources and capacities are common across African countries. Moreover, OVOP program in Kenya has been faced with low awareness by government leadership; ownership of OVOP at high political level remains a challenge, poor institutional linkages, inadequate funding by the authorities, resource constraints (human and capital), systems not well established, limited product diversification, misunderstanding of the OVOP concept, weak governance structures within groups, the potential in some regions is limited due to the arid nature, capacity building amongst the people is still low and lack of buy in
support of governors under the new constitution were challenges of implementing OVOP in Kenya.

It therefore seems to suggest that lack of deep understanding of critical role of productive processes in the implementation of differential advantage approach in OVOP projects is a matter of concern. This paper aims to demonstrate that differential advantage approach in Kenya OVOP projects is likely to succeed with provision of effective productive processes. The paper therefore examines the role of productive processes on the implementation of differential advantage approach in OVOP projects with the view of deepening our understanding requisite conditions for successive implementation process of the approach. The study will examine in detail industrial clustering, specialized industrialization, innovative research and development and cultural economy as requisite factors of productive processes. Recommendations on the necessary intervention for improvement of productive processes in OVOP projects have been made.

MATERIALS AND METHODS

The study adopted qualitative descriptive case study approach. A single case with embedded units was used in assessing the importance of productive processes in the implementation of differential advantage model. The embedded units in pioneer pilot districts to implement OVOP movement, namely, Nyeri North, Yatta and Laikipia West, were considered in the study.

According to Ishak and Bakar (2014), the primary purpose of sampling for a qualitative researcher is to collect specific cases, events, or actions that can clarify or deepen the researchers understanding about the phenomenon under study. For that reason, qualitative researchers tend to use nonprobability sampling. OVOP movement was therefore used as a case to assess the importance of productive processes in differential advantage approach. The researcher chose a single case with embedded unit within the case being studied in order to increase result accuracy. Quota sampling method was applied in selecting three units or OVOP projects because of different characteristics of individuals in the three pioneer OVOP projects. The researcher began by mapping up the three pioneer districts with projects adopted OVOP movement in Kenya into quotas or units. The study started by determining how many cases gotten for each category as quota. The three units (OVOP projects) of case study were chosen into a sample on the ground of pre-specified characteristics so that the total sample has the same distribution of characteristics assumed to exist in the population being considered. One project from every quota will be chosen into a sample on the specified characteristics so that the total sample has the same distribution of characteristics.

RESULTS AND DISCUSSION

According to result in Table 1, most respondents in the three study cases neither agreed nor disagreed at 32.6% that the contribution of productive process in OVOP projects was sufficient followed by disagreed at 27.1%, agreed at 17.4%, strongly agreed at 15.3%, and lastly strongly agreed at 7.6%, respectively.

The study objective sought to establish the role of productive processes on rural development in OVOP projects. The result established that the productive processes in OVOP projects were not sufficient on rural development. The study revealed low efficiency and effective processes of production of goods and services in three OVOP projects. The result was associated with use of substandard technology, poor coordination and lack of necessary skills and attitude toward shared value of productivity. The result confirmed study proposition that productive processes were important on the implementation of differential advantage approach in OVOP projects. It was also revealed that provision of industrial clustering, specialized industrialization, innovative research and development and culture economy were some of requisite factors for successful productive processes in OVOP projects.

Industrial clustering

Evident from the three OVOP projects studied revealed nonexistence of inter-firm linkages in production processes. According to Kurokawa et al. (2010), the effectiveness of OVOP projects should be measured by indicators such as the spatial connectivity in national and global value chains, brand-making and e-commerce on foreign cooperation in financing and management training, and coordinate activities. It has been argued that the main problem for small and medium enterprises (SME’s) in developing countries is not their small size but their isolation, which hinders access to markets, as well as to information, finance and institutional support (Amyx, 2005). Design and management of products, processes, services and supply chains, acquisition, development and utilization of resources, operational structures and constraints in technology logistics in supply chains are some of the problems experienced by SME’s (Shelly, 2006). The study revealed that both county and national governments had little effort of initiating industrial cluster all three studied counties despite having OVOP projects. Moreover, lack of supportive infrastructures, innovative technologies and mutual cooperation among relevant actors prevented harnessing OVOP and other SMEs initiatives.

According to Republic of Kenya (2008), the present characteristics of the Kenyan manufacturing sector show...
neither linkage nor specialization. Creation of dynamic clusters requires strong correlation among the factor conditions, related and supporting industries, and firm strategy, structure and rivalry. It is therefore important to strengthen linkages and specialization that will lead to competitiveness creation. It was evident from the study that despite county governments launching ambitious plans in establishing industrial clustering, the initiatives have not been embraced by other actors such as private sector and small scale organizations. It was evident that there exist weak inter-firms relationships in counties where every firm work in isolation. This had been believed to have emanated from lack of collective willingness in a shared value of productivity. For example according to Nyeri County Integrated Development Plan (CIDP, 2018), Nyeri CIDP (2018) County has one industrial park at Karatina and eight constituency industrial development centres. Laikipia CIDP (2013) county government had an initiative of developing ten SME parks/special economic zones in all urban centres. For Machakos CIDP (2015), Machakos County government entrenched OVOP model in its CIDP by initiating five cottage industries for production of local and export markets products using locally available raw materials. There were six county industrial development centres (CIDCs) projects in six constituencies or sub-counties with the aim of promoting SMEs or Jua Kali sector.

Overwhelm evident from the study revealed that OVOP projects would benefit a lot by being integrated in the industrial clustering. The study attested that OVOP projects would gain quality, efficiency, market, technology, and sharing knowledge among other advantage of industrial collaboration. The study concurred that inter-firms result into a lot of benefit from economies of scale, quality product, market access, branding and packaging among other advantage of collective activities. A conclusion was drawn from the study finding that industrial clustering in great extent is an initiative of government through provision of necessary incentives, infrastructures, leadership and coordination of collective activities by sharing value in productivity. With devolved system of government, industrial clustering becomes easier to make it a reality. Similarly, firms establish close, long-term working relationships with suppliers and customers, who depend on one another for much of their business, developing interactive relation-ship with partners who share information freely, work together when trying to solve common problems when designing new products, who jointly plan for the future, and who make their success inter-dependent (Speckman et al., 1998). However, it requires commitment of county leadership to appreciate the importance of regional industrial linkage to maximize production and income generation especially to SMEs and especially OVOP projects. The study therefore hoped that the presence of mutual cooperation, commitment and leadership on collective activities among the actors would be realized for sustainable industrial clustering.

### Specialized industrialization

It was evident from the study finding that there was no meaningful specialized industrialization in all three studied counties. Although, three OVOP projects had identified the unique product that they were not able to maximize its differentiation. According to Matsui (2006), OVOP movement can be taken to mean specializing only on one product and then to upscale its production. Nishikawa (2007) added that OVOP movement is significant in that it promotes the production of local specialties ("mono zukuri") and economic development. The study finding revealed that in all three OVOP cases, their enterprises were not customer or supply driven. The OVOP projects did not have direct contact with their consumer hindering them from benefitting from direct feedback information that necessitates their continuous improvement product and services. Despite the three counties having an ambitious plan of initiating specialized industrialization by promoting few products, the counties had competitive advantage; the move was still in pipeline. For example, most discussants agreed that integrating OVOP projects into national or global value, chain their products, that is, Rumuruti aloe vera, Kionyweni baskets or trout fish products would have benefited from direct contact with wide range of customers. They also benefit from information sharing through consumers' feedback information on experiences of the product, thereby perfecting that market. According to Haraguchi (2008), although OVOP special emphasis is on product differentiation, it is sometimes considered a supply-driven

### Table 1. Contribution of productive processes in implementation of DAA.

<table>
<thead>
<tr>
<th>Productive process</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial clustering</td>
<td>11</td>
<td>21</td>
<td>21</td>
<td>13</td>
<td>6</td>
<td>72</td>
</tr>
<tr>
<td>Specialization</td>
<td>10</td>
<td>21</td>
<td>25</td>
<td>12</td>
<td>4</td>
<td>72</td>
</tr>
<tr>
<td>Industrialization</td>
<td>14</td>
<td>18</td>
<td>21</td>
<td>12</td>
<td>7</td>
<td>72</td>
</tr>
<tr>
<td>Innovative R &amp; D cultural identity</td>
<td>9</td>
<td>18</td>
<td>27</td>
<td>13</td>
<td>5</td>
<td>72</td>
</tr>
<tr>
<td>Total</td>
<td>44</td>
<td>78</td>
<td>94</td>
<td>50</td>
<td>22</td>
<td>288</td>
</tr>
<tr>
<td>Percentage</td>
<td>15.3</td>
<td>27.1</td>
<td>32.6</td>
<td>17.4</td>
<td>7.6</td>
<td>100</td>
</tr>
</tbody>
</table>
approach in which villages come up with products making use of their local resources and sell them to niche markets. More importantly, it is this embedding of the process of interactive learning in their activities that makes the OVOP an effective and sustainable rural development method. The absence of specialized industrialization in the three counties revealed to have been constrained of OVOP projects to sustain current competitive global market. Specialized industrialization believed to make firms to gain competitive advantage by sharing their experiences, knowledge, resources, risks and insulate them from stiff competition. Arguably, both large firms and small firms could sustainably be integrated into the market value chain in a win-win situation where every firm specializes in areas they are most competent in. Collaboration is based on mutual trust, openness, shared risk and shared rewards that yield a competitive advantage, resulting in better performance than it would be without the collaboration (Gekonge, 2006). Sustainable business linkages would be enhanced by establishing strong connections through smart contracts between SMEs and OVOP projects with large supermarkets and multinational companies sharing values in productivity. Moreover, a well-coordinated county backward-forward business linkages programme pre-requisite among all relevant stakeholders in productivity may be headed by the office of governor for successful specialized industrialization. According to Yamazaki (2010), OVOP deals with several linkages. The first is between producers and the market, the second is to connect business development with human and social development, and the third link is a social capital among different localities. These links are based on participation and initiatives of local actors while the prefectural government provides various technical and institutional assistances. The also established dysfunctional district OVOP committees in the three OVOP cases failed to provide steering coordination of the activities which was crucial for driving collective activities at district level. More so, establishment of SMEs industrial park, industrial clustering, inter-firm relation, incubation centres and village business development centres (VBDC) hoped to promote specialized industrialization. Chain champion was also necessary to provide leadership, commitment and mutual cooperation aspects of collective activities in productivity.

Innovative research and development

The study attested that despite the three studied counties having many promotions, research and educational institutions OVOP project rarely benefited from those initiatives. Arguably, innovation is the “genetic ability” of industrial districts (Piore and Sable, 1984; Bellandi, 1996), a vital condition for confronting continuous and discontinuous change through research and development, learning-by-doing, learning-by-using, entrepreneurship and the breaking up of the productive chain into many phases. The result also established that there were no meaningful inter-firms collaboration with OVOP projects and other SMEs with research and learning institutions for development purpose; for example, Karatina and Kimathi universities in Nyeri county, Machakos Technical University in Machakos county and Laikipia University in Laikipia county. As Republic of Kenya (2013) puts it that R&D or R and R in the country is mainly undertaken by the government with little contribution from the private sector. Further, there was weak linkage between production/service enterprises and research institutions to inform on research needs and a system for disseminating and absorbing the research output. The study, the learning and research institutions run parallel without having any partnership or collaboration with the community organizations in sharing information.

It was noted from the study that in three OVOP projects were non-functioning district OVOP committees which were supposed to provide coordinating inter-firm interaction for collective productive processes. For example, as Kurokawa et al. (2010) put it that collaboration and coordination should also be sought from local research institutions, including universities, which can contribute to the training of OVOP producers as shown by the example of Bunda College of Malawi. Notably from the finding was the absence of collective activities in promoting community initiatives or cultural identity through joint defining problems, searching for and implementing solutions and assessing values and practices together. Despite the establishment of National Productivity Council (NPC) as it is in Republic of Kenya (2013) to facilitate inter-sectoral coordination of policy and programmes initiatives of public and private sectors, and enactment, lack of creativity and innovative approach hinged on support, active participation, and cooperation of everybody and all relevant institutions in the country lead to its stagnation. A conclusion was drawn from the study that an innovative framework was critical for a dynamic interrelationship among multi-stakeholders such as scientists, research and educational institutions, government promotion bodies, manufacturer, commercial firms, large supermarkets, international consumers and small producers in a shared value for productivity. More so harnessing of unique local product, creation of appropriate technology through local research and technical institutions, identification and promotion and support of market outlet, protection against any exploitation and sustaining mutual relationships locally, nationally and international relation through continuous commitment in collective sharing information, fulfilling own obligations, upholding common values, practices and language would determine success of productive process.

Culture economy

The strong cultural identity in local product seems to be
the source of competitive advantage where local bared an emotional identity and historical experience with the product. It was overwhelmingly evident that the locals had long history and value of cultural product and practices such as sisal basket weaving business or aloe vera medicinal herb provided strong identity on the enterprise. OVOP projects believed to be unique due to their originality and ingenuity features. According to Ray (2002), the culture economy idea, in essence, is about the strategic use of cultural resources in the pursuit of local socio-economic vibrancy. For example, basket weaving enterprises would gain more national and international market appeal by harnessing and amplifying its environmental benefit, strong historical experience and importance of the enterprise. The study concluded that with strong emotional connections and long experience on indigenous product and practices in OVOP projects derived an added advantage over other producers. The source of differential advantage emanated from cultural identity or local socio-economic vibrancy and learning curve of producing products such as baskets, trout fish or aloe vera lotion from local raw materials. According to Einarsson (2016), cultural behaviour describes, creates, preserves and disseminates human emotions and thoughts through the production of, among other things, cultural goods, ideas, sports, art, languages, religions and customs. For more effective production, the cultural strength for example Kionyweni basket or Rumuruti aloe vera production requires to be harnessed on an extensive global and value chain of productive processes to leap maximum advantage. For example in Rumuruti project, the study revealed that most members had a long historical value and usage of aloe vera as medicine to treat wounds, stomach ache or cure of pimples. The study established that most local SMEs especially OVOP projects produced and market their products in isolation, hence, faced with a lot of challenges such as quality, economies of scale, stiff competition among other constraints. It was therefore believed that with a proper backward and forward linkage between local indigenous knowledge and modern capitalist relations with shared common culture and infrastructures would ensure an effective production process in rural areas. According to Hassink (2004), reasons for success of Daegu’s textile industry are shaped around the direct production arrangements like inter-firm relations. The down-stream process of textile industry was created and put in place through the networks involving not only producers, but also researchers, designers, government officials, traders, university, research centers, specialist agents, banks, chambers of commerce, designers. Provision of necessary infrastructures, conducts and mutual cooperation in supporting community initiatives would lead to competitive OVOP products in the global market. A conclusion was drawn from the study that collective efforts by innovatively exploiting cultural identity (originality and ingenuity) achieve competitive advantage.

RECOMMENDATIONS

(1) There is urgent need of establishment of Village Business Development Centres which serves as focal point for implementation of differential advantage approach in OVOP projects. There is a need to consider a larger OVOP unit such as typical Kenyan village instead of assuming self-selected functional groups or projects as villages. The typical village “kijiji” with common assets and facilities such as shopping centres, church, school, networks, etc., which were easier being tapped for economic purpose. The village organ with common assets, structures and conducts could be central point of initiating OVOP product production, trainings, promotion, marketing and linkages or cooperation and collaboration with other institutions. The social capital in villages provides galvanization in an interactive organization for collective learning, marketing and production of unique products in OVOP projects.

(2) There is a need for all relevant ministries and county government led by the county government in establishing coordinating organ with full mandate and empowered to steer productive processes in counties. The established clustering of villages and inter-institutional framework, partnership and collaboration with the private sector, county government and donor organizations should provide supplementary support community initiatives such as physical infrastructures, extension services, industrial clustering, incubator centres, SMEs industrial park, village cybercafé or free internet telecentres common product branding and designing centres and online marketing or marketing website, international trade fair, etc.

(3) There is a need to identify chain champion of the productive processes preferably the county governors of respective counties. The chain champion will therefore provide necessary collective spirit in terms of leadership, commitment and mutual cooperation among different county stakeholders. Provision of mutual cooperation, incentives, leadership and commitment among relevant ministries and county government of District OVOP committees will facilitate collective activities of productive process. The study deduced that necessary production framework, infrastructures, incentives and common behaviours or conducts, that is, values, practices, norms, etc., were required for successful implementation of joined productive process. Successful productive processes encourage social learning where information sharing, defining problems, searching for and implementing solutions and assessing their solution collectively, thereby, gaining advantage over competitors.

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