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STANDPOINTS OF THE DIRECTORS OF AGRICULTURAL CO-OPERATIVES ABOUT THE MEMBERSHIP AND THE WORK OF COOPERATIVE UNIONS IN SERBIA

MILADIN M. ŠEVARLIĆ

Faculty of Agriculture, Belgrade, Serbia. E-mail: milsevar@eunet.rs

MARIJA M. NIKOLIĆ

Faculty of Agriculture,
Belgrade, Serbia.
E-mail: marijahnikolic@yahoo.com

RICHARD SIMMONS

University of Stirling, Scotland, UK



Paper prepared for presentation at the 113 th EAAE Seminar "THE ROLE OF KNOWLEDGE, INNOVATION AND HUMAN CAPITAL IN MULTIFUNCTIONAL AGRICULTURE AND TERRITORIAL RURAL DEVELOPMENT", Belgrade, Republic of Serbia December 9-11, 2009

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Abstract

Goal of this paper is to analyse premises of directors of agricultural cooperatives towards cooperative associations, based on result of survey conducted on chosen sample. Analysis is based on the hypothesis that reform processes present in the Serbian economy, and completely absent from cooperative sector, have weaken the work of cooperative unions and undermined regular relations between cooperatives and their associations.

Paper also analyse premises of directors of cooperatives on relevant questions on membership and work of 12 regional, provincial and Cooperative union of Serbia, based on result of survey conducted in 148 or 7.2% of 2.055 agricultural cooperatives in Serbia.

For cooperatives that are not members of any union, paper gives systematization of reasons why cooperative is not member and motives that could inspire cooperative to become a member. For cooperatives that are members of some union, we give analyses of answers if cooperative is satisfied with work and activities of union conducted for cooperative welfare; and suggestions for activities that cooperative unions should practice in the interests and needs of their members.

Key words: director, premises - evaluation, membership, cooperatives, cooperative activities, cooperative unions.

Introduction

The Project "Role and Potential of Cooperatives in Poverty Reduction" in Serbia was implemented in cooperation between the *University of Stirling from Scotland*, the Faculty of Agriculture of the University in Belgrade¹, and the

According to the research of Ševarlić M. M. (2009), upon examination of available curricula of all the higher-education institutions (state and private) in the Republic of Serbia, the subject of instruction in the area of *cooperative movement* exists only in the curricula of the *Department of Agro-economy* at the *Faculty of Agriculture of the University in Belgrade*, specifically:

a) Cooperative movement – with the total of 45 classes of lectures and 15 classes of exercises in VI semester, which was attended, in the academic year 2008/09, by the last generation of students of the basic studies according to the so-called old curriculum; and

b) Cooperative movement and association in agro-business – with the total of 45 classes of lectures and 15 classes of exercises in IX semester, which are yet to be

Association of Agricultural Economists of Serbia. After the previous implementation of the projects of the same contents in Tanzania and Sri Lanka, Serbia was selected as, for the time being, the only European country in which such a research has been undertaken.

The Project consisted of two parts:

- Desk research work with the aim to identify exact data and to calculate the derived indicators of the number, activities that take place, and the territorial distribution of cooperatives and cooperative associations in Serbia, in order to identify the representative sample for further analysis; and
- ~ *Field* research work within which the directors of 240 selected cooperatives were interviewed.

In the first part of the research, the data were gathered from the Business Registers Agency (state in 2008), whereby all the entities were covered, which were registered in the form of cooperatives and cooperative associations, and also the other legal entities, which in their name have the words, such as "cooperative farm" or "cooperative", or acronyms: "co-op", "cop" or "coop". Out of a total of 3,435 thus defined legal entities, 3,067 or 89.3% are cooperatives, 25 or 0.7% are cooperative associations, and the remaining 343 or 10.0% are other legal entities, which only use some of the above terms in the names of their respective companies.

Only those cooperatives that achieved positive financial result at least once in the period of 2005-2007 were selected in the subgroup of the sample for the survey, which was realized by 1,470 of them or 47.9% out of the total number of cooperatives. In line with the sectoral and regional structure of cooperatives that achieved positive financial result at least once within the specified three-year period, a total of 240 cooperatives were selected and surveyed using the questionnaire prepared in advance – which was compiled by the research workers from the University in Stirling.

As opposed to the countries in which this research had been previously conducted, in Serbia, ten questions² were added about the relationships of the cooperatives with the regional and/or sectoral cooperative unions as well as with the Cooperative Union of Serbia (CUS).

Out of 240 cooperatives in which the survey was conducted, 148 cooperatives are agricultural, which represents 7.2% of the total of 2,055 agricultural cooperatives

attended, in the academic year 2011/12, by the first generation of students of graduate academic studies according to the so-called Bologna curriculum.

² This set of questions was formulated by Professor D.Sc. Miladin M. Ševarlić – the manager of the Project in Serbia and M.Sc. Marija Nikolić – the coordinator of the team of interviewers who conducted the field survey.

registered in Serbia, or 16.3% of 907 agricultural cooperatives that achieved positive financial result at least once in the period of 2005-2007.

This paper contains the analysis of the answers and standpoints of the directors of 148 surveyed agricultural cooperatives concerning the relevant issues of membership and activities of the regional cooperative associations and of CUS. Subject to whether they are members of one of the cooperative unions or not, the surveyed agricultural cooperatives were classified in two basic subgroups:

- ~ 138 agricultural cooperatives or 93.2% of the total number of the surveyed agricultural cooperatives, which are members of some of the cooperative union; and
- ~ 10 agricultural cooperatives or 6.8% of the total surveyed agricultural cooperatives, the directors of which stated that their respective cooperatives are not members of any of the cooperative union in Serbia.

Surveyed agricultural cooperatives that are the members of one of the cooperative unions

The directors of this dominant subgroup of agricultural cooperatives, in addition to specifying the name of the cooperative union they are the members of, answered a number of questions:

- Which were the motives for becoming a member of the cooperative union;
- Whether they are satisfied with the work of the cooperative union and if not, what activities would stimulate them to become satisfied;
- Which was the last activity of the regional or sectoral cooperative union undertaken with the aim to protect the interests of the cooperative movement; and finally
- ~ Which was the last activity CUS has undertaken with the aim to protect the interests of the concrete cooperative.

Out of 138 surveyed agricultural cooperatives, which are members of one of cooperative unions, 128 directors or 92.8% stated that their cooperatives are the members of the Cooperative Union of Vojvodina or some of the county cooperative unions, and the remaining 10 directors stated that their cooperatives are the members directly of CUS – which indicates that 7.2% of the interviewed directors whose agricultural cooperatives are the members of cooperative unions actually do not know that cooperatives cannot be directly the members of CUS. In certain cooperatives they properly said that they are directly the members of the county or of the provincial cooperative unions, and through them, indirectly also the members of CUS. Although 25 cooperative unions are registered in the Business Registers Agency, for the analysis of the relationships between agricultural cooperatives and cooperative unions, it is necessary to eliminate five occupational non-agricultural cooperative unions and the Cooperative Union of Kosovo and Metohija – in view of the fact that the cooperatives that belong to the above

associations are not covered by the survey research, so that there remain 19 potential cooperative unions of which the surveyed agricultural cooperatives could become members. None of the surveyed cooperatives is a member of four occupational agricultural cooperative unions³. Consequently, there remain 15 cooperative unions organized on the territorial principle and, upon completion of the survey, it was established that 12 or 80% of them are listed in the answers, which makes the sample particularly highly representative for the analysis of the relationships between the agricultural cooperatives and their cooperative unions.

We particularly point to the fact that just some directors from the territory of Srem in their responses stressed that their agricultural cooperatives are the members of the *County cooperative union of Srem*, while the directors of cooperatives from other regions in the Autonomous Province of Vojvodina (Banat and Bačka) specified only the membership in the Cooperative Union of Vojvodina (CAV) – which points to the processes of centralization of membership directly in the provincial cooperative union.

Apart from the county cooperative unions, which function within CUS, among those surveyed were also 11 directors or 8.0% of the agricultural cooperatives, which are the members of the Union of Cooperatives in Šabac. This cooperative union was founded in 2005 and gathers together recently founded cooperatives with the aim to establish business connections between them, and it functions independently from CUS.

On the basis of the answers about the motives for becoming a member of cooperative unions, all the surveyed agricultural cooperatives, which are the members of some of the cooperative unions, are classified in six groups:

- 1. Exchange of timely information and raising of the level of dissemination of information, which was specified by 35 surveyed directors (25.4%) as the reason for becoming a member;
- 2. Becoming a member of cooperative unions was mandatory (34 or 24.6%);
- 3. Cooperation between cooperatives (18 or 13.0%);
- 4. Business interconnection and joint appearance in the market (17 or 12.3%);
- 5. Getting any form of aid (8 or 5.8%);
- 6. Other reasons (23 or 16.7%);

While in three cooperatives (2.2%) they did not want to specify the reason for becoming a member of a cooperative union.

³ Cooperative association of livestock and farm cooperatives **Banmlek** – Kikinda; Cooperative association of vegetable-growing and farm cooperatives **Povrtarska unija** (Vegetable-growing Union) – Begeč; Cooperative association of farm and vegetable-growing cooperatives **Agrologik** – Horgoš, and Cooperative association of farm and beekeeping cooperatives **Vojvođanska pčela** – Veternik.

All the answers that do not match with any of the above formulated answers were classified in the group "Other reasons", and which mutually do not have common elements, such as: winning recognition for the cooperative movement, institutional support, joint problem solving, preservation of the principles of the cooperative movement, and others.

The interviewed persons thereafter also responded to the question as to whether they are satisfied with the work of the cooperative union they are the members of, where the offered answers were:

- Yes which was chosen by a half of the interviewed directors of agricultural cooperatives (69 or 50.0%);
- ∼ No 47 cooperatives (34.1%) are not satisfied with the work of the cooperative union, and
- \sim I do not know 20 (14.5%) of them stated that they do not know as to whether they are satisfied or not;

while, in 2 cooperatives (1.4%), they did not want to answer this question.

The directors of the surveyed agricultural cooperatives, who stated that they do not know or that they are not satisfied with the work of cooperative union (a total of 67 directors; 47 who were not satisfied and 20 who answered that they do not know as to whether they are satisfied), had the opportunity to chose, out of 10 offered activities, all those for which they find that they would improve the work of cooperative unions and increase the level of satisfaction of the cooperatives members. The question was of a semi-open-ended type, in view of the fact that the last activity was specified as "Other"where the surveyed persons could write what can be improved in the work of cooperative unions. The structure of answers is presented in table 1.

Most of the directors of cooperatives find that the activities of cooperative unions should be focused on participation in the drafting of the new law on cooperatives – as much as 77.6% of them selected this answer, which is consistent with the opinion of the majority of the surveyed persons, whom we interviewed, that the new law on cooperatives is necessary and that they look forward to it. The answer "Mediation in the contacts of cooperatives with the government authorities" also had a high frequency, which indicates dissatisfaction of the directors with the attitude of government bodies towards cooperatives, but, what is even more worrying, is the incompetence or inability of cooperative unions to assist in settling of possible disputes between cooperatives and government authorities and to articulate the requests of cooperatives from the government.

Table 1 - Classification of answers given by director of agricultural cooperatives on question ,, What activities should cooperative union be involved in, so that your cooperative is satisfied with its work?"

Nmb	Given answers		Answers	
INIIIU			%	
1	Promoting interest of cooperatives and their members beyond cooperative movement	39	58,2	
2	Intercession in contact of cooperatives and government bodies (when applying for sources, participate in projects and similar)	51	76,1	
3	Creating stronger business relations between cooperatives that are members of union	34	50,7	
4	More activity on transformation of social in coop property	39	58,2	
5	Active participation in creating new law on cooperatives	52	77,6	
6	Providing credits and / or other sources of finance under favourable conditions	49	73,1	
7	Providing inputs under favourable conditions for production organised in cooperatives that are members of union	36	53,7	
8	Help in sale of products	47	70,1	
9	Organising seminars, lectures and presentation in order to promote advantages of cooperative work	42	62,7	
10	Other ⁴	2	3,0	

Source: Calculation of authors based on survey conducted within Project "Role and Potential of Cooperatives in Poverty Reduction", in period October - December 2008

The need for subsidized sources of financing (73.1%) was ranked third, implicating that almost three quarters of primary agricultural cooperatives suffer from lack of financial resources and expect financial support from the cooperative unions or at least support in providing help from other resources. It is important to point out that 70.1% of the interviewed directors of cooperatives, who were not satisfied with the work of cooperative unions, found that the union should offer assistance in the sale of products, which indicates dissatisfaction with the business function of cooperative unions.

Activities of cooperative unions

Comprehending of the relationship between cooperatives and cooperative unions is based on the results of the answers of the directors of cooperatives to two final questions in the survey:

⁴ In two cooperatives, directors think that, in order to promote their work, cooperative unions should: (1) provide more useful things to cooperatives that are member of union, and (2) help cooperatives to apply for EU funds.

- (1) Specify the last activity undertaken by the regional or sectoral cooperative union with the aim to protect the interests of the cooperative movement; and
- (2) Specify the last activity of the Cooperative Union of Serbia, which was undertaken with the aim to protect the interests of your cooperative.

The work of the regional cooperative unions was appraised on the basis of the answers of 128 directors of agricultural cooperatives, who stated that they are the members of some of the regional cooperative unions, while the work of CUS, in addition to them, was also appraised by 10 directors of cooperatives, who stated that they are members directly of CUS. In view of the fact that the questions were openended (the surveyed persons could, in their own words, answer the question put), the obtained answers were very much heterogeneous. Therefore, we analyzed the answers in two steps: in the first step, we only analyzed as to whether the surveyed persons specified any concrete activity or not (table 2), and, in the second step, we analyzed which concrete activities they specified and we systematized them in groups of related answers (table 3).

Out of 128 cooperatives, which are the members of one of the regional cooperative unions, in 95 or 74.3% of the cooperatives, they specified a concrete activity undertaken by the regional cooperative union with the aim to protect the interests of the cooperative movement. In 14 cases (10.9%) they claimed that the regional cooperative unions did nothing to protect the interests of the cooperative movement, while 19 surveyed persons (14.8%) answered that they do not know of or that they do not remember any activity of the regional cooperative union.

Table 2 - Analysis of answer given by director of cooperatives on question regarding work of regional and Cooperative Union of Serbia

	Regional cooperative unions				Cooperative Union of Serbia			
	Nothing	I do not know / can't remember	Given concrete activity	No answer	Nothing	I do not know / can't remember	Given concrete activity	No answer
Number of cooperatives	14	19	95	0	71	18	46	3
% (∑=100)	10,9	14,8	74,3	-	51,5	13,0	33,3	2,2

Source: Ibid, as in Table 1.

With respect to the work of the Cooperative Union of Serbia, the judgments were more severe. In only 46 surveys (33.3%), a concrete activity of CUS was specified, which was undertaken with the aim to protect the interests of the given cooperative, while in as much as 71 cooperatives (51.5%), they stated that nothing had been done, and in 18 cooperatives (13.0%) that they do not know of or that

they do not remember any activity. In 3 cooperatives (2.2%), the surveyed persons did not answer to this question.

On the basis of the above stated, we may conclude as follows:

- 128 cooperatives, which are the members of one of the regional cooperative unions, appraised their work, while the work of the Cooperative Union of Serbia was appraised by all 138 cooperatives, which are the members of any cooperative union in Serbia;
- ~ 74.3% of the members of the regional cooperative unions specified an activity undertaken with the aim to protect the interests of cooperatives, while only 33.3% did the same with respect to the work of CUS;
- ~ 10.9% of the surveyed persons assert that the regional cooperative unions did nothing for the cooperatives, while over a half of them (51.5%) made the same statement for CUS; and
- ~ 14.8% of those surveyed answered that they do not know of or do not remember any activity of the regional cooperative unions of importance for the cooperative, and the same answer concerning the activities of CUS was given by 13.0% of the respondents.

The second segment of the analysis of the answers to the above questions was the review of concrete activities specified by the directors. The activities undertaken by the regional cooperative unions were analyzed separately from the activities of CUS, but, despite heterogeneous answers, groups of answers can be formed, which are common for all the unions (table 3).

The most often specified activity of the regional cooperative unions is related to rising of the level of dissemination of information, organizing of lectures, and various kinds of trainings – which was specified by 29 or 30.5% of the directors of cooperatives. This is directly related to the fact that more available and timely information was the motive for 25.4% of the surveyed directors to join cooperative unions, which to a certain extent explains the statement of a half of the directors that they are satisfied with their work. In the work of CUS, dominant activities are related to the assistance to cooperatives in appearances at fairs and other events (26.1%), then (as expected) there follow the activities on connecting cooperatives with the competent Ministry and other governmental institutions (23.9%), while their activities on organizing lectures, training, and dissemination of information are much less represented.

Table 3 - Concrete activities conducted by regional and Cooperative Union of Serbia in order to protect interests of cooperatives and cooperative movement

Group of activities conducted by regional and Cooperative Union of Serbia, according to answers of agricultural cooperatives directors	Regional cooperative unions		Cooperative Union of Serbia	
answers of agricultural cooperatives directors	number	%	number	%
Organising lectures, training and informing	29	30,5	5	10,9
Activities related to new law on cooperatives and other legal issues	18	18,9	7	15,2
Connecting cooperatives with Ministry of agriculture and other government bodies	11	11,6	11	23,9
Helping cooperatives when participating in fairs and other manifestations	5	5,3	12	26,1
Activities related to status of cooperative property	6	6,3	_	_
Help and support of regional cooperative unions	8	8,5	_	_
Advisory role	_	_	4	8,7
Other activities*	18	18,9	7	15,2
Total	95	100,0	46	100,0

^{*} In group "other activities" of regional cooperative unions are included answers such as: creating price-list, occasional program on television, affirmation of cooperatives, etc; in the same group of answers regarding work of Cooperative Union of Serbia are included: late support in plough of land in 2007, control of financial work of cooperative, audit of cooperative and others. Source: Ibid, as in Table 1.

Surveyed agricultural cooperatives that are not members of any cooperative union

Out of the total of 148 surveyed agricultural cooperatives, 10 or 6.8% of the cooperatives are not members of any of cooperative union.

The reasons due to which the surveyed cooperatives are not members of any union are rather versatile, but we will fully specify them (due to a small number of cooperatives):

- ~ Lack of information and communication were stated in three cases, out of which one respondent also specified the lack of trust (30%);
- ~ Lack of money for the membership fee was specified in two cases (20%);
- ~ Lack of time was specified in two cooperatives (20%), although one of these cooperatives also added a small volume of work which is contradictory to the answer concerning the lack of time;
- Services of the cooperative union are not adequate to the needs of the cooperative - this was specified in one case (10%);
- ~ In one case the obtained answer was that there is no concrete reason (10%);

and one respondent did not want to answer to this question (10%).

To the question as to what could represent a motive for cooperatives to become members of cooperative unions, three equally distributed answers were obtained from 2 directors of cooperatives or 20% (better dissemination of information, higher dedication of a cooperative union to the members, and that they do not know what could motivate cooperatives to become members of a cooperative union), while four directors (40%) stressed that their cooperatives would have a motive for membership if cooperative unions would provide direct services to them (procurement of input and sale of products, legal advice, and representation in disputes).

Conclusion

This paper is a part of the results of the research within the project "Role and Potential of Cooperatives in Poverty Reduction", which was conducted on a sample of 148 or 7.8% of the total of 2,055 agricultural cooperatives in Serbia. Based on the gathered answers, the standpoints of the directors of 148 agricultural cooperatives with respect to the work of cooperative unions were analyzed.

Agricultural cooperatives were divided in two main groups depending on whether they are the members of any of the cooperative unions or not. Most of agricultural cooperatives (93.2%) are the members of cooperative unions. The following was specified as the most common motives for becoming a member: (1) exchange of timely information and rising of the level dissemination of information and (2) mandatory membership — which were the motives for precisely one half of the surveyed cooperatives to join cooperative unions. The same number of directors stated that they are satisfied with the work of cooperative unions; however, as much as 34.1% of them are not satisfied or 14.5% do not know whether they are satisfied. They find that cooperative unions should additionally engage in the drafting of the new law on cooperatives, that they should represent a solid link between the Ministry of Agriculture, Forestry, and Water Resources Management and/or other government authorities and the cooperatives, i.e. that they should strengthen their business function; all with the aim to make the cooperatives-members more satisfied with their work.

As to the so-far work of the regional and the Cooperative Union of Serbia, 10.9% of the surveyed persons stated that the regional cooperative unions did noting, while over a half of them (51.5%) stated the same for CUS; 14.8% of them do not know of or do not remember any activity of the regional cooperative unions, and 13.0% - any activity of CUS; while a concrete activity of the regional cooperative unions was specified by 74.3%, and of CUS - only by 33.3% of the surveyed directors. As the most frequent activities undertaken by the regional cooperative unions they stated organizing of seminars, courses, and increasing of dissemination of information, while CUS most often assisted cooperatives in appearances at fairs and other events.

Based on the answers of the directors of ten surveyed agricultural cooperatives, we conclude that the lack of information, money or time are the most frequent reasons why those cooperatives are not members of cooperative unions, i.e. that elimination of these problems and strengthening of working activities of cooperative unions would represent a sufficient motive for becoming a member of them.

Based on answers analysis of directors of agricultural cooperatives, of which almost 34.1% are not satisfied with the work of cooperative unions, and a relatively high percentage of the directors of cooperatives were unsure with respect to the work of cooperative unions (who responded: "I do not know", "I do not remember", "I am not sure"or did not answer to certain questions), we can conclude that hypothesis on undermined relations between primarily cooperatives and their associations is **confirmed**.

The above specified results of the research lead to the following conclusions:

- ~ The biggest number of the surveyed directors of agricultural cooperatives stressed dissemination of information as the dominantly identifiable activity of cooperative unions from the moment of joining cooperative unions to the last activity undertaken by cooperative unions in favour of cooperatives; and
- ~ General judgment is considerably more favourable regarding the work of the regional cooperative unions compared to the Cooperative Union of Serbia, which to some extent can be explained by the fact that the regional cooperative unions are in a more regular and direct contact with cooperatives, i.e. that they are present in solving of their daily problems.

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