

## PART 3

# INSTITUTIONAL INNOVATION

From the preceding two sections it becomes clear that:

- The South African goat industry currently has the capacity to mobilise to meet national and global market demands or trends (Hypothesis 1).
- There are several historical reasons for the non-commercialisation of indigenous goats in South Africa that are of lesser consequence today (Hypothesis 2).
- Goats produce commodities that have economic value, but are little known or investigated (Hypothesis 3).
- New South African and new and existing global markets exist for new and existing South African goat products (Hypothesis 4).

If the goat resource is large enough, the political and economic environment has changed, research has identified new products with economic value, and markets for these products exist, then, what is the final constraint in commercialising the Goat Industry in South Africa for the benefit of the non-commercialised and commercialised goat farmer in South Africa? Having read up to this point, Williamson (2000) would most probably apply the Rudolph Spreckels move that: "When I see something badly done, or not done at all, I see an opportunity to make a fortune". Here liberty has been taken to adapt this statement to: "The utilisation of indigenous goat resources in South Africa is being done badly, or mostly not at all and there is an opportunity to make a fortune". In this thesis inefficiencies in the utilisation of indigenous goats in South Africa have been demonstrated (Chapters 1 and 2). Through Chapters 2 and 3 this thesis has sought to investigate the reasons for these inefficiencies and they have been found to be due to short-sightedness (influenced by politics) and ignorance (influenced by education and lack of access to information), but more fundamental difficulties also exist (a research problem as described by Williamson, 2000). The conclusions of Chapters 4, 5, 6, 7 and 8 have suggested some institutional arrangements that may overcome these inefficiencies (A methodology of New Institutional Economics as suggested by Williamson, 2000). Part 3 of this thesis (Chapters 9 and 10) takes the suggestion of these institutional arrangements further.

Hypothesis 5 of this thesis declares that new institutional arrangements can be created or various existing institutional arrangements can be adapted to assist the increased involvement of, and be of benefit to, the non-commercialised goat producer and processing entrepreneur in a commercialised goat industry. What are the features of these institutional arrangements? What institutional arrangements would best suite this new industry? What institutional arrangements could best serve all the role-players? What institutional arrangements would take into account the demands of the global market place?

New Institutional Economics investigates varying forms of institutional arrangements, their advantages and disadvantages for various production, processing, and marketing scenarios and offers solutions to the reduction of high transaction costs. In this section these alternatives will be investigated for their suitability for the challenge of commercialising the goat industry in South Africa. The Conclusions of Chapters 5, 6, 7 and 8 have suggested various institutional arrangements which may create enabling environments for non-commercialised farmers, whilst keeping the attributes of the various products (their perishability, the limitations of legislation etc.), their manufacturing requirements (asset specificity, labour intensiveness, reliability of sourcing of raw product), and the market requirements (trends, perceptions, quality, consistency of supply and health requirements) in mind. These suggestions will be further investigated in Chapter 9 and case studies demonstrating their practical application will be presented in Chapter 10.