



Social relationships and governing collaborative actions in rural areas: Some evidence from agricultural producer groups in Poland



Jan Fałkowski^{a,*}, Aleksandra Chlebicka^{b,1}, Beata Łopaciuk-Goncaryk^{a,2}

^a University of Warsaw, Długa 44/50, 00-241, Warsaw, Poland

^b Warsaw University of Life Sciences, Nowoursynowska 166, 02-787, Warsaw, Poland

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ABSTRACT

An important characteristic of the European Union's rural development policy is a continuous re-focusing from problems involving solely individual actions to problems involving collective actions. In this paper, we investigate factors encouraging positive solutions to coordination problems in rural areas by having a closer look at social interactions between individuals who decided to engage in collective action of participating in agricultural producer groups. Using a unique dataset from Poland, we differentiate between three types of organisations governing collaborative actions: groups with family bonds, groups based on acquaintanceships and groups without those two kinds of social ties. Our analysis provides some evidence that farmers who attach more weight to trust and cooperation organise producer groups around kinship and acquaintanceship relations. Further, we document that groups based on these two types of interactions seem to be smaller than groups which use impersonal mechanisms to solve commitment problems. Finally, we provide some evidence that using kinship or acquaintanceship relationships enables cooperation between heterogeneous farmers.

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1. Introduction

The European Union's rural development policy has been constantly evolving from a policy focusing on structural problems of the farm sector towards a policy addressing the multiple roles of farming in society and various challenges faced in a wider rural context (European Commission, 2008). An important consequence of this evolution is at least partially re-shifted focus of the major policy concerns. This involves moving from problems defined almost exclusively in relation to single agent's behaviour to problems where special attention is paid to social interactions involving collective action. That in turn requires paying more attention to coordinated behaviour of various social actors.

Examples of rural development policy measures explicitly related to this coordination challenge include, among others, support for transnational or transregional cooperation; support for establishing and functioning of Local Action Groups (LEADER

programme); or, at the very micro level, support for common initiatives undertaken by a group of individuals.¹ Concerning the latter, collective approach to agri-environmental contracts or farmers' producer groups can serve as an illustration.

This policy reorientation presents a challenge for researchers as it calls for a better understanding of how and why cooperative behaviour takes place. Equally important is to improve our understanding of determinants and consequences of using different organisational structures which are chosen by individuals to govern collaborative actions. This paper tries to address these challenges at least to some extent. To do so, we look at various organisational structures governing collective actions in rural areas. In the centre of our attention are agricultural producer groups. The main task of such a group is to organise joint sales of the output produced by

¹ Cooperation seems to be central also for strengthening the links between agriculture, food production and forestry sectors (e.g. see one of the detailed priorities in Rural Development Policy for the period 2014–2020). In accordance with Article 35 of the Rural Development Regulation No 1305/2013 rural development policy will support cooperation approaches among various stakeholders within agriculture and forestry sector, and food chains. This includes a wide range of types of economic, environmental and social cooperation. In this context, cooperation initiatives are encouraged in order to develop new products, processes and technologies.

* Corresponding author. Tel.: +48225549140; fax: +48228312846.
E-mail addresses: jfalkowski@wne.uw.edu.pl (J. Fałkowski), ola.chle@gmail.com (A. Chlebicka), bgoncaryk@wne.uw.edu.pl (B. Łopaciuk-Goncaryk).

¹ Tel.: +48225934239; fax: +48225934028.

² Tel.: +48225549146; fax: +48228312846.

individual farmers. Our focus is on various mechanisms which farmers use to govern coordination problems between them.

The literature distinguishes two different modes of sustaining cooperation. More specifically, cooperation may be sustained either based on the within-group mechanisms such as reputation or on the rules which are externally imposed and enforced by a third party (Olson, 1965; Greif, 2006; Bowles and Gintis, 2013).² Drawing on this division, in this paper we analyse the functioning of agricultural producer groups from the perspective of basic differences between personal and impersonal structures. To do so, we look at different social relationships which according to farmers were central for their decision to start the cooperation. More specifically, our data allow us to distinguish between farmers who conditioned their participation in a producer group on having there their relatives, those who decided to join a producer group because of having there their acquaintances and those for whom neither of these bonds seemed to be decisive in getting involved in collective action. In the paper we attempt to document basic differences between farmers belonging to these three categories. In particular, we investigate to what extent they differ in terms of their general attitudes to cooperation and their opinions on factors conditioning successful collective action. Moreover, we provide some evidence on differences in the composition of groups organised under these different mechanisms.

The specific empirical example which we use comes from Poland. The choice to look at collective action problems related to agricultural producer groups in this particular setting can be merited on three following grounds. First, the need for developing and strengthening horizontal integration among Polish farmers has often been advocated since local farms remain highly fragmented and their bargaining power is thus perceived as very limited (see e.g. Wilkin et al., 2007; Józwiak, 2008). In this context, it is clearly pointed that farmers may benefit from better organising themselves so as to improve their revenue opportunities and thus mitigate, if not overcome, the disadvantages of farmers' relatively weak position in the food supply chain. As a result, tighter cooperation between agricultural producers is often seen as a way to build the competitiveness of the farming businesses (see e.g. RDP, 2010).³ In this paper, we try to provide some insights on the extent to which cooperative equilibria between farmers may vary depending on various interpersonal relationships that farmers use to start collective action.

Second, in Poland, conviction about the need to organise farmers in producer groups has been reflected in the composition of the Polish rural development policy. In fact, measures supporting the emergence and functioning of producer groups have played an important role both before and after Poland joined the EU and had been embraced by the Common Agricultural Policy (see, for example, SAPARD, 2007; SPO, 2008; RDP, 2010). Yet, notwithstanding the state efforts to promote horizontal integration between farmers, the effects of measures supporting it have been assessed as moderate at most (Majewski and Perepeczko, 2001; Bondyra, 2003; Hardt, 2006; RDP, 2010; Malchar-Michalska, 2011). Consequently, despite the fact that the number of producer groups in Poland is constantly increasing, in 2012, the share of farmers benefiting from the Common Agricultural Policy who are members of producer groups is only 2%, whereas the value of products sold by producer groups accounted for only 5.7% of the

value of total commercial production (Chlebicka et al., 2014). To have a reference point, it is worth recalling that the latter share in countries such as France, Germany, Great Britain, or Spain, depending on the sector, oscillates in the range from 25% to 95% (Bijman et al., 2012). In this context, it seems interesting to see to what extent taking advantage of various types of interpersonal relationships can be used to overcome potential barriers to producer groups' development (such as commitment problem) and thus narrow the gap between Poland and other EU countries.

The third argument to investigate the issue in question using the example of Poland is the following. It has been widely acknowledged that a lengthy period of totalitarian rule in Central and Eastern Europe has negatively affected the level of social capital and the attitude towards cooperative behaviour (see e.g. Lovell, 2001; Paldam and Svendsen, 2001; Czapiński, 2008; Fidrmuc and Gërxhani, 2008; Murray, 2008).⁴ While the phenomenon of aversion to cooperative behaviour has been argued for the region as a whole, some researchers emphasise that this tendency has been particularly visible in rural areas. This is because, during Communism, in rural areas the state's actions to discourage voluntary cooperation was additionally strengthened by state-enforced collectivisation. As a result, not only the bottom-up cooperative initiatives were destroyed, but also individuals were forced to engage in ideologically motivated collective action on conditions dictated by the state. Based on this observation, negative consequences of the Communism on individuals' preferences to cooperate has often been called for as an explanation for a relatively low level of cooperation between farmers in Central and Eastern Europe (Majewski and Perepeczko, 2001; Bondyra, 2003; Chloupkova et al., 2003; Perepeczko, 2003; Csaki and Forgacs, 2008; Tisenkopfs et al., 2011).⁵ Thus, having a closer look at producer groups in Poland offers a unique opportunity to investigate examples of coordinated activities in the environment characterised by a long period of collective action forced by the state. To the extent that this led to the establishment of customs inducing individuals to treat formal cooperation with reserve, linking collective actions to social relationships that individuals have with one another might be particularly interesting.

The two main contributions of our paper are as follows. First, we try to contribute to the literature that investigates how social relations in rural areas are constructed and performed. While there are numerous studies which attempt to document various social relations in rural areas (recent studies focusing on Central and Eastern Europe include, for example, Furmankiewicz et al., 2010; Marquardt et al., 2012; or Macken-Walsh and Curtin, 2013), to the best of our knowledge, this paper is the first to investigate the role of interpersonal relations in setting-up and functioning of agricultural producer groups. Second, even though there is an extensive literature devoted to the relationship between social structure and cooperative behaviour (for excellent literature reviews see e.g. Jackson, 2008; De Marti and Zenou, 2011), studies linking it to rural development, although expanding (see e.g. Marquardt et al., 2012; Koutsou et al., 2014 or Furmankiewicz et al., 2014), are still quite limited. What follows, our understanding of how social structure relates to cooperative behaviour, especially in the context of rural

² Similar distinction between formal and informal mechanisms sustaining cooperation can be found in studies analysing collaboration between organizations (see e.g. Thomson et al., 2007).

³ It might be worth noting that this kind of argument is raised not only in Poland, but also at a broader European level.

⁴ This argument draws, among others, on a more general observation, namely that (totalitarian) dictatorships will consciously destroy values and beliefs promoting cooperation in order to minimise the probability of cooperation against the regime (see, e.g. Putnam, 1993; Wintrobe, 1998).

⁵ The large and long lasting effects of 45 years of Communist dictatorship on preferences and attitudes of people in Central and Eastern Europe has been documented also by Corneo (2001); Corneo and Grüner (2002), Barro and McCleary (2005); or Alesina and Fuchs-Schuendeln (2007). Earlier examples of such studies include, among others, Shiller et al. (1991, 1992).

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