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# RESEARCH ON AGRICULTURAL PRODUCER BEHAVIOUR IN TERMS OF COOPERATION AND ASSOCIATION

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## Summary

*The work is part of the CAP reform in Europe after 2013, by which Romania will have to undergo a series of transformations including: promoting and encouraging cooperation and association in agriculture; stimulate the development of alternative economic activities such as organic farming, ecologic tourism, development and promotion of local products labelled; specialized human capital development and collaboration and sharing of best practices with experts from other EU Member States.*

*The European and global cooperative sector is a powerful economic and social actor within these societies, with significant results which can be both summarized as market shares and their work contribution to GDP, and the number of members and the welfare of citizens offered through job creation.*

**Keywords:** *cooperation, association, agricultural cooperatives*

## INTRODUCTION

This paper is based on a comprehensive qualitative research undertaken in rural areas of Romania who wants to answer a series of questions on the current stage of Romanian agriculture: is the agricultural cooperative a viable alternative for the farm? What is the economic and social impact of cooperatives in the next stage? Through agricultural cooperatives, the agricultural products can penetrate on better markets, closer to the consumer? What is the specific model of cooperation for Romanian agriculture?

From the agricultural producer point of view, the study aims to identify: Which is the reason to join the cooperative? What are the rights and obligations for members? Is the cooperative an institution to ensure business continuity for the agricultural producer in return for a membership fee? What is cooperative strategy in attracting new members?

## MATERIAL AND METHODS

Research technique used: the questionnaire survey and structured interviews. The questionnaire consisted of 31 questions, most of which were closed questions (with answers variants).

Sample is represented by cooperative members aged between 35 and 65 years from 10 counties. Period in which the survey was conducted: June 16, 2012 - July 31, 2012.

Indicators followed in interviewing producers were:

- indicators of initiative (organizational capacities of life, free private initiative);
- indicators of existential framework (natural, social environment and of available resources of income / capita, level of schooling);
- descriptive indicators (types of occupations and economic activities)
- objective and subjective indicators (preference for certain specialties, the idea of a future association);
- social indicators of situation (encouraging / discouraging by the authorities, quality of advice);

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- indicators of consumer price increase in May 2012;
- number of registered unemployment by level of education - May 2012;
- the number of registered - unregistered unemployed persons - May 2012;
- unemployment and vacancy rates, by economic activities;
- natural movement of population;

Data processing methods were statistical modelling, graphical method and statistical tables.

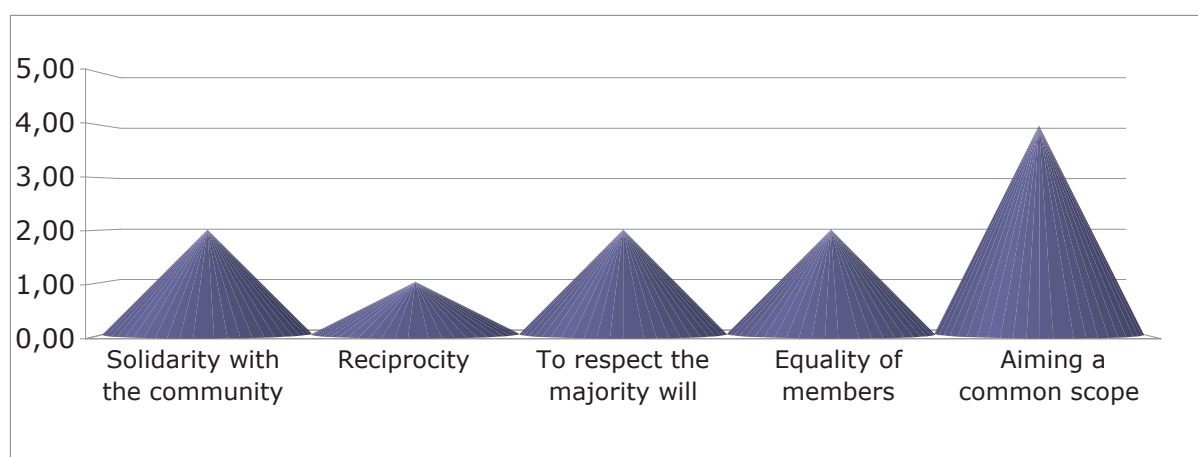
## RESULTS AND DISCUSSION

In the quantitative survey conducted difficulties arose in transmitting information. The survey results are presented in the following way:

- The cooperative members and presidents of cooperative respondents from different areas and counties of Romania: Alba, Botosani, Bihor, Brasov, Buzau, Constanta, Cluj, Olt, Teleorman. We have identified a preference for the profile choice for beekeeping cooperative in 90% cases, being justified by the easily association and investment recovery time for this type of agricultural enterprise.
- The beekeeping cooperatives surveyed have three since are on Romanian market, are composed of at least 5 founding members and without employees. The data show that, first, most of the founding members have not followed a specialization in the field of beekeeping before joining cooperative and were employed in organizations of different profiles, or they had unemployed status. Cooperative members have mostly secondary education, married and average household income of £ 3000.

The associative forms in beekeeping experienced a favourable evolution, given their growing numbers. In 2012 there are approximately 100 beekeeping associations (cooperatives, associations and bee federations, producers groups) compared to 10 in 2010.

**Figure 1: Principles of organization and functioning of the cooperative**



Source: Own processing the investigation data conducted by PACT

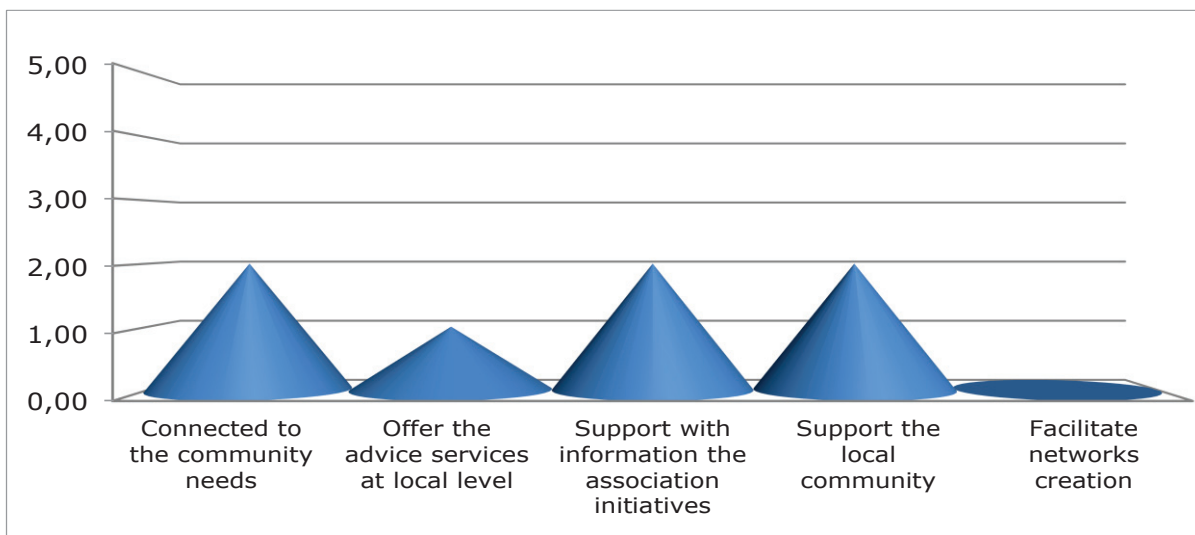
We can conclude from Figure 1 that they begin to operate and are built on cooperative principles, due to encouraging organizational and economic performances. Statistics show that the number and structure of agricultural cooperatives reflect the rapid process of their setting. But the cooperative structure on production activities reflects a very different degree of diversification and covering: nationally, only 36 producers groups in vegetable production and no association form of cooperation in Neamt, Tulcea, Hunedoara, Vaslui.

Some cooperatives representatives confirmed the lack of perspective of the existing organizational forms. They met an unclear and disincentives legislation of agricultural cooperatives,

not based on cooperative development need, more based on speculation generated by the permanently changing in agricultural policies.

Survey results show the farmers reserves seem to be related both to the period of the communist agricultural cooperatives and to some practices since 1990, when the newly established associations have brought benefited particularly to their originators, and very little to associated members. Since 2009 we have seen an increase in association and cooperation initiative determined by the existence of funding programs within NRDP measures, and less due to a reason. In Romania for small farms and without technical and financial support, the only viable alternative to the current situation is the agricultural cooperative.

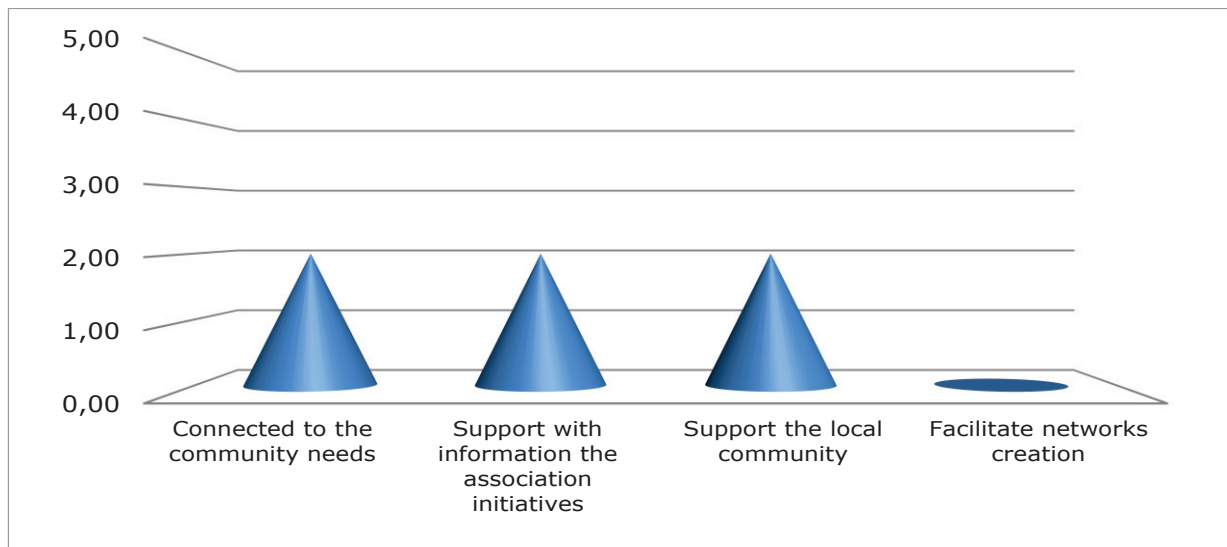
**Figure 2: How much support and advice you received from the agricultural chambers?**



Source: own processing based on the investigation conducted by PACT

From Figure 1 and Figure 2 we consider that with the involvement of local and county administration (directly interested in the development of agricultural cooperatives) should be initiated communication programs through agricultural chambers that to know the new tools of NRDP in the direction of the association and cooperation in rural area.

**Figure 3: How evaluate the local authorities involvement in agricultural cooperation problem?**



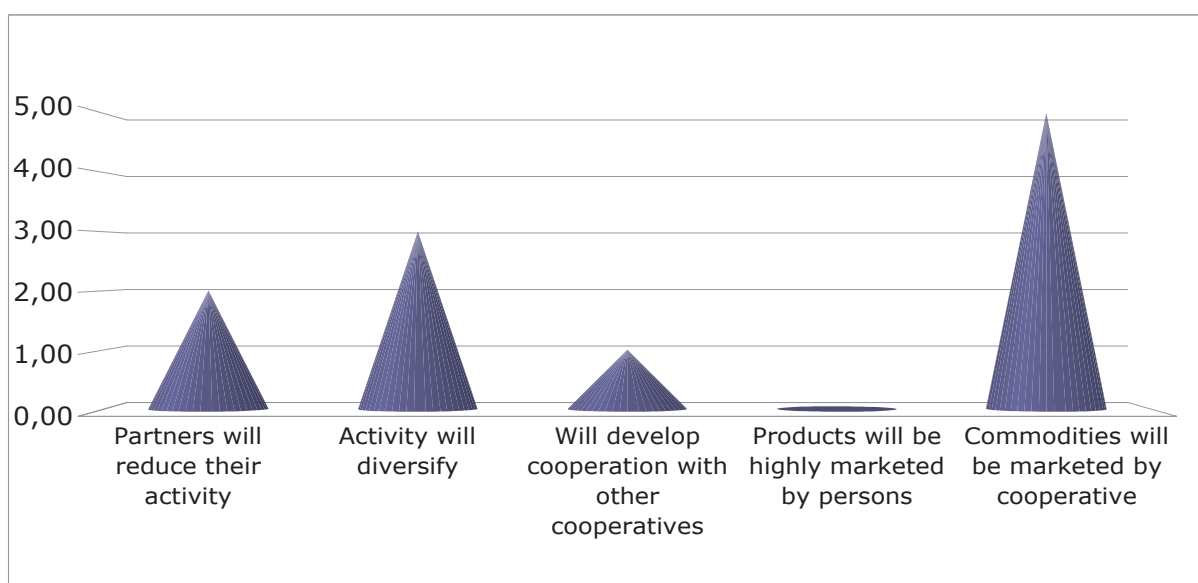
Source: own processing based on the investigation conducted by PACT foundation

In this way there will be a better integration of farmers on the food chain, can benefit in this way of a better organization and new ways to increase revenue.

On the development and future of their cooperative, members have realized that this is the only way to develop activities with opportunities for the revenue growth, for a better life. In the new phase of CAP reform 2014-2020, with the main measure 142, NRDP also consider other measures that can generate positive synergies to promote the producers groups (sub-measure 4.2.1. from LEADER axis, measure 121, measure 123, measure 141). The producers organizations in the new measure can be supported based on the own business plan both for marketing their production and for the development of management and marketing skills and innovative processes.

Discussions with representatives of the cooperatives have shown the need to improve the lending forms for association and agricultural cooperation and the need to establish vocational schools for young farmers who want to carry out agricultural activities or to initiate business in this area.

**Figure 4: How do you assess the future of associative forms in your community?**



Source: own processing based on the investigation conducted by PACT Foundation

## CONCLUSIONS

From data obtained both from a questionnaire survey, as well as from discussions with employees and directors of cooperatives has developed a SWOT analysis of the current situation in terms of cooperation and association in Romanian agriculture.

Advantages	Weaknesses
<ul style="list-style-type: none"> <li>• Prioritizing cooperation and association under the new CAP reform 2014-2020.</li> <li>• The new rural development measures are particularly important factor to the development of cooperation and association in rural areas.</li> </ul>	<ul style="list-style-type: none"> <li>• Suspicions on association and cooperation in agriculture</li> <li>• To make functional entities would be the main objective, must solve the taxation then specify criteria for identification of members.</li> <li>• Producer associations appeared only to access financing programs</li> <li>• One of the big problems against association is taxes are discouraging when association occurs.</li> </ul>

Opportunities	Risks
<ul style="list-style-type: none"> <li>• Cooperation and association should occur due to a reason, which not necessarily should be the financing programs support. EU cooperatives occurred when one single producer failed on the market.</li> <li>• Romanian legislation should introduce a differential tax rate in terms of association and cooperation. An association or cooperative should have a longer life than a commercial society.</li> <li>• A better perception of rural actors on forms of association and cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Specialized labour force migration</li> <li>• Lack of competitive on economic market</li> <li>• High costs</li> <li>• Global crisis</li> <li>• Small farms don't have their own accounts and lead to the development of the underground economy</li> </ul>

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