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AGRICULTURAL COOPERATIVES IN SERBIA

ABSTRACT. Agricultural cooperative has a long tradition in the Republic of Serbia. In the past period, agricultural cooperative passed through various stages of development and operation, with ups and downs, both in its organization, and in material development. The goal of this study is to determine the state of cooperatives in Serbia. In this regard, following indicators and parameters were analyzed: the number, structure and main activity of agricultural cooperatives, types of services that cooperatives provide to their members, participation of agricultural cooperatives in the purchase of products, cooperative property, financial results, cooperative audits, and cooperative staff training. The sources of data were obtained using the methods of interviewing some 30 % of active cooperatives in RS, through

interviews and participatory methods of participation through workshops and groups of practicing students.

KEYWORDS: agricultural cooperatives, analysis of the state, cooperative farming

Introduction

Cooperative farming in Serbia is in a position to create a new concept of development of cooperatives, primarily due to the changes in the legal, economic and political state of the country. A great number of cooperatives faced with the difficulties reflected in the bad organizational-economic position that is not only outdated, but it is even worse in a number of cooperatives. The conditions in the cooperatives themselves had a great contribution to this, above all, poor organization, untrained management, failure to understand the essence of the cooperative organization, personal interests, etc. However, the current status of cooperatives doesn't have the strong support of the state, especially when it comes to support of the reaffirmation of the original cooperatives based on the principles of international standards, although a number of activities is started, primarily by the Ministry of Agriculture and Forestry, but because of weaknesses in cooperatives, effects are insignificant.

Materials and working mode

Applying the interviewing method, the primary data sources were obtained for 30 % of active cooperatives in Serbia, and using the participatory method through workshops and groups. From secondary data sources, only available data from the Cooperative register, from the business and financial reports, as the results of previously conducted analyzes of Cooperative Association, the Ministry of Agriculture and other government and non-governmental organizations were used.

Results

Cooperative farming has a long tradition in the current agricultural state in Republic of Serbia. Based on the available data, 584 agricultural cooperatives are registered with 4,200 employed workers, having 11,000 members. According to these data, a cooperative has an average of 19 cooperative members, which reflects the modest

achievements of agricultural cooperatives, but this form of organization covers only about 4 % of agricultural producers.

However, according to data available to the Agricultural Cooperative Association, based on an established registry, 547 cooperatives were founded. Classification by economic regions of Serbia was used while analyzing the regional distribution of agricultural cooperatives.

Table no. 1

TOTAL NUMBER OF AGRICULTURAL COOPERATIVES BY REGION

Region of the Republic of Serbia	Vojvodina	Belgrade	Sumadija	Southwest	Southeast
Number of the agricultural cooperatives	238	75	108	67	59

In the last period, cooperatives were mostly left to themselves without the established mechanisms of support and control. Such a situation resulted in frequent disruption of cooperative principles, as well as other negative non cooperative tendencies. It all resulted in the creation of a negative perception of the cooperative concept as non effective model regardless of the real role this sector has in the economies of the developed countries.

Research conducted on 1,590 agricultural holdings showed that 5.3 % of them are members of a cooperative, and that only 4.55 % of them sales their products through cooperatives or associations, and that only 20.3 % are satisfied with the work of cooperatives or associations. Because of these and other adverse facts which demonstrate the state of the cooperative sector in Serbia, thorough reform with full respect for the character and interests of the operation of such a form of organization of agricultural producers is necessary. Once a successful integrator of agricultural farms with buyers and processors of their products, equipment and material suppliers lost its role. Mediating role of cooperatives took over the private trade sector on whose business policy agricultural producers have no influence whatsoever.

As one of the criteria for the classification of agricultural cooperatives, their status in terms of whether their business is active or not is used. Based on the database of the Serbian Agricultural Cooperative Union, from the total number of agricultural cooperatives, 186 of them or 34 % have an active status or perform

active business, while the remaining 299 agricultural cooperatives were qualified as inactive. 25 agricultural cooperatives are subject to bankruptcy and in the process of liquidation there are 37 cooperatives¹.

Table no. 2

STRUCTURE OF AGRICULTURAL COOPERATIVES BY THEIR BUSINESS ACTIVITIES

Type of cooperative	Active cooperatives	Inactive cooperatives
General type cooperative	122	245
Dairy cooperative	14	23
Beekeepers cooperative	25	18
Fruit growers cooperative	22	9
Snail breeders cooperative	0	4
Business cooperative union	3	0

The largest number of inactive cooperatives is located in Vojvodina and central Serbia.

Table no. 3

CLASSIFICATION OF AGRICULTURAL COOPERATIVES ACCORDING TO THEIR BUSINESS ACTIVITIES

Region of the Republic of Serbia	Vojvodina	Belgrade	Sumadija	Southwest	Southeast
Active agricultural cooperatives	69	36	39	22	20
Inactive agricultural cooperatives	105	49	79	35	31
Bankruptcy	11	4	6	3	1
Liquidation	14	9	7	4	3
In total per region	238	75	108	67	59
% active	28,99	48,00	36,11	32,83	33,89
% inactive	44,11	65,33	73,14	52,23	52, 54
In total %					

¹ Agricultural cooperatives register of the Republic of Serbia.

The analysis of the representation of agricultural cooperatives showed that the largest number of agricultural cooperatives is registered in the territory of Vojvodina, where there is the largest number of inactive cooperatives at the same time (44 %).

The largest number of cooperatives which justified its being, i.e. those that continued with its operations is also focused on the territory of Vojvodina.

Taking into account the two criteria based on which the classification of agricultural cooperatives in Serbia was performed, the conclusion is that over 65 % of the total number of agricultural cooperatives do not have a status of an active cooperative.

A review of the situation in terms of agricultural cooperatives of the Republic of Serbia in terms of carrying out their business activities, it became obvious it is necessary to perform more frequent and comprehensive audit of cooperatives in the sector of agricultural cooperatives, with the aim of identifying elements that adversely affect its further development.

The significance of cooperatives for the development of the agricultural sector and the Serbian economy

The contribution of cooperatives in the total value of agricultural production and processing is partly reflected through their own agricultural production (cooperatives that have production resources) and partly through contracting and purchase of agricultural products. Bearing in mind the fact that the production of agricultural cooperatives is negligible, the main contribution of cooperatives is reflected in the value of production of its members. The best proof of that is the fact that only 5 % of farmers operates through cooperatives.

Cooperative audits are primarily intended to determine the state of the cooperatives, their form of organization, scope of operations, financial operations, etc. Their purpose is contained in remedying irregularities and thus improving the operations of the cooperatives. Agricultural cooperatives carrying out business activity and fulfilling its objectives should be encouraged in their further activities.

In 2012, a regular audit for 181 cooperatives was made¹.

In addition to the usual control procedures of respecting cooperative rules, attention was paid to whether the cooperatives aligned their operations with the Law on Agricultural Cooperatives and the Regulation on the harmonization of activities. Forty cooperatives have

¹ Report on conducted cooperative audits for 2011, Cooperative Association 2011.

aligned its operations with the law, while 47 did not, or were in the course of these activities at the time of the audit. Revised cooperatives (186) i.e. 181, because five cooperatives did not have any business activities, achieved total revenue of 82,717,000 m2 (457,000 m2 per cooperative) and total expenses of 92,310,100 m2 (510 thousand m2 per cooperative). The loss of 10,086,515 m2 was recorded by 127 cooperatives and 48 cooperatives achieved gaining in the amount of 498,177 m2, while 16 cooperatives had no business activities at all. The net financial result of all cooperatives is negative -9,593,228 m2. This review also showed that the cooperative sector, on average, operating at a loss (average loss per cooperative was 63,085 m2).

Twenty-seven cooperatives did not have a single employee, and other cooperatives had 1,692 employees (an average of 9.2 per cooperative). Thirteen cooperatives have had more than 50 employees. The average ratio is 4.2 cooperatives per one employee. Cooperatives had 7,102 members i.e. 39.2 per cooperative. Number of its members ranges from 5 (minimum required by law) up to 183 per cooperative. It is interesting that one cooperative had more employees (55) of the other 51 agricultural cooperatives. Another curiosity is a cooperative with 130 members and not even one employee. A total asset of all cooperatives audited was 45 million m2. Eight cooperatives did not have any assets, and remaining had on average 850 thousand m2. Assets of cooperatives range from one thousand m2 up to 6 million m2.

Such a small importance of cooperatives in contracting, acquisitions and purchase of agricultural products in Republic of Serbia is incomparable with the agricultural cooperative of developed EU countries. In most EU member states, agricultural cooperatives occupy a significant participant on the market, especially the market of agricultural products (83 % in the Netherlands, 79 % in Finland, 55 % in Italy and 50 % in France). Observed by specific products, for example agricultural cooperatives in Slovenia account for 72 % of the milk production, 79 % in the live stock breeding, 45 % in wheat production and 77 % in the production of potatoes.

Conclusion

It is necessary to create such conditions that will allow the affirmation of all cooperative values in order to develop agricultural cooperative based on contemporary principles of cooperatives of developed countries, appropriate to the needs of the modern economy development. In this context, it is necessary to train personnel and strengthen cooperatives and cooperative alliance along with the

elimination of voluntarism and expedience in them, to implement appropriate regulations according to specifics of cooperatives, to create conditions for the development and establishment of autonomous, economically viable and democratically managed cooperatives, to complete the restitution process, to educate staff how to conduct business cooperatives, etc.

Despite one century old tradition that cooperatives in Serbia have, they are in a severe crisis for a long time. Therefore, one of the goals should be a redefinition of the role and importance of cooperatives and thorough revitalization of cooperatives in Serbia, which should be two-way: the first, the consolidation of existing cooperatives in which it is possible to implement that, starting from the above principles, and the second, creating conditions and support the foundation of new agricultural cooperatives based on the original cooperative values. The basic premise in the agricultural and rural development is the sustainable development in which agricultural cooperative has played an indispensable role. The role of agricultural cooperative in the future should be to use its actions to affect the reduction of social and economic divisions, and to make it a fair-dealing process.

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ПРОБЛЕМИ ОЦІНКИ РОБОТИ НАГЛЯДОВОЇ РАДИ АКЦІОНЕРНОГО ТОВАРИСТВА

АНОТАЦІЯ. Для повної та обґрунтованої оцінки роботи наглядової ради необхідно виділити фактори, які впливають на цей процес. Вони дозволяють визначити та описати основні можливі проблеми