Structure and socio-economic culture of peasant community in Peru

Estructura y cultura socioeconómica de la comunidad campesina en Perú

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ABSTRACT. Objective. Was to evaluate the organizational structure in peasant communities in Perú and their contribution to national economic development. It worked with 6 communities. Methods: Descriptive, observational. as instruments were: interview, survey, document review and the application of economic factors. Results: The economic factors are low, with enough solvency to get into debt. Inability to strengthen the community. The agriculture production without markets, isolated sales. The present community model does not help to the new vision of community - business. Conclusions: To work as community is not profitable, So, they are unable to given back money to members; The training has direct impact on community development and management skills. The liberalization of the land is dangerous because the peasants can end landless and poorest. The members are not interested to maintain the sustainability of the community. The contribution and payment the tax the peasants are exempt, they are affected by indirect tax such as IVA. It’s imperative to produce crops with greater demands at national and foreign market and it should be profitable too in a new community structure.

PALABRAS CLAVE
Desarrollo empresarial, organización campesina, rentabilidad, toma de decisiones.

RESUMEN. Objetivo: Fue evaluar la estructura organizativa de comunidades campesinas en el Perú y su contribución al desarrollo de la economía nacional. Se trabajó con 6 comunidades campesinas. Métodos: Descriptivo, observacional y mixto. Instrumentos: entrevista, encuesta, revisión documentaria y ratios financieros. Resultados: Las ratios financieras fueron bajos, cuentan con una solvencia para endeudarse, pero son incapaces para fortalecer la comunidad, la producción agrícola no tiene definido los mercados y las ventas son aisladas. En consecuencia, el modelo actual de comunidad no ayuda a la nueva visión de comunidad - empresa. Conclusiones: Trabajar como comunidad no es rentable y es imposible pagar a sus asociados. La capacitación tiene incidencia directa en la gestión y desarrollo comunal. La liberalización de tierras resulta peligrosa porque los comuneros terminarían sin tierras y más pobres. Los socios no tienen interés en mantenerse en la comunidad. La contribución al fisco solo se da a través de impuestos indirectos como el IGV, por estar exonerados de todo impuesto el sector agrario primario. Es importante implantar...
1. INTRODUCTION

Actually the peasant communities have been a heavy load to carry for Peruvian government; because the agrarian reform lived in liberty the management of the community (Delahaye, 2006; Fernandez-Maldonado, 2015). The rural situation is worse even they had a tax benefits with no positive results. The majority of communities’ directives do not know and/or apply the management tools in decision making to help the community development.

The actual model of community is obsolete and needs to do adjustment inside’s structure organization (Samuano, 2007). So, they having as a strength the culture traditions, the community Works as the ayni and minka, the management of water, earth and air. Also taking the advantage of all resources according to agro-ecological floors they have and they are prostrate in poverty (Frias, 2016; Kendal & Rodríguez, 2009; Mora, 2020). Is necessary to modernize them and transit from and survival economy to market economy. Where the government has to play a key role to hook the community production with the market place (Martinez, 2002; Berdegué, 2015; Kervyn et al., 1987; O´shaughnessy, 1991).

This investigation analyzes the real situation of community members is Southern region of Perú, from the social and economic aspects. As a result, it is estimated the need to propose a new model of peasant community.

2. METHOD AND MATERIALS

Research design was non experimental, descriptive (Arrivillaga et al., 2006; Cairampoma, 2015; Otzen & Manterola, 2017). We used the non-probabilistic sample. The data was collected through the questionnaire surveys, interview, direct observation and the application of economic factors (Taylor-Powell & Steele, 1996; Torres et al., 2009) documents review (Cuellar et al., 2015). To process the data was the SPSS statistical package. Additionally, the interpretation was by: economic reasons, percentage and core trends. This study took a peasant community: Carata², Llachahui³, Llucu⁴ and Chingarani⁵ of Puno’s province; the Quero’s Community located in Paucartambo province and Yaca located in province of Abancay.

² Carata, comunidad campesina del distrito de Coata, provincia y región Puno-Perú
³ Llachahui, comunidad campesina del distrito de Coata, provincia y región Puno-Perú
⁴ Llucu, comunidad campesina del distrito de Capachica, provincia y región Puno-Perú
⁵ Chingarani, comunidad campesina del distrito de Tiquillaca, provincia y región Puno-Perú

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3. DISCUSSION AND RESULTS

a. Community Organizational structure

*Law N° 24656 of peasant community:* Article 2. Express that the Peasant Communities are public interest organizations with legal existence and legal status. Integrated by families that inhabit and control certain territories, linked by social, economic and cultural ancestral ties, expressed in communal land property, the communal work and mutual help, the democratic governance and development of multisectoral activities whose ends are oriented to the full realization of its members and the country. Article 7. The land of the peasant communities is described by the law of land titling and demarcation and they are unattachable, imprescriptible and inalienable. Article16. Administrative regime are governing bodies of peasant communities: a) General Assembly; b) Communal Directive; c) Special Committees for activity an Annexes (Ley 24656, 1987; Ley N° 30982, 2019).

The peasant community keeps the structure given by law N° 24656 but in reality, those Special Committees they do not fulfill their responsibilities. This is taken advantage by the community president, who does administrative management at his whim precisely in case of Puno´s communities. In the Queros\(^6\) Community the management is more rigid and they are meeting their responsibility. They still keeping the communal activities when is need it. The production is for survival and little for the market. In case of Yaca\(^7\) community is doing some communal work as to clean the water channel and rebuilt de old house. The wastelands so abandoned and minimally used by some of them in grazing. The Directives are more interested in the individual rather than communal.

The peasant community retain their cultural roots that constitute an exceptional strength. They use Andean knowledge in management of water, earth (pachamama) and air (Mora, 2020), they have a community working system such as: The Minka and The Ayni (Frias, 2016). However, these potentialities are wasted including the comparative advantage as the agroecological floors that manage (Kendal & Rodríguez, 2009). It is necessary to modernize the agriculture and transit from the survival economy (Berdegué, 2015) to an market economy (Kervyn et al., 1987;...

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\(^6\) Queros native community located in district and province of Paucartambo, Cuzco-Perú

\(^7\) Yaca, peasant community located in district of Circa, Province of Abancay. Apurimac-Perú
O’shaughnessy, 1991). Where the government has to play an important role in the insertion of communal production to the market (Martinez, 2002).

The Andean ancestral works

The Minka (mink’a o minga in quechua). Is an Inca’s traditional community volunteer work with social purpose or reciprocal character; where concurred many families with their owns tools and food. Usually the work was for building a communal house, water channel, mining, fortress, state land cultivation, disabled people, orphans and the elderly. When the Ayllu summons to work, those who did not attend were expelled from the community (Enciso & Mendoza, 2011).

The Ayni is a familily reciprocal work system among the Ayllu members, intended for agricultural work and house construction with the condition, that it correspond the same manner when they need it. And in return food and drink were served during the worked days (Portugal, 2009).

In interviews made with ex directives of studied communities it has been possible to capture that, the members have become very individualistic, no longer want to do communal works. Community animals and crops cultivation no longer exist. And the other hand, diagnosing organizational reality of the community it is observed that the Andean cultural knowledge has lost its validity. For example the commoner Julio Contreras of Chingarani’s community states that.

(…) When I left as the community president we had 1,800 hectares of land awarded, 80 cows, 60 alpacas and 200 sheeps. While some of us put efforts to keep growing community animals and planted more agricultural crops. So, we are able to pay bay to our members as compensation for their work contributed. Other directives have come to plunder what little we had. Now we have parcelated the land, the community has only 200 hectares, cero animals and non any cultivation of crops. Every one does iwhat he can inhis plots of land got. And no longer we practice what our grandparents used to do; Now we are on the way to the final destruction on peasant community.

Facing this reality as certain we can certainly say that the actual model of peasant community is obsolete and requieres to adjustments to its organizational structure. This results agrees with the conclusions of Cooperation and Economic Develoment Organization (2007).

The new agrarian law authorizes that, they can sell the communal land if is approved in assembly by twothirds of its qualify members (Law of peasant communities Perú, 1987, Art.7). Likewise the land release with an efficient use of needs to be recognized formally over the land individuals rigth (Deininger & Binswanger, 2001). International institutions have been interested in land reform and the agriculture modernization in Perú. Transfer those lands to sectors with mayor capacity to invest in technology and capital (Banco Mundial, 2019; Deininger, Feder & Binswanger, 1998). Their objectives were to weakening and broken the associatiive forms of peasant organizations and weaken bargaining power of negotiation against capitalism. For this they put pressure on the economic sector as well as the government to speed up land parcellation (Ferrando, 2015; Bitia & García, 2016; Acuña & Petrantonio, 2003).
In interviews and casual conversation with Mr. Ireneo Cordova Huamán communter and ex directive of Yaca’s community, when I asked “Which will be the final destination of the communal land”?

(...) He state that he would like to take a turn to these poor soils, it would be convenient to share the land with legal document. Thouse we can have more capital to invest into the production or suddenly do others most profitable activities non necessarily could be in agriculture instead Services.

Without a doubt that the commoner is most interested in obtaining their land tittles to have greater solvency, that serves as a credit guarantee with destiny to secondary and tertiary activities. Here sees the market as an instrument of land policy whose implementation had a bad experience in Mexico, Guatemala, Chile and Bolivia, where did not resolve the land distribution instead deepened inequality (Thiesenhusen, 1996). This motivated that the big businesses bought those land and accelerating the invasion in agriculture, revaluing the land and running out of land the peasants (Naupay & Lincoln, 2017; Thiesenhusen, 1996).

The direct observation made to commoners’ behavior we can notice that, they only cultivate the communal land for maintenance of their holidays and sports representation and not to sell to the market. It would be interesting to adapt some production techniques of Israel’s model (Mancilla, 2005) to sale the products through the cooperative. Where the property is private and not state; it would work as a company Moshav⁸ (De la Puerta, 1999) based in a strong public support system with a network of relevant institutions inside. For it requires to count with an idealistic inhabitant, highly motivated and willing to carry a communal existence throughout their life (Affon, 2004). The concrete thing is to adapt instead to adopt, allowing continuity as a community.

In this way the community works at a loss and it does not motivate to its members to strengthen the durability of the peasant community (Affon, 2004). Just like the Mexican logging community did, when they had marketing and low prices problems as well as the scarcity of transformation machines. They chose to change the line of business to tertiaries activities (Science, 2002; Rocha, 2004).

By contrasting the land tenure awarded versus income 2012 – 2013; in all cases shown that, the value de $\chi^2_c = 3.867$ is minor to $\chi^2_t = 9.488$ which means at 10% there is no relation between land size tenure with income. Also the community members cultivate crops according to their personal capital and they are not carrying out major activities for the community and is not like the Kibutz⁹ (Israel) do, they are owners and partners at work (Velasco & Alonso, 2008). Likewise it is appreciated the results of survey 2.b where the commoners indicates that 70.6% of their time spent in the assigned parcels (Eguren et al., 2008).

It is stated that the training has a direct relation with income in to manage the community in table 24 shown that 75.5% of respondents indicate that they having received training and only

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⁸ Moshava, a cooperative settlement in Israel, consisting of a number of small farms
⁹ Kibutz, a farm or factory in Israel where profits and duties are shared and all work is considered

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the 23.5% are interesting for it. The community does not have a trained staff in its management. Due to flight of professionals and technician from the community for its inability to pay a decent salary. Then the second question was the participation within the community; 88.2% said between poor and bad because they flight out of the community, if they remain, they are very individualistic, except the Quero’s Community children tend to return.

In table 14 indicated that 97.1% of community directives make decisions based on his experience and the Minutes Book, there is no important the accountant books and other management documents.

In table 27 survey the question was the kind of marketing they do? 76.5% said they sold their products individually and in isolation. The next question was if the they give invoice or any document for the sale? 76.5% indicated they did not. This corroborated the contributions of peasant communities it is insignificant in the Peruvian economic development. Since the agriculture is except to direct taxes such IVA, neither do they help that the middlemen pay taxes to Peruvian state (Lora & Fajardo-González, 2016).

b. Economic Behavior of communities under study

To accomplish with proposed objective an economic evaluation of communities was made and it is presented a summary table of the main economic coefficients to help the interpretation the current economic situation, as shown in following tables:

Table 1. Summary of economics reasons by peasant communities

<table>
<thead>
<tr>
<th>Comunidades</th>
<th>Liquidity test</th>
<th>Acid Test</th>
<th>Defensive Test</th>
<th>Sales Cost/sale</th>
<th>Working Capital Rotation</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.C. Carata</td>
<td>4 0.06</td>
<td>0.08 0.73</td>
<td>0.32 0.65</td>
<td>0.8 0.93</td>
<td>0.62 0.49</td>
</tr>
<tr>
<td>Llucro</td>
<td>6.39 0.23</td>
<td>0.5 0.26</td>
<td>0.54 0.75</td>
<td>0.75 0.63</td>
<td>0.17 0.1</td>
</tr>
<tr>
<td>Llachahui</td>
<td>3.06 0.21</td>
<td>0.37 0.4</td>
<td>0.55 0.75</td>
<td>0.75 0.6</td>
<td>1.31 0.18</td>
</tr>
<tr>
<td>Chingarani</td>
<td>13.46 0.02</td>
<td>0.34 0.34</td>
<td>0.37 0.75</td>
<td>0.75 0.18</td>
<td>0.2 0.1</td>
</tr>
<tr>
<td>Yaca</td>
<td>37.87 0.3</td>
<td>1.48 1.48</td>
<td>1.47 0.68</td>
<td>0.7 0.3</td>
<td>0.34 0.21</td>
</tr>
<tr>
<td>Queros</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Financial Statements of communities

Table 2. Summary of economics reasons by peasant communities

<table>
<thead>
<tr>
<th>Comunidades</th>
<th>Fixed Asset Rotation</th>
<th>Working capital</th>
<th>Patrimonial Indebtedness</th>
<th>Asset Indebtedness</th>
<th>Net return</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.C. Carata</td>
<td>0.37 0.32</td>
<td>0.27 0.21</td>
<td>15.07 11.49</td>
<td>13.09 10.3</td>
<td>73.06 0.32</td>
</tr>
<tr>
<td>Llucro</td>
<td>0.28 0.2</td>
<td>0.25 0.15</td>
<td>7.42 9.01</td>
<td>6.9 8.27</td>
<td>80.27 0.2</td>
</tr>
<tr>
<td>Llachahui</td>
<td>0.08 0.12</td>
<td>0.09 0.06</td>
<td>4.01 4.1</td>
<td>3.8 6.37</td>
<td>78.51 0.12</td>
</tr>
<tr>
<td>Chingarani</td>
<td>0.25 0.23</td>
<td>0.2 0.2</td>
<td>9.49 7.33</td>
<td>36.38 32.67</td>
<td>26.09 0.23</td>
</tr>
<tr>
<td>Yaca</td>
<td>0.11 0.14</td>
<td>0.06 0.08</td>
<td>4.81 3.23</td>
<td>4.59 3.13</td>
<td>60.08 0.14</td>
</tr>
<tr>
<td>Queros</td>
<td>0.22 0.32</td>
<td>0.09 0.13</td>
<td>2.22 1.48</td>
<td>2.17 1.46</td>
<td>55.59 0.32</td>
</tr>
</tbody>
</table>

Source: Financial Statements of communities

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According to the economic reasons we see the *Working Capital Rotation* in 4 communities the tendency are decreasing, except in Chingarani goes up from 1.22 to 1.31 (+0.09 cents) and in Quero’s increase from 0.28 to 0.34 (+0.06 cents) in all cases the working capital rotates only ones per year, which means the poorest use of the money (Alonso & Loor, 2018).

*The Fixed Asset Rotation.* In almost all communities have decayed, except in Yaca’s and Quero’s community; however, we can conclude that de goods have been used only at one third part of their capacity (Nava & Marbelis, 2009).

*The Capital Rotation* of the communities are minimum, they use less than 21%, these showing us the low capacity to invest and stay in status quo, due the lack of capacity to take a risk and reinvest (Rivera.Jorge, 2002).

*The Debt Support* of the six communities have a wide support which let them to cover easily a loan; since the Chingarani community is the minor with S/. 22.44 soles for every sol borrowed. The loan must be oriented to buy the machinery and equipment (Giacolone et al., 2010) in order to transform and provide secondary and tertiary services, so they can change the current cut of the community (Quiroa, 2015).

In all communities *the Rentability* over the investment is less than 1%; so, we can affirm that the production in these communities are not enough, because they only plant for maintenance of holidays and sports community representation. In this way the community do not encourage over production, this way they are able to motivate them by given a bonus for their work; so, they could be motivated and strengthen the continuity as a community. Now the community Directives face with problems as low prices, scarcity of machines for transformation and Little knowledge of suitable markets, and isolated sales, instead they should ally with neighbors to expand the economy of scale to buy supplies and sell their products (Laky, 2013).

Facing this scenario is corroborated that there is a little interest from the community members to stay in the community (Nagy, 2020). Not having a long-term plan increase the uncertainty, even they have land, but they do not plant most profitable crops required by the market (Machado & Suarez Ruth, 1999).

4. CONCLUSIONS

The community members have lost the cultural heritage as the communal work (Ayni and Minka), The communal tasks have changed by the government assistance and not to do by themselves. The peasant community is unable to give back and motivate to its members to strengthen the continuity of peasant community based in the lack of knowledge of its managers in business matters. These are the reasons why the communities need to be re-founded and look for more profitable crops required by the market.

The managers and community members are eager to destroy the system and they are interested in the parcellation of the communal land, due to insecurity in land tenure. If they have their titles could be chosen for credit or they can rent or put as a guarantee for a credit. However, this could be a high risk to lose it for non-payment the credits. Just how in Latin-American...
countries passed after the liberalization of land, the economic condition of peasants has not improved instead they ran out of land (landless).

The peasant and his parcel do not operate as a company in an economic sense, well their activities are oriented to aimed at sustaining the home, and not as a business that keeps its accounting that issues vouchers for its activities it does and become an active agent and increase the tax collection of the country.

Now we required the modern and dynamic agriculture linked to agribusiness and foreign markets; the peasant does not take advantage of Andean knowledge to conduce better the Agri-ecological systems under adversity conditions. It is possible to repowering the peasant community if they joint with neighbors to expand the economy of scale to buy suppliers or to sell the products. In communities where yet exist the communal land, animals and plants must balance between communal management with the individual.

The training must be prioritized by the government to: outreach to appropriate technologies, encourage a second level bank that helps community members advise in finances and placement of production. A new community model based in eco-production as an alternative the sustainable development in collective sales with high quality and organic products, and the government should prioritize purchase the communal production for its social programs.

**BIBLIOGRAPHIC REFERENCES**


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Appendix 1. Table 14
Appendix 2. Table 24
Appendix 3. Table 25
Appendix 4. Table 27
Appendix 5. Table 28

### APPENDIXES

TABLE 14
8. To make a decision in the of community. Do you rely on?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid Percentage</th>
<th>Accumulate Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience</td>
<td>11</td>
<td>32,4</td>
<td>32,4</td>
<td>32,4</td>
</tr>
<tr>
<td>Minute book</td>
<td>22</td>
<td>64,7</td>
<td>64,7</td>
<td>97,1</td>
</tr>
<tr>
<td>Accounting books</td>
<td>1</td>
<td>2,9</td>
<td>2,9</td>
<td>100,0</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>

The 64,7% of managers have made decisions based on the Minute Books, un 32,4% base don expirience and only 2,9% did base on accounting books.

TABLE 24
18.- Do you received training in management aspects?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid Percentage</th>
<th>Accumulate Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>26</td>
<td>76,5</td>
<td>76,5</td>
<td>76,5</td>
</tr>
<tr>
<td>No</td>
<td>8</td>
<td>23,5</td>
<td>23,5</td>
<td>100,0</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>

We see that 76,5% said to have recieved training. However, they do not have booking, only have a Minute Book.

TABLE 25
19.- Are there professionals or technicians in the board of directors?

<table>
<thead>
<tr>
<th></th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid Percentage</th>
<th>Accumulate Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>20,6</td>
<td>20,6</td>
<td>20,6</td>
</tr>
<tr>
<td>No</td>
<td>27</td>
<td>79,4</td>
<td>79,4</td>
<td>100,0</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>

The 79,4% of surveys said, there are not professionals and technicians in the Board of Directors of the community.
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### TABLE 27
21. a. How do you sell your products?

<table>
<thead>
<tr>
<th>Type</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid Percentage</th>
<th>Accumulate Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individuals</td>
<td>26</td>
<td>76,5</td>
<td>76,5</td>
<td>76,5</td>
</tr>
<tr>
<td>Groups</td>
<td>8</td>
<td>23,5</td>
<td>23,5</td>
<td>100,0</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>

76,5% of the commoners said that, They sell their products individually and not associated.

### TABLE 28
21.b.- Do you give invoice or any documents when you sell products?

<table>
<thead>
<tr>
<th>Type</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid Percentage</th>
<th>Accumulate Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>8</td>
<td>23,5</td>
<td>23,5</td>
<td>23,5</td>
</tr>
<tr>
<td>No</td>
<td>26</td>
<td>76,5</td>
<td>76,5</td>
<td>100,0</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>

76.5% of the community members indicate that they do not issue any document for the sales they make, making it impossible to determine the actual transactions.

### TABLE 28
21.b.- They turn documents and/or receipts (invoices, tickets or settlements)

<table>
<thead>
<tr>
<th>Type</th>
<th>Frequency</th>
<th>Percentage</th>
<th>Valid Percentage</th>
<th>Accumulate Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>8</td>
<td>23,5</td>
<td>23,5</td>
<td>23,5</td>
</tr>
<tr>
<td>No</td>
<td>26</td>
<td>76,5</td>
<td>76,5</td>
<td>100,0</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100,0</td>
<td>100,0</td>
<td></td>
</tr>
</tbody>
</table>