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NECESSITY AND BENEFITS OF THE COLLABORATION OF FARMERS

Existing problems that are related to prices along the supply chain of food products are becoming more and more visible on international level. On one hand, the purchase prices of primary (agricultural) products are very low. On the other hand it is found that prices paid by consumers of food are high. The analyses claim that the main part of the value added of the chain from production to final realization of the products is acquired by traders and processors and a very small part remains for farmers. The main reason for this is said to be fragmentation of agricultural production as a result of which the process of negotiating purchase prices and eventually farmers turn out to be economically the weaker party.

The necessity to enhance cooperation between farmers in order to increase the competitiveness of both agriculture and the food processing industry is a prerequisite for the emergence and development of various forms of collaboration, coordination and cooperation. Unification of the owners creates conditions for taking over stronger market positions and better opportunities for realization of the production, which in turn makes producers of primary agricultural products to receive greater share of the value added of the final product.

The aim of the paper is to present the main benefits and requisite of collaboration of farmers.

In the scientific literature there are a number of studies and publications concerning the main features and benefits of collaborative networks. Some of them focus their attention on the importance and functions of network structures (Gellynck and Kuhne, 2010; Omta, 2004; Matopoulos, 2005; MacKinnon, 2002), and others to stimulate innovation in agribusiness and the various practices of cooperation between manufacturers (Brennan and Dooley, 2005; Daskalakis and Kauffeld-Monz, 2005).

Network cooperation is considered by some authors (Asans, 2015) as a strategic challenge, firstly because farmers decided to get together in order to increase their competitiveness, and secondly because the economic situation is forcing them to seek allies for the survival of agriculture. Network structure provides a challenge for co-development, which consists in sharing experience, innovation, controlling the intensity of competition or to gain access to resources that are not internal property. According to Brown and Locket (2004) networks are seen as highly developed form of cooperation. Some authors (Asans, 2015) consider the network as a collaboration between farmers, which aims to boost competitiveness.

Generally acknowledged necessity for unification in different network structures of cooperation has led to the formation of a number of functional clusters, producer's

organizations and informal networks that differ in features that should be implemented; activities that regulations allow them to perform; the degree of democratic participation in the management of the network structure and the degree of independence of the management, which each participant has in the network in terms of his own farm, cooperative or trading company.

The existence of networks is a prerequisite for sustainable forming of economic relations in agriculture, increasing profitability and guaranteeing the income of individual farms. At the same time as a functioning market structures they imply democratic representation and defend the position of farmers in the areas of supplying factors of production, processing and marketing of finished products, not only regionally but also nationally.

It is needed to motivate farmers to participate in network structures through giving them access to get to know about positive experiences and the effects of similar formations in other countries of the European Union and beyond.

Network structures are considered as an opportunity to overcome the influence of the monopoly firms that deal with processing and marketing because that negative influence occurs in a number of sectors and areas.

Through the participation of farmers in clusters, producer organizations and other forms of cooperation networks it is observed that they overcome the behavioral manifestations of opportunism when there is a breach of contractual agreements and build trust among them. It turns out that availability of well developed internal rules and constitutive treaties leads to improved relationships between individual members, raising awareness of their abundance and leading to prosperity of the network and its sustainable development, which is reflected in increased economic result of activities of each owner. This is achieved not only by reducing production, but also by reducing transaction costs. Representation which is a result of participating in the network structure and contracts made on its behalf become cost savings for the conclusion and implementation of transactions in the realization of agricultural production.

Literature review of scientific papers on the issues of collaboration of farmers in networked forms of organization, gives rise to the following conclusions. It is observed a weak cooperation between farmers, processors and traders due to lack of traditions, fragmentation of production, lack of appropriate forms and incentives for building long-term partnerships. This problem is an obstacle for long-term planning. Therefore, promoting cooperation between farms should be a priority in order to improve their market position, to increase their productivity through optimal use of resources, and to be able to take advantage of emerging market opportunities. It is also necessary to promote the benefits from the operation of a variety of organizational forms. As well as raising awareness of farmers about the possibilities for applying for funding for different measures of the EU Rural Development Programme encouraging their collaboration. Last but not least is needed in-depth study of the functioning organizations globally.

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