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Considerations regarding the association: Cooperation of small and medium fruit producers

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CONSIDERATIONS REGARDING THE ASSOCIATION/COOPERATION OF SMALL AND MEDIUM FRUIT PRODUCERS

Mrs. Ancuța MARIN¹

Abstract: *Between March 2017 and April 2017, ICEADR Institute conducted a survey among the Romanian fruit producers, in order to identify the problems they face and to highlight their opinions. The survey's results were used to find solutions for an efficient exploitation of fruits' production. Quantitative research was used as the main method for picking information while the research technique consisted on the structural research (survey). Most farmers are not implied in associative forms and they are not interested in joining one in the nearest future. Small exploitations register small productions which do not permit them to sign selling contracts and consequently their incomings are around 4500 RON each year. Also, the Authorities' implication in supporting small and medium producers is very low. Awareness of the advantages of association / cooperation by facilitating access to private and public resources, promoting practices and technologies that ensure environmental protection, assurance of consultancy, defense of members' interests in their relations with government bodies and state administration, promotion of products on national and international market, ensuring equal rights for all members, improving the information and supply system, developing agro-food markets, correlating the level of production and product quality in line with market requirements, capitalizing on larger quantities of products, reducing tax evasion is the solution to solving problems Romanian grain farmers.*

Key words: *association, cooperative, producers, EU funds, funding*

JEL Classification: *L11, Q11, O13.*

INTRODUCTION

With the Romanian fruit producers' help, Research Institute for Agriculture's Economy and Rural Development conducted between March and April 2017 a survey through the ADER Project 16.1.2 –Models of development of short-chain capitalization on primary production-service-warehousing-processing-selling market, 3rd Stage. The project in discussion, is taking place between 2015 and 2018.

The aim of the survey was to identify Romanian fruit producers' problems and to highlight their opinions, so that solutions could be found for a more efficient exploitation. 153 questionnaires were sent in 5 of the most relevant counties regarding the fruit production: Argeș County, Dâmbovița County, Vâlcea County, Prahova County and Constanța County. The number of respondents was chosen in such way that the margin of error does not exceed +/-5% and the factor of probability which guarantees the results to be 80%. 32 questions were included in the survey and they regarded the activity of fruit producers.

As a result of this survey, ICEADR analyzed the forms of association that small and medium fruit producers use and identified the target group for whom is addressed the third phase of the project.

MATERIAL AND METHOD

Quantitative research was used as the main method for picking information while the research technique consisted on the structural research (survey). Also, the sample was chosen as being representative. The formula used for the sample's size is the following:

$$n = \frac{t^2 \cdot p \cdot q}{\varepsilon^2}$$

Also: $q = 1 - p$; so the formula suffers a change:

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$$n = \frac{t^2 \cdot p \cdot (1-p)}{\varepsilon^2}$$

Meanings:

t - Factor for the probability which guarantees the results (see table Student for more details) that is, accepted error ε ;

p – Proportion of components from sample which have the researched characteristic and which, in most cases, is unknown. For maximal dispersion, we consider this proportion's value as being equal with 0.5;

ε - accepted error;

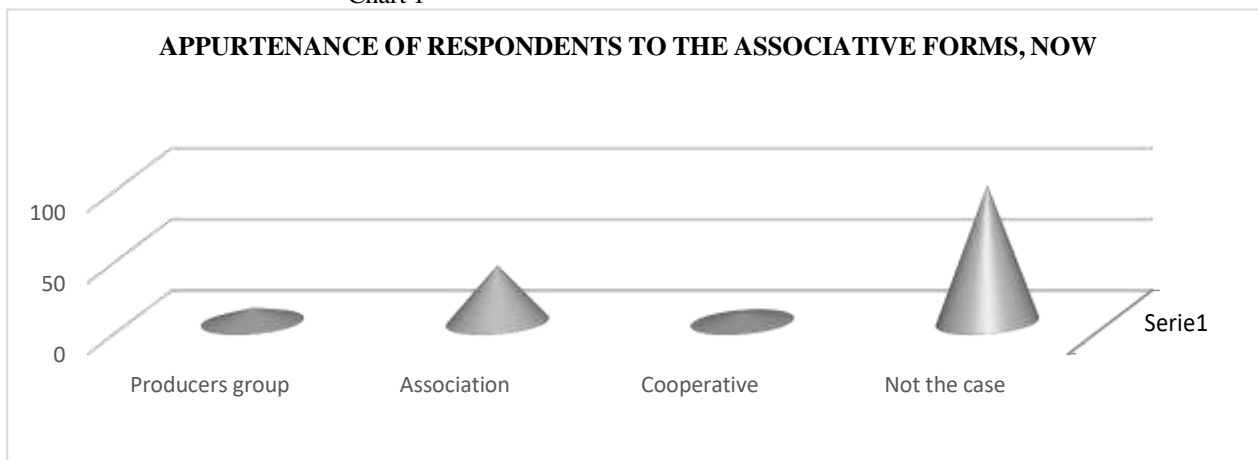
RESULTS AND DISCUSSIONS

For a better perspective of the given answers of the 153 respondents, the results were centralized. As the results show, 96 respondents consider that is not the case to join an associative form which represents 62% of the total sample. 57 of them are already members of an associative form which is nearly 38%. (See Table 1 and Chart 1 for more details)

Table 1

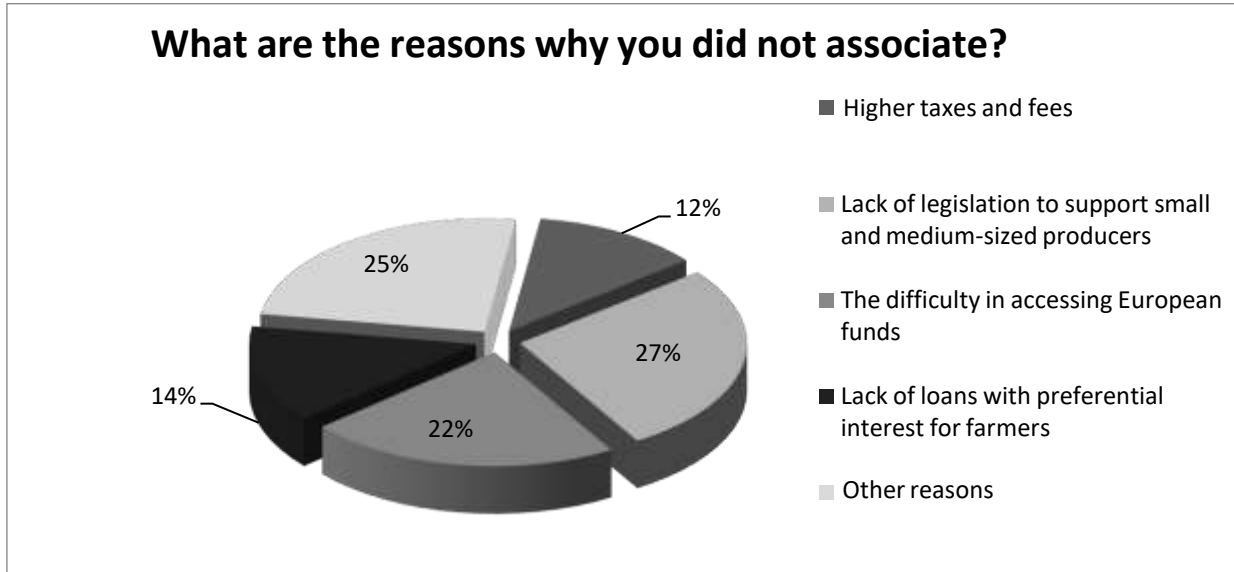
APPURTENANCE OF RESPONDENTS TO THE ASSOCIATIVE FORMS, NOW		
ASSOCIATIVE FORM	NUMBER OF RESPONDENTS	%
Producers group	10	6,54%
Association	40	26,14%
Cooperative	7	4,58%
Not the case	96	62,75%
TOTAL	153	100,00%

Chart 1



The fact that more than a half producers are not in an associative form, has multiple explanations. The majority of them (27.11%) blame the legislation for not offering the necessary support or for being very bureaucratic. 22% of respondents find the accessing process of the structural funds very difficult, while 14% of them consider the lack of loans with preferential interest as an important issue in the association process. Moreover, not few respondents (12%) critic the fees and taxes farmers must pay each year. (see chart 2).

Chart 2- Motivation of non-association

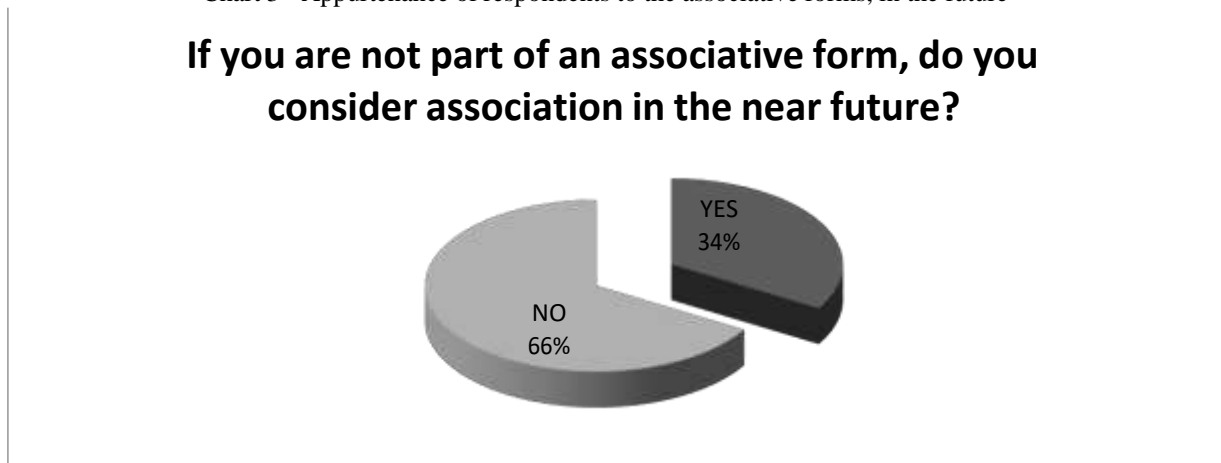


Analyzing carefully the perspectives of the 96 respondents that answered there is not the case to join an associative form, more than 67% still maintain their opinion, while 32% (31 respondents) are considering the possibility of joining such association at a certain time. (see Table 3 and Chart 3).

Table 2

APPURTENANCE OF RESPONDENTS TO THE ASSOCIATIVE FORMS, IN THE FUTURE		
	NUMBER OF RESPONDENTS	%
Want to join an associative form	31	32,29%
Do not want to join an associative form	65	67,71%
TOTAL	96	100,00%

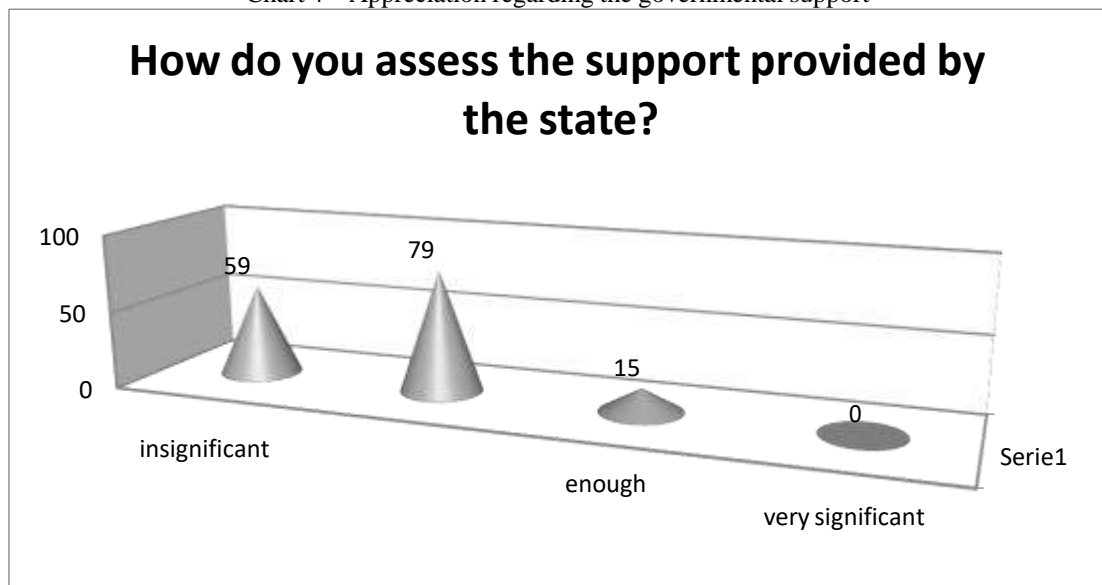
Chart 3 - Appurtenance of respondents to the associative forms, in the future



Moreover, more than a half of the farmers questioned consider the governmental support as being insufficient, 38% of them as being insignificant, while 10% of farmers as being sufficient (see Chart 4).

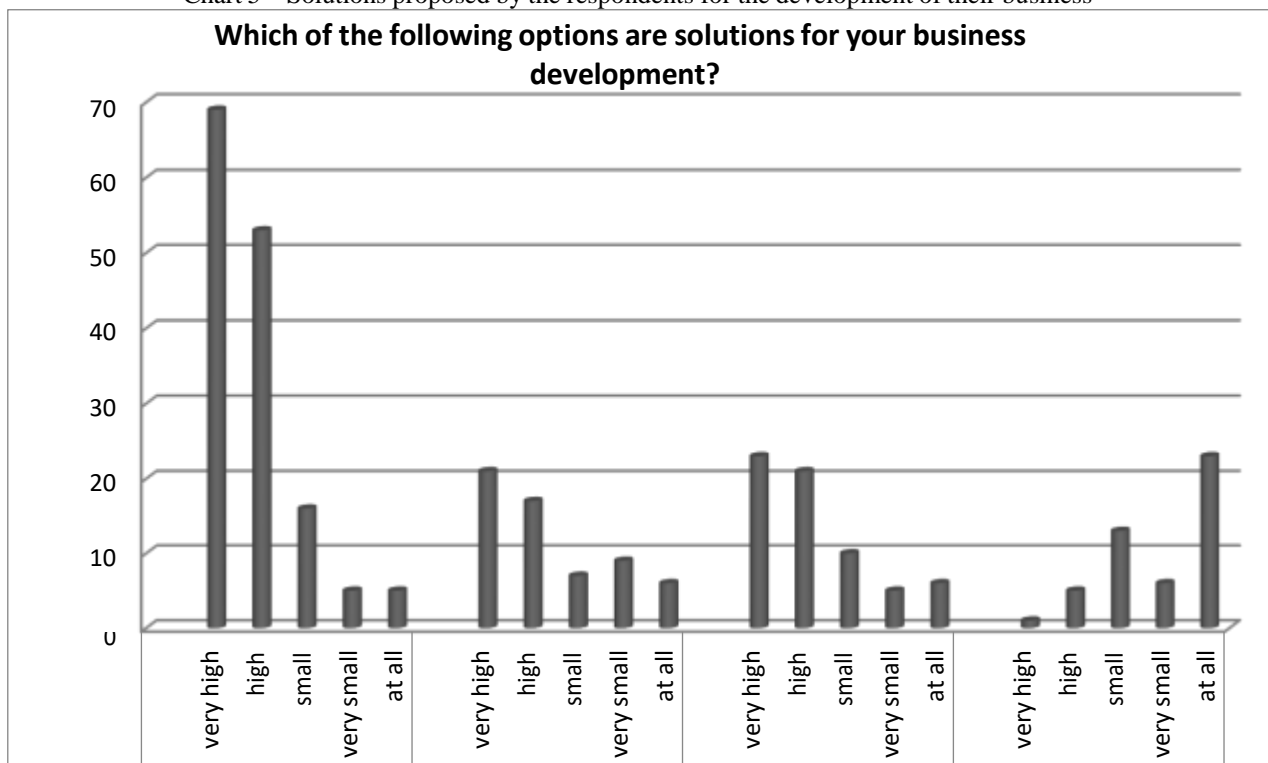
Having these said, we asked these people to find possible solutions which they consider useful in their activity domain, the fruit-growing one.

Chart 4 – Appreciation regarding the governmental support



122 questioned farmers (79%) think that EU funds and a more accessible documentation would be the best solution for a good activity of their exploitation, while 6 persons (3%) consider the bank loan as the optimum solution for the development of their business. Instead, as the Chart 5 shows us, 82 persons (53%) consider the association as a good method of developing.

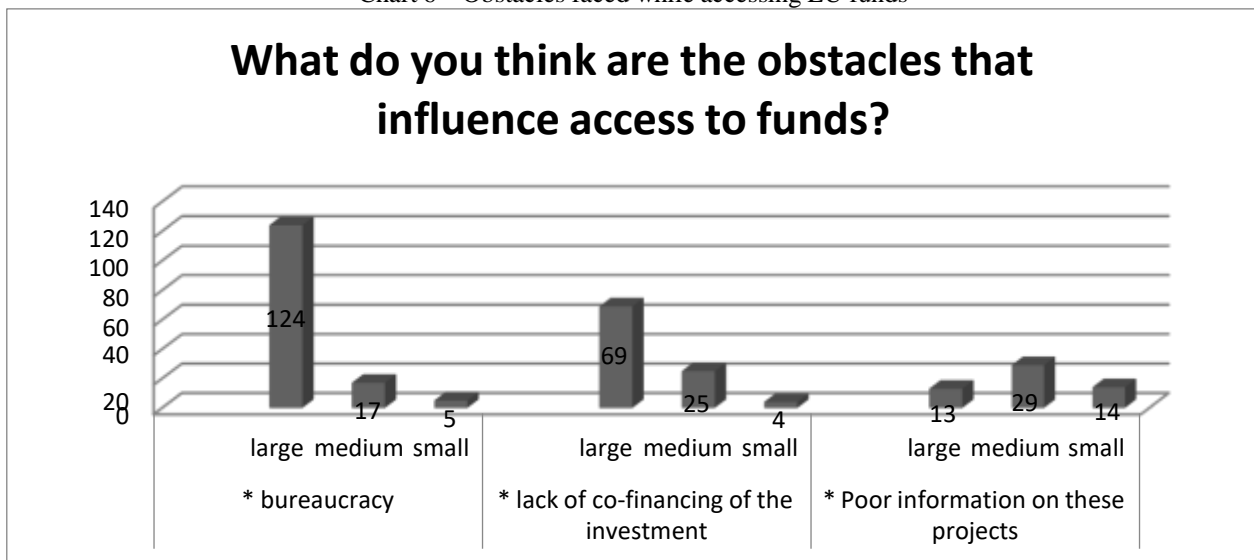
Chart 5 – Solutions proposed by the respondents for the development of their business



In the counties we sent the survey, most farmers have knowledge regarding the methods of financing their business. 60% of them accessed EU funds. The most accessed measure was the 1.4.1 – “Sustenance of semi-subsistence agricultural farms” (57%), while the less accessed one was the 6.1 measure – “Sustenance for the settlement of the young farmer” (1%).

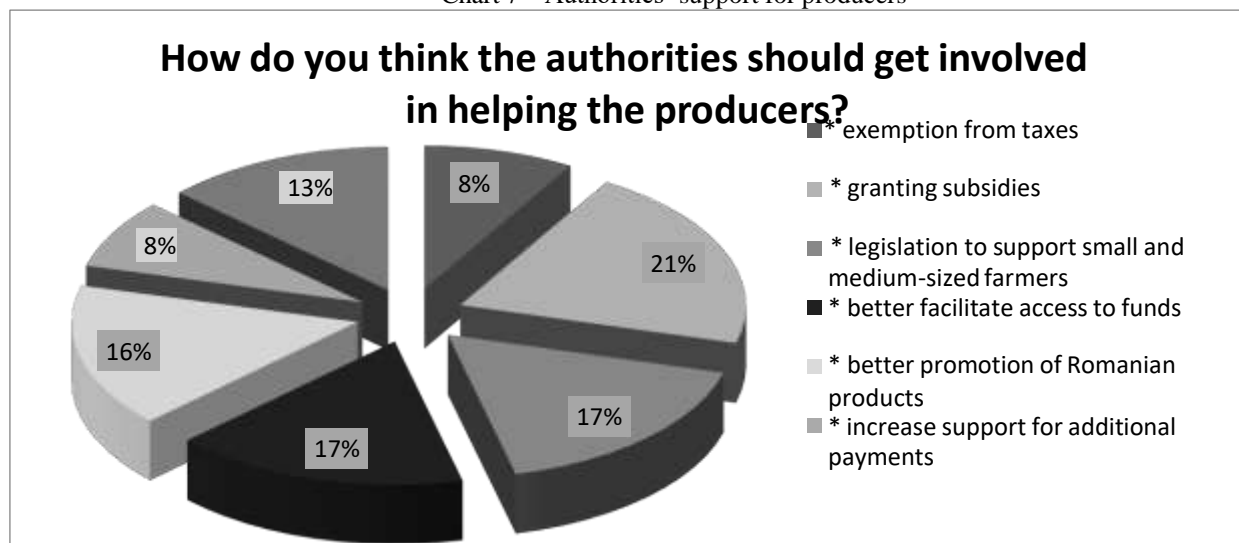
The next step we take with our survey was to ask the farmers about the obstacles they faced while accessing structural funds. The multitude of requested documents, the slow time of reaction from authorities after the submission of documents or the lack of the co-financing are the main reasons for which the respondents are afraid of the EU funding mechanism. (see chart 6)

Chart 6 – Obstacles faced while accessing EU funds



From the point of view of the possible measures for supporting producers, we observe a clear balance among the expressed opinions. The most popular measure was the offering of subventions (21%), while less than 8% of the participants to the survey considered as the best measure the increase of the support regarding the extra financing.

Chart 7 – Authorities' support for producers



CONCLUSIONS AND RECOMMENDATIONS

First of all, after analyzing and interpreting the survey conducted among the farmers from 5 counties, we observe that the majority of them are not implied in an associative form and they do not take into consideration joining one in the nearest future. The reasons for the current situation are justified: the lack of a clear legislation that supports small and medium producers, lack of loans with preferential interest, exaggerated bureaucracy related to the fund accessing mechanism or any type of aid.

Secondly, we observe separated exploitations which means small and inconsistent productions and consequently a lack of selling contracts. For half of the farmers, the registered incomings are around 4500 RON each year. From 153 interviewed farmers, just one sells exclusively in supermarkets while the rest of them sell in village markets or simply in front of the gate of their farm.

Also, storage possibilities are very limited, so just 65% of the production is sold, the rest of 35% being lost.

Having said these, we recommend that fruit producers should join associations in order to better compete with imported products. Not only do they face better the small prices, but also they become more competitive, meaning that they practice a modern agriculture. Farmers' reluctance regarding the association process comes from their confusion between marketing cooperative and the communist system of agricultural cooperatives. Their reserves are justified, because the communist cooperatives were created after massive confiscations of their lands. Having access to information, young members of the local community must promote the advantages of the modern system of association and after that, universities and institutions responsible for this. Association forms will also solve the problem of production's sale, because, in the big supermarket chains' point of view, individual business are less trusted and are less productive due to the old techniques used.

Small and medium-sized producers need to be aware of the benefits of association, including: facilitating access to private and public resources, promoting practices and technologies that ensure environmental protection, consulting for association, management and marketing, defense of members' interests in their relations with governmental organizations and state administration, promotion of products on the national and international market, ensuring equal rights for all members, improving the information and supply system, development of agro-food markets, correlation of production level and product quality in line with market requirements, higher quantities of products, diminishing tax evasion in the agricultural production sector by the fact that the production marketed through the association is sold only with an invoice

For Romanian farmers, joining an association form will bring multiple advantages and will contribute to a harmonious development of the Romanian agriculture.

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