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RESEARCH ARTICLE

AGRICULTURAL COOPERATIVES - A DRIVER FOR THE DEVELOPMENT OF AGRICULTURE

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ABSTRACT

The development and experience in the world so far have shown that small private agricultural cooperatives are economical only to a certain extent at the expense of high labor intensity. Practice shows that the small commodity-based economy cannot be competitive in the market and cannot appropriately apply the scientific - technical achievements in agriculture. The experience of developed countries shows that in all cases with such an agricultural system, consolidation of holdings begins, with disintegration and disappearance of a large number of small agricultural holdings and creation of holdings - cooperatives of rational size. However, it is also known that this path is long and difficult, and it usually takes place by buying the land from the owners of small and non-competitive holdings. The primary disadvantage of this path of consolidation is the time it takes to achieve and accomplish this long-lasting process, as well as the need to invest substantial funds that will limit the development opportunity and will not contribute to improving profitability in the short run. There is another way to form optimally large economies by means of lease, as the experience of some countries shows (Netherlands, Germany, France), and it is used in our conditions, however some experts assess this system as unfavorable, due to the termination of the connection between the land owner and its management. However, despite the previously elaborated problems, it is necessary to point out that there is clear unsustainability of holdings with a small property in Macedonia, and the only rational way to effectuate land property is through cooperatives created as a real opportunity to unite into a powerful force of a large economy with collective management.

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INTRODUCTION

An agricultural cooperative is an autonomous association that is voluntarily established and controlled by the persons who use it. Actually, it is an association that is democratically managed by the members (owners), with the primary goal to respond to their common needs. The members of the agricultural cooperative are equal and have equal rights and obligations in the decision-making process, according to the principle "one member one vote". Same as any other form of association and activity, cooperatives have the same needs of good planning, sufficient financial resources, market analysis, elaborated development strategy, good planning, and most importantly, motivated and properly educated staff (employees). Cooperatives are as sensitive to market developments as any other organizational form.

The uniqueness of the cooperatives is observable in the following: the members are also owners, hence this system significantly affects the way cooperatives function. In an event when the members of the cooperative stop using the services it offers, the cooperative will cease to exist. As organizational forms, cooperatives have existed in the world for more than 180 years and throughout this entire period, the principles i.e. the basis of their operation have been changing. Today, there are 7 generally accepted principles according to which a cooperative is built and operates, as follows:

How do agricultural cooperatives in developed countries in Europe function?: The existence of cooperatives in European countries is regulated in a different way than in our country. Namely, there the members of the cooperatives are farmers, who associate and make all their property available to the cooperative. This property consists of: arable agricultural land, machinery and equipment, facilities for storage of goods, warehouses, silos, means of transport, etc.

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1. Voluntary membership

Cooperatives are voluntary organizations open to all persons in need of the services offered by the cooperative. All such persons must accept the responsibilities of the membership without any discriminatory treatment on the grounds of gender, social, political or religious differences;

2. Democratic governance by the membership

Cooperatives are democratic organizations managed by the members and they have an active role in all decision-making processes;

3. Membership fee

The members of the cooperative pay membership fee as a contribution to the cooperative, however at the same time they control the funds;

4. Autonomy and independence

Cooperatives are independent and autonomous organizations managed only by their members;

5. Education, training and information

Cooperatives inform their members, they provide training both to the members of the elected governing bodies, as well as to the employees so that everyone can have the opportunity to contribute for the benefit of the organization;

6. Cooperation between members

Cooperatives provide their members with cooperation, exchange of opinions, sharing of experiences and mutual support, and

7. Care for the society

By focusing on the members' needs, cooperatives work to contribute for the sustainable development of their communities and the society as a whole.

The number of members in such cooperatives can be limited or unlimited depending on their interests. Since they have united their property, both movable and immovable, they are interested to make the cooperative as profitable as possible. Therefore, in the very agreement that they sign when entering such a cooperative, they define all parts of the agreement in detail, in order to protect their rights, but also to accept the obligations defined by the agreement. The members of the cooperatives at pre-arranged meetings, elect and dismiss the management, i.e. the director, the board of directors and other bodies depending on the needs. Business decisions are made by the management of the cooperative in agreement with all its members. This way of functioning of the cooperatives has a justified goal, which is the survival of the cooperative itself, because the competition that prevails on the market is significant and ruthless. In this way, agricultural cooperatives become a serious agricultural entity that has a chance to operate successfully, to expand and increase its earnings, i.e. the profit. The earnings gained in this way are shared with the members of the cooperative pursuant to an agreement that was concluded at the member's registration. The management also receives a monthly salary.

The profit that is realized with the functioning of the cooperatives, is directed towards new investments and new markets or it is deposited in the commercial banks. In order to strengthen the competitiveness, some cooperatives associate with other cooperatives or other agricultural entities i.e. trade chains, in order to make more profit.

In some countries, most cooperatives are grouped horizontally (the members are engaged in the same business) or vertically (with those engaged in another business), which also form large competitive systems that control a major part of the market. Such systems usually have primary production, processing, transportation, retail and wholesale. A significant amount of funds is earned in such companies that were created by the association of cooperatives, and these funds are intended for dividend payment, monthly earnings, as well as for new investments.

The association in agricultural cooperatives is a salvation for agriculture:

The association into cooperatives in Macedonia is currently at a very low level and out of a total of 52 registered cooperatives, only 15 are active. Some farmers are still doubtful about the existence of cooperatives and regard it as identical to the period of the 50s and 60s of the 20th century when their properties were confiscated. The experts in this field point out that the purpose of the new cooperatives is for the producer to have an inviolable right to ownership of the land.

Macedonian farmers today increasingly perceive the need to unite, because smaller producers fear that they will fail if they do not unite. Therefore they propose the adoption of laws that will lay down and stipulate the association of farmers on various grounds into new cooperatives. Globalization and increased competition in domestic and foreign markets pose major challenges for the survival of agriculture. In recent years, farmers have faced declining financial power due to increasing prices of raw materials, declining agricultural prices, poor market access and market imbalance, as well as the insufficient and inefficient cooperation with other participants in the supply chain. The lack of funds and the poor access to credits, raise the question of how farmers can best protect their economic interests. The solution should be sought in organizing farmers into companies that will enable them to jointly resolve problems that they are not strong enough to resolve individually. Indeed, the agricultural cooperative is a form of association that members need in order to improve their business, i.e. to increase their profits. This can be done in several ways:

-) Joint procurement of raw materials, whereby a larger volume of procurement is achieved, which will certainly bring lower procurement prices to the members who make that procurement, than to conduct the entire procurement individually;
-) Joint processing of primary products, whereby it will be performed in a joint processing plant which will make it easier to build, and achieve a larger volume of processing and larger quantities of unified product will be placed, which will ensure reliable placement and higher product prices, and all of this will lead to greater profits for each of the members (for example, with an agricultural product pepper that is being produced by a larger number of members - farmers, with joint plants for processing into ajvar, a cheaper investment will be achieved, as well as secure raw material, equal product quality, higher sales volumes, more secure placement and higher final product prices);
-) Joint sale of products whereby larger offered quantities, more secure placement and higher price will be achieved.

Table 1. Agricultural land in 000 hectares in Macedonia

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Agricultural land	1.064	1.014	1.121	1.120	1.268	1.261	1263	1264	1267	1266	1264
Arable land	521	513	509	511	510	509	512	514	517	517	519
Ploughland and gardens	424	420	415	415	414	413	413	415	417	417	418
Orchards	14	14	14	14	15	15	15	16	16	17	17
Vineyards	22	21	21	21	21	22	23	23	24	24	24
Meadows	61	58	59	61	60	59	60	59	59	60	60
Pastures	542	500	611	608	757	751	751	750	750	748	745
Ponds and fish ponds	1	1	1	1	1	1	1	1	1	1	1
Tobacco	17,1	17,8	20,3	19,7	19,6	19,2	17,7	16,0	16,4	16,0	16,5
% of tobacco plantations in relation to arable land	3.3%	3.5%	4%	3.9%	3.9%	3.8%	3.5%	3.1%	3.2%	3.1%	3.2%

Source: State Statistical Office

Table 2. Agricultural cooperatives that have been registered in the register by years

Year	2013	2014	2015	2016	2017	2018
Number of registered agricultural cooperatives in the register	7	11	9	10	2	4

Source: Register of agricultural cooperatives within the Ministry of Agriculture, Forestry and Water Economy

Below there is tabular data on the availability of agricultural land in Macedonia and the number of established agricultural cooperatives that can use that land. The analysis of the tabular data demonstrates that farmers dispose of sufficient agricultural area that they can cultivate, however the number of associations in the cooperatives is relatively small. In fact, our family, agricultural holdings have a very small structure, with fragmented properties. Therefore, only through forms of association, the aspiration for modern, market-oriented production can be accomplished, by complying with specifically established standards.

Conclusion

The previously indicated attitudes point to the conclusion that the existence of functional agricultural cooperatives in Macedonia opens favorable opportunities for the development of the agricultural sector, through joint action, combination of resources, joint presence in the markets and similar benefits.

Still, cooperatives currently face a number of organizational, legal and institutional challenges. When defining the recommendations for agricultural cooperatives, one should consider that joint and coordinated efforts by producers are required, as well as support from institutions. On the one hand, through proper education and motivation, it is necessary to encourage agricultural producers to unite in order to achieve a common economic, social and cultural interest. On the other hand, the state is obliged to provide an appropriate framework, a program and a mechanism to overcome the perceived obstacles and to ensure successful functioning of the cooperatives.

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