ASSESSMENTS REGARDING THE MANAGEMENT OF DEMOCRATIC AGRICULTURAL COOPERATIVES FROM ROMANIA

APRECIERI PRIVIND MANAGEMENTUL COOPERATIVELOR AGRICOLE DEMOCRATICE DIN ROMÂNIA

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Abstract: *In Romania, democratic agricultural cooperative is one of the most important forms of farmers association. Operating range areas of agricultural cooperatives are variable and the main criteria of appreciation of these fields is the size of exploited land. The objective of the cooperative management system is not to create a profit avoiding losses, but to create a structure of production planning, market development, acquisitions and favorable marketing activities in order to increase agricultural income of farmers' members by agricultural activities.*

Key words*: agriculture, cooperatives, management*

INTRODUCTION

Agriculture represents for Romania a strategic area of economic development and social integration of the rural population. At the same time, agriculture was and is a continuing challenge for resort institutions to find optimal solutions for solving critical problems of this field.

A solution is the association of farmers in specific structures which on one side sustain the land merging for an efficient exploitation and on the other side the establishment of unitary and economically efficient production structures. One of these associative structures is the democratic agricultural cooperative.

This paper is organized as follows: the first section presents the motivations of this analysis and the questions that the work must respond, section 2 presents informational resources used and a breakdown of

methodology applied, in the third section are analyzed all the management characteristics of agricultural cooperatives and its correlation with the activities of the cooperatives, the last section presents the conclusions of this paper.

The motivation of this paper is to analyze how democratic agricultural cooperatives management is implemented at the level of these forms of association for the efficiency of members' activities.

Questions that work needs to provide answers for are:

1. What is the relationship between the size of farmed land area and activities of the agricultural cooperatives?
2. What is the main objective of agricultural cooperative management system?
3. What are the characteristics of long-term management plan?

MATERIAL AND METHODS

With a profile that fits the business management needs of farmers, agricultural cooperative is the best framework for production and marketing. In order to analyze the management system of agricultural cooperatives, sources of documentation are: Agricultural Cooperatives Law no. 566/2004, The final activity reports of the National Agency for Agricultural Consultancy for 2008 and not least Mr. Hiroshi Terunuma work entitled "Management of agricultural cooperatives". Based on this work, an overview of a specific management framework forms of agricultural associations designed to contribute to sustainable development of rural areas was analytically shaped.

RESULTS AND DISCUTIONS

Romania is now in the position to implement the Common Agriculture Policy. Our country has heterogeneous structures and sizes of farms, which is why the national agricultural policies have to sustain the rehabilitation of the notion of cooperative, compromised during the totalitarian period. General knowledge about the cooperative is still mainly based on negative experience of former Agricultural Cooperative Production (CAP), which existed from 1947 until 1989.

After the abolition of former agricultural production cooperatives were created about 4 million small farms, each having an average of about 2-3 ha of arable land. Subsequently, almost half of them were abandoned. So, agriculture trade imbalance regarding agricultural products grew. In this context family farms face a lack of stable markets as it needs to purchase quality raw materials, and this often takes place to the disadvantage of farmers, which feel the difficulty of investments in agricultural activities due to their limited capital.

Solving these problems consists of approaching a new concept of association, which differ radically from "socialist cooperative" and is based on democratic principles, used around the world. Thus, an agricultural cooperative is based on free choice of each farmer, the joint needs to have a business and facilities are used jointly.

Agricultural Cooperatives Law passed in Parliament in December 2004, entered into force in January 2005 and established the legal framework concerning the organization, operation and management objectives of agricultural cooperatives and cooperative unions. After the law was adopted it was imperative that farms in Romania clearly understand the spirit of the enactment, forgetting about the prejudices of the past and reflecting effectively at actions that have to be taken, so that farms are well managed with high efficiency.

Fields of activity of agricultural cooperatives characterize the evolution of these forms of association in relation to the size of agricultural land operated. This can be seen, as shown in Table 1, that agricultural cooperatives have been created mainly in the holdings of small areas of land or areas where is not required for production. In the first case we refer to the horticultural field, where production manufacturers use small areas of land compared to large farms. It can be observed the largest share of this type of cooperative. A second case is the beekeeping with agriculture activities and fisheries. They do not require for production land and rank second as the sum of the percentages in the top areas of activity.

Table 1

Percentage share of the business areas of agricultural cooperatives established under Law 566/2004

Crt. No.	Field of activity	Structura procentuală
1	Fish farming	5%
2	Cereal cultivation	10%
3	Livestock	10%
4	Beekeeping	14%
5	Activities within the range of agricultural domain (services, marketing)	20%
6	Horticulture (vegetable, fruit, viticulture)	41%

As can be seen in Figure 1, in the opposite part there are agricultural exploitations which have large surfaces of land, as in the case of cereal cultivation and zootechnics. Structure percentage points in this case a small number of agricultural cooperatives established.

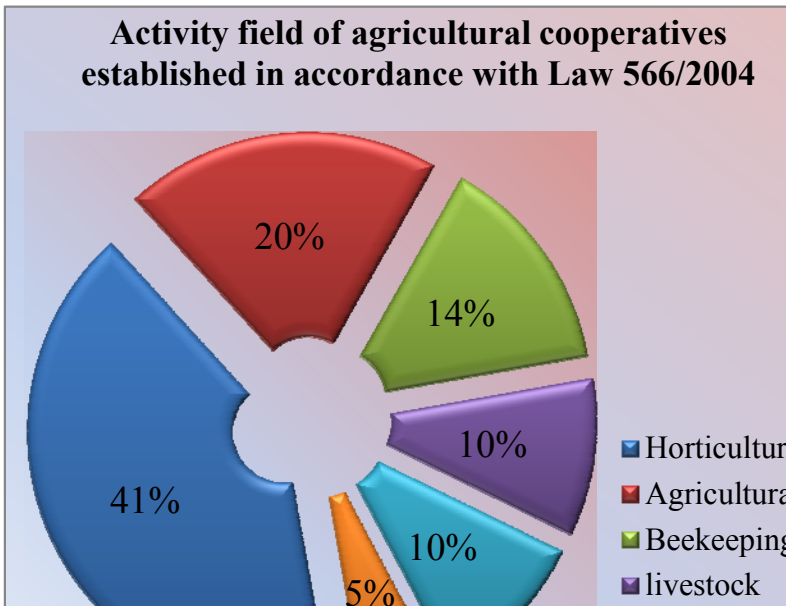


Fig. 1 Activity field of agricultural cooperatives

So, as a specific feature of agricultural cooperative it can be stated that reluctance to establish is higher for farmers who have large areas of land, while small farm owners are willing to share production capacity in the cooperative.

In order to achieve economic benefit for their members, agricultural cooperatives have to prepare a management plan by predicting the results of activities after a certain period, giving directions and commands to the organizations, coordinating implementations of plan by each section and activities of organizations, formulating necessary organizations to implement the plan, and controlling overall procedures.

As mentioned by Terunuma H., the president or General Director of the agricultural cooperatives must offer answers to the following questions:

a. What kind of business will be conducted this year in the agricultural cooperative?

b. What products will be obtained by the agricultural cooperative and what is the quantity to market?

c. What kind of facilities and how much funds are necessary in order to achieve the targets?

d. What are the costs to achieve that and how much revenues are expected?

e. What is the deadline for these procedures and what kind of measures are to be taken?

f. In case those procedures were not done according to the plan what are you going to do?

The main objective of management plan of agricultural cooperative is to improve farm management of members. Lack of market functions for production and shipping control and intensified competitions by globalization of agriculture led to the decrease of Romanian agricultural products price. This price is unstable and his fluctuation will bring serious influence to farm households. In this context, raises roles of agricultural cooperatives. Success of agricultural cooperative movement is determined by the following conditions:

Specialized (full-time) farm households and entrepreneur fostering.

High quality products marketing by those types of farm households.

Securing unified collection and marketing of all of those products by agricultural cooperative.

Establishment of service offered by agricultural cooperative in order to reduce production costs.

In other words, the objective of a cooperative management plan is not to create a profit avoiding losses, as in the case of an enterprise management, but to create a structure of production planning, market development, acquisitions and favorable marketing activities in order to increase agricultural income of farmer's members by agricultural activities. Also, in the case of a developed cooperative, farmers can be assisted with loan funds agricultural management or agricultural insurance.

Management Plan

Commercial activity of a cooperative does not end after one year, but must continue with the farm management activities to improve economic conditions of farms members. In this context it is necessary to create a long-term management plan. Depending on the size of agricultural cooperative, the number of employees and their experience, extensive efforts have to be taken and a series of necessary steps have to be followed in order to achieve its implementation. For the preparation of a long-term management plan is necessary that the president examine rigorously cooperative necessities and establish discussions with members regarding its elements. Therefore, is democratically to take into consideration all opinions of the cooperative members in order to optimize streamline activities. A management plan can be divided into different categories according to the following characteristics:

a. The plan classification by terms

In this category there are two types of plans: "Long-term Plan" and "Short-term Plan". The long-term Plan can be divided by the length of the period such as 3 year plan or 10 year plan.

b. The plan classification by contents

In this category there are two main types of plans: "Individual Plan" and "General Plan". In the individual plan are the Marketing Plan, Facility Plan or Purchasing Plan of Inputs

c. The plan classification by figures

This category is used in the case that there are concrete quantities regarding marketing, production or amount of money.

To ensure successful implementation of the management plan is necessary that it is prepared with farmers through effective communication

channels. The steps included in the plan should (as see in Fig. 2) guide, not impose, so that farmers do not feel pressed. Thus, they can create specific individual plans. If members do not feel included in the process of establishing a management plan will not consider it appropriate to follow and will prefer to pursue individual activities.

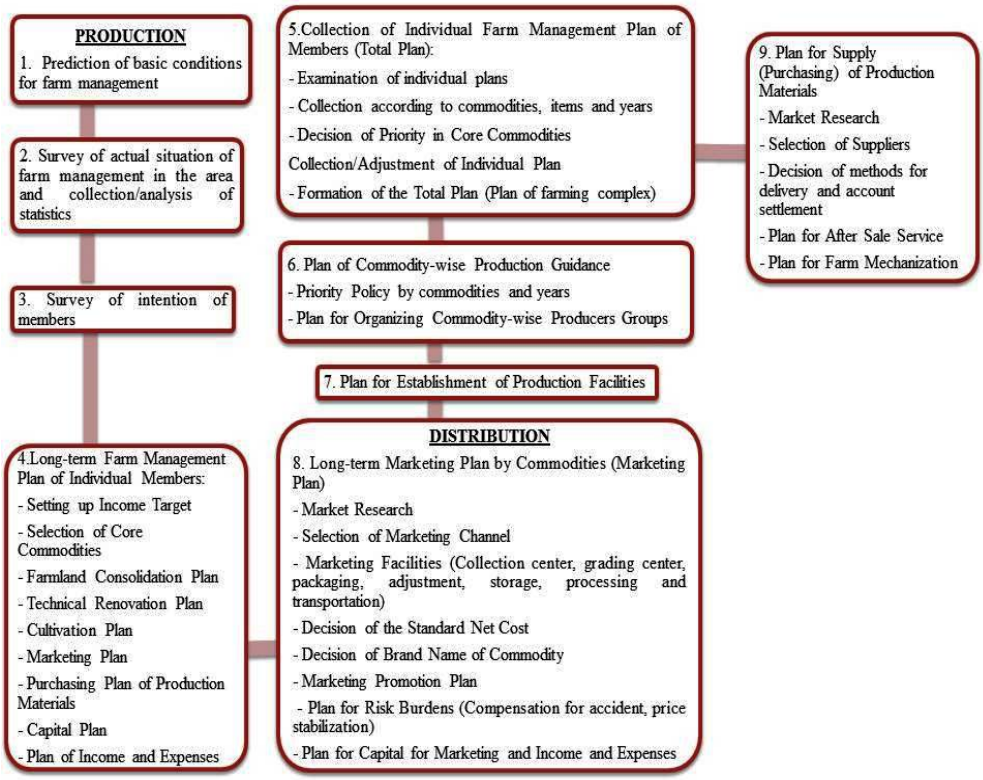


Fig. 2 The Flow Chart of the Long-term Farm Management Plan Production

CONCLUSIONS

Agricultural cooperatives in Romania are a viable solution to the problems faced by Romanian farmers.

Share of areas of activity of agricultural cooperatives in Romania is strongly in accordance with the land on which they exploit

Management of agricultural cooperatives should be developed through close collaboration between leadership of cooperative and its members.

The main objective of management plan of agricultural cooperative is to improve farm management of members.

Management plan of the agricultural cooperative is a complex structure characterized by specific elements of production on one hand and the distribution on the other.

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