

The potential of rural cooperatives development in Albania: challenges and benefits

**Dissertation
to obtain the doctoral degree of Agricultural Sciences
(Dr. sc. agr.)**

Faculty of Agricultural Sciences

University of Hohenheim

Institute of Farm Management

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submitted by

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Table of contents

I.	List of figures:	6
II.	List of tables:	6
Acknowledgment		8
SUMMARY		9
ZUSAMMENFASSUNG		11
CHAPTER I		13
1.	General Introduction	13
1.1.	The background, research idea and objectives	13
1.2.	Country Profile in the Dairy Sector	15
1.3.	Methodology	22
1.4.	Structure of the dissertation	22
CHAPTER II		27
2.	COOPERATIVE EVOLVEMENT THROUGH POLITICAL ERA / EPOCH: ALBANIAN'S CASE AND COMPARISONS	27
2.1.	Introduction	28
2.2.	Material and Methods	28
2.3.	Results	31
2.3.1.	Comparative analysis according to different regions	31
2.3.2.	Major development and cooperative perspective in Albania	33
2.4.	Discussions	40
2.5.	References	41
CHAPTER III		45
3.	Are local rules the shadow factor in the development of cooperatives? Albanian case	45
3.1.	Abstract	45
3.2.	Introduction	46
3.3.	Theoretical framework and literature review	48
3.4.	Material and Methods	51
3.4.1.	Data and sampling	51
3.4.2.	Measurement development	52
3.5.	Results	56
3.6.	Discussion and Concluding Remarks	59
3.6.1.	Discussion	59
3.6.2.	Conclusions	61
3.7.	References	62

CHAPTER IV.....	69
4. Is this the revival of cooperatives era in Albania?	69
4.1. Introduction and Background	70
4.2. Methods.....	73
4.3. Co-operative case - Myzeqeja Farm	74
4.4. SWOT profile of agriculture sector in Albania	77
4.5. Farmers' survey.....	79
4.6. Conclusions and recommendations.....	84
4.7. References	85
CHAPTER V.....	87
5. Contract farming approach at the farm level: Evidence from the dairy in Albania	87
5.1. Abstract.....	87
5.2. Introduction.....	88
5.3. Theoretical approach	89
5.4. Material and Methods	93
5.5. Measurement development	94
5.6. Results	97
5.7. Discussion and recommendations	100
5.8. References	101
CHAPTER VI.....	105
6. Determining Factors that Affect Farming in the Albanian Milk Sector	105
6.1. Introduction - Country profile.....	106
6.2. Research framework.....	108
6.3. Material and Methods.....	110
Sample	112
6.4. Results	113
6.5. Discussion.....	117
6.6. References	118
Annexes.....	123
CHAPTER VII	124
7. Discussion of the Dissertation	124
7.1. The imagine of cooperatives and their impact the development of this movement	125

7.2. The role of governmental institutions in supporting cooperation and farmers' organizations	126
7.3. The effect of local rules on the willingness of farmers to corporate through the mechanism of social capital, trust, and leadership	127
7.4. The influence of contract farming in cooperation.....	129
7.5. The approach of Albanian farmers toward risk taking and innovative initiatives	131
8. Conclusions and Recommendation.....	133
List of references	136
Declaration in lieu of an oath on independent work	154
Curriculum Vitae	155
List of Publication in the Dissertation	157
Conferences presentation and participation	158
The farm questionnaire.....	159

I. List of figures¹:

Figure 1 Milk production in 2017 (thousand tons)	15
Figure 2. Map of Fier region in Albanian	18
Figure 3. The role of Marketing and Supply Cooperative	27
Figure 4. Analyses of Albanian Farm sector	33
Figure 5. Cooperation research framework for local rules	49
Figure 6. Myzeqeja Farm Organization	73
Figure 7. Agricultural inputs	75
Figure 8. Production sector	76
Figure 9. Agroindustry	76
Figure 10. CF Research framework	90
Figure 11. Picture taken on the field: Cows resting in the farm	105
Figure 12. Confirmatory factor analysis	115

II. List of tables²:

Table 1 Albanian Livestock structure (thousand animals)	15
Table 2 Regional distribution of cow milk	19

¹ Number of figures have been adapted from the publication paper to the dissertation format to make it easier for the reader
² Number of tables have been adapted from the publication paper to the dissertation format to make it easier for the reader

Table 3. Different cases, different countries	31
Table 4. Two main laws on cooperatives in Albania	34
Table 5. Socio-Demographic of the sample (local rules)	50
Table 6: Validity, reliability and measurement model goodness of fit (LR)	51
Table 7: CFA standardized factor loadings	52
Table 8: Summary of variables of the study	53
Table 9. Structural Equation Model Results (LR)	56
Table 10. Mediation Analysis (LR)	57
Table 11 Group age of the Albanian population for 2017	68
Table 12 Structure of livestock in Albanian agriculture in 2017	70
Table 13. Socio-Demographic aspects of the sample cooperative case study	72
Table 14. The importance of selected issues by farmers judgments	78
Table 15. The trust among farmers and their relationships	79
Table 16. Farmers attitude towards price premium expectation due to cooperative membership	80
Table 17. Farmers opinion on insurance of the inputs and their selling with a reduced negotiation cost	81
Table 18. Relationships with collector and sales channels	81
Table 19. Socio-demographic of the sample CF	91
Table. 20 Standardized Regression Weights for CF	92
Table 21. Measurement model goodness of fit for CF	94
Table 22. Validity and reliability for CF	94
Table 23. Factor correlation matrix with square root of the AVE on the diagonal for CF	95
Table 24. Structural Equation Modeling Results of CF	97
Table 25. Mediation Analysis of CF	98
Table 26. Value chain of dairy	104
Table 27. Model fit values for Innovation	110
Table 28. KMO and Bartlett's Test for Innovation	110
Table 29. Socio-demographic of the sample in innovation	111
Table 30. Factor Analysis - Pattern Matrix Innovation	113

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SUMMARY

Promising but particularly challenging remains the agricultural sector in Albania even after almost three decades of transition and the collapse of communism regime. The country is located in a very strategic geographical area of Europe, tempting for centuries to its neighbors is struggling to find the way to promote the agriculture sector.

On the other hand, the agriculture sector contributes to almost half of the employment in Albania and accounts for about one-fifth of the gross domestic product (ILO - International Labour Organisation, 2018). Roughly 60% is subsistence farming meaning that small and family farms with an average of 1.2 ha to 2 ha is the most common profile of the farmers (INSTAT, 2018). Combining this with the land fragmentation, for instance two or more rather small parcels per farm, geographically spread, generates a challenge for farmers. As a consequence of the land reform implemented in the early 1990s, in which state agricultural land was equally distributed to the rural population, which resulted in small and fragmented farms that hampered the growth and competitiveness of agriculture.

Due to negative experience in the past, Albania, farmers tend to be hesitant to form or join organizations such as cooperatives, as in many other post communism regime countries. However, there are signs of change, as the first movements of cooperatives establishment have started, even though initiated by external factor such as international projects provided by GIZ, FAO and many other foreigner programs. The two major objectives of this research are: first to highlight the obstacles why farmers are hesitant to participate in cooperation even after three decades of regime change. Secondly, the benefits and the mechanisms to promote this movement, as well as the impact it might have in further development of agriculture in the country.

Based on this observations and consecutive problematic this dissertation analyzes the potential of cooperative development in the following key issues: cooperatives evolution within the last decades, governmental institution supporting role in this movement, the factors that influence the willingness of farmers to or not to cooperate. The research has taken place in the main villages/areas of Lushnja and Fier district covering about 25% of the Albanian national milk/dairy cow per head (INSTAT, 2018). The research sample included 238 farmers involved in cow milk production who were selected randomly by the interviewers. The interviewed

farmers were all personally involved in farm activities, including the production and sale of cow milk

Furthermore, the findings show the importance of governmental institutions in the promotion and the support for the development of cooperatives. Their role is fundamental as they play the leading and managerial role of the policy implementation. Moreover, a particular importance has shown the indirect affect that local rules have on cooperation. From the findings, it emerges that the main and most noteworthy mechanism of how local rules affect willingness to cooperate is by constructing social capital. Without leaving apart the determinants of the local rules, trust, and leadership skills in cooperation taken individually and in relation to each other (Agrawal 2001, Ostrom 2009, Ostrom and Mc Ginhis 2014).

Summarizing the above mentioned major findings and in conclusion, innovative initiatives is a process in itself that should be elaborated and supported broadly to deliver the importance it brings in the development of the farm or in the farmers organization such as cooperatives, without leaving aside the impact it might have in the community (Dossa and Kaeufer, 2014; Bocken et al., 2013; Weltzien, 2011).

A challenging initiative does not make it not valuable and uncertain but should intrigue the community to incorporate new possibilities.

ZUSAMMENFASSUNG

Der Agrarsektor in Albanien ist vielversprechend, stellt aber dennoch besondere Herausforderungen, selbst nach dem Zusammenbruch des kommunistischen Regimes und nahezu drei Jahrzehnten des Übergangs. Das Land befindet sich geografisch in einer sehr strategisch bedeutsamen und daher über Jahrhunderte für die Nachbarn einladenden Region von Europa, was es schwierig macht, einen Weg zur Förderung des Agrarsektors zu finden.

Andererseits trägt der Agrarsektor nahezu zur Hälfte der Beschäftigung in Albanien bei und ist für ungefähr ein Fünftel des Bruttoinlandsprodukts verantwortlich (ILO - International Labour Organisation, 2018). Bei etwa 60 % handelt es sich um Subsistenzwirtschaft, was bedeutet, dass kleine und von Familien betriebene Bauernhöfe mit durchschnittlich 1,2 ha bis 2 ha am häufigsten vertreten sind (INSTAT, 2018). Wird dies mit der Flächenzerstückelung kombiniert, z. B. zwei oder mehr eher kleine Parzellen pro Bauernhof, die verteilt räumlich sind, stellt dies für Landwirte eine Herausforderung dar. Als Folge der in den frühen 1990ern implementierten Landreform, bei der im Staatsbesitz befindliche Agrarflächen in gleichem Umfang auf die Landbevölkerung aufgeteilt wurden, was zu kleinen und zerstückelten Bauernhöfen führte, wurden Wachstum und Wettbewerbsfähigkeit des Agrarsektors erschwert.

Aufgrund der negativen Erfahrungen in der Vergangenheit tendieren Landwirte in Albanien dazu, zögerlich zu sein, was die Bildung von Organisationen oder Kooperativen oder einen Beitritt zu diesen betrifft, was auch in vielen anderen postkommunistischen Ländern der Fall ist. Allerdings gibt es Anzeichen für einen Wandel, da die ersten Bildungen von Kooperativen begonnen haben, auch wenn dies durch externe Faktoren initiiert wird, z. B. durch internationale Projekte, die durch GIZ, FAO und viele andere ausländische Träger vorhabens angeboten werden. Die zwei Hauptziele dieser Forschungsstudie sind: Zuerst die Hindernisse hervorzuheben, warum Landwirte zögern, sich selbst nach drei Jahrzehnten Regimewechsel an Kooperationen zu beteiligen. Zweitens die Vorteile und den Mechanismus zur Förderung dieser Bewegung herauszustellen sowie den Einfluss, den sie auf die weitere Entwicklung des Agrarsektors im Land haben könnte.

Auf der Grundlage dieser Beobachtungen und der daraus folgenden Problematik analysiert diese Dissertation das Potenzial für die Entwicklung von Kooperativen im Hinblick auf die folgenden Schlüsselthemen: Entwicklung von Kooperativen innerhalb der letzten Jahrzehnte, die unterstützende Funktion staatlicher Einrichtungen bezüglich dieser Bewegung sowie die

vorhaben Faktoren, welche die Bereitschaft von Landwirten beeinflussen, zu kooperieren oder nicht. Das Forschung wurde in den wichtigsten Dörfern/Regionen der Lushnja- und Fier-Bezirke durchgeführt, was ca. 25 % der nationalen albanischen Milchproduktion pro Kopf abdeckt (INSTAT, 2018). Die Stichprobe der Forschungsstudie umfasst 238 Landwirte in der Kuhmilchproduktion, die von den Interviewern auf Zufallsbasis ausgewählt wurden. Die interviewten Landwirte waren alle persönlich an landwirtschaftlichen Aktivitäten beteiligt, also Produktion und Verkauf von Kuhmilch mit einbezogen.

Darüber hinaus zeigen die Ergebnisse die Bedeutung staatlicher Einrichtungen, was die Förderung sowie die Unterstützung der Entwicklung von Kooperativen betrifft. Deren Rolle ist fundamental, da sie im Hinblick auf die Implementierung des Regelwerks eine zentrale und führende Rolle spielen. Außerdem hat sich die besondere Bedeutung der indirekten Wirkung gezeigt, die lokale Vorschriften auf eine Kooperation haben. Die Ergebnisse zeigen, dass der wichtigste und bemerkenswerteste Mechanismus, wie lokale Vorschriften die Bereitschaft zur Kooperation beeinflussen, die Schaffung von Sozialkapital ist. Wobei lokale Vorschriften, Vertrauen und Führungsqualitäten als Bestimmungsfaktoren einer Kooperation individuell und in Beziehung zueinander nicht außer Acht gelassen werden dürfen (Agrawal 2001, Ostrom 2009, Ostrom und Mc Ginhis 2014).

Fasst man die oben genannten, wichtigen Ergebnisse zusammengefasst, sind innovative Initiativen abschließend der Prozess, der näher ausgeführt und umfassend unterstützt werden sollte, um die Bedeutung für die Entwicklung von landwirtschaftlichen Betrieben oder landwirtschaftlichen Organisationen, wie z. B. Kooperativen, zu vermitteln, ohne die Auswirkung auf das Gemeinwesen außer Acht zu lassen (Dossa und Kaefer, 2014; Bocken et al., 2013; Weltzien, 2011).

CHAPTER I

1. General Introduction

1.1. The background, research idea and objectives

This dissertation has been initiated as a rooted collaboration between University of Hohenheim and the Agricultural University of Tirana. The objectives of this project are: firstly to analyze the current situation in the agricultural sector - mainly the structure of supply and demand in the markets for agricultural products - and secondly to identify the complications in cooperation between farmers. In a third phase, on the basis of successful factors and support received from different organizations, it is an important goal to prepare the (re-) establishment of a cooperative model as an example of a purchasing and marketing vehicle which functions as a bridge between farmers and the market.

Following the objective stated above, it is important to understand the history behind the challenges addressed from every perspective. Albania is located in the Western Balkans with a population of 2,862,427 inhabitants (as of January 2019), of which nearly 50% live in rural areas (INSTAT, 2020). The agricultural sector is of crucial importance with regard to socio-economic development in Albania as it contributes about 23% to the country's GDP and accounts for 42% of overall employment. The majority of the approximately 350,000 agricultural businesses are subsistence farmers. Roughly 50,000 companies are market-oriented, but only two thirds of those are formalized, i.e. registered for taxation (FAO, 2018). The farm structures are small and complex with an average farm size of 1.2 ha and fragmented into 3-5 plots of different size and land quality. Only 7% of the agricultural companies are owned by women, who account for 48% of the agricultural workforce, but 87% are unpaid family laborers or informal workers.

Due to historical reasons, the first parallelism that Albanian farmers will make when they hear the word "cooperatives" is the collectivization of private landownership referring to the collectivization of land property in 1945. At that time, the land was removed from farmers as part of the agrarian reform from the state. For Albanian farmers, the period from 1959-1990 is defined as a dark time. The communist cooperatives were predominant in Albania. Furthermore, the state had control over all the activities of the cooperatives. This could be seen,

for instance, in the fact that the state had elected the board of cooperatives as well as the number of organizational units, and dictated the amount of goods produced, the distribution of income and the provision of working days by the members. With the change in 1990, a fundamental process of transition led to the end of communism, resulting in the termination of communist cooperatives and many other organizations due to the migration of the population, especially to the neighboring countries such as Italy and Greece. This is mostly defined as the movement toward centralized planning a market-based economy.

Moving into the new era in the Albanian economic situation, farmers and others immediately initiated the land privatizations in 1991 and production maximization through private property exploitation. During the first two decades there have been only a few initiatives for the reconstruction of cooperatives. Whether it is from a historical background or due to the geographical factors within the farm profile (land fragmentation, small farms - average farm size range from 0.9 ha to 1.3 ha of land), the mentality of working together in a cooperative has not been very successful. As already mentioned, there are several factors that impact the current attitudes of farmers towards cooperation or other innovative initiatives, such as: land fragmentation, lack of irrigation systems, lack of advanced and modern mechanization, lack of credits in the farming sector and weak agricultural market infrastructure. Improvements concerning these shortcomings can mostly be made collectively through cooperation. Therefore, only a few farmers have been able to become important actors in the agricultural market in Albania, to produce efficiently, reduce land fragmentation and increase farm size by renting or buying land (Musabelliu and Meco, 2013). Nowadays, most of the family farms in Albania still operate for their own consumption (subsistence farming) and a low number produce for domestic market.

It is important to highlight and bring to the center of the discussion that many projects derived by GIZ, FAO and other international programs (Heifer project) from European countries have had a great impact on the development of new and innovative initiatives in Albania. For several years during this transition period, these donations and projects have been the only supporting and promoting bodies of the initiatives for the creation of cooperatives and production associations in Albania². Based on this, the Albanian American Trade & Development Association” (AATDA-AL) reported that the 26 year period after 1990 can be divided into two stages: the first stage is from 1990 until 2012 and the second stage from 2012 to now. The difference between these two stages is related to the legal framework to support the cooperative initiatives.

Related or not to the International Year of Cooperative, 2012 signaled a new chapter for development of cooperatives in Albania. In 2012, the parliament approved a supportive law for cooperatives; Law No. 38 dated 4.5. 2012 on “Agricultural Cooperation Association” was a different expression of cooperative associations. The idea behind this terminology was to remove the negative reference of the name “cooperative” inherited from communist times. Despite the law, the problems that go along with cooperation during market economy period (after 1990) have been more or less on the same level. Even with this big step taken into the governmental institution, farmers still remained skeptical. Thus, Albanian farmers have preferred to register in NGOs in order to save taxes and facilitate market access.

Based on this problem and the arguments, the following five research questions of this dissertation will be discussed broadly in each chapter:

- How has the imagination of cooperatives evolved and impacted the development of cooperatives?
- What and how important is the role of governmental institutions in supporting cooperation and farmers organizations?
- How do local rules affect the willingness of farmers to corporate through the mechanism of social capital, trust and leadership?
- What are the differences and commonalities of contract farming in influencing cooperation?
- What is the willingness and the approach of Albanian farmers towards risk taking awareness and innovative initiatives?

The profile of the country has been introduced to better understand the reasons behind the issues raised in this dissertation. In particular each sector that is to be analyzed.

1.2. Country Profile in the Dairy Sector

The country profile is analyzed to better understand the background of farmers and supply chain management in the milk sector. It is assessed in the reports provided by AASF³ (the Albania Agribusiness Support Facility) as a particularly important sector of agriculture production in Albania is dairy sector. Their analysis is based on whether there is a potential for investment growth, considering export market or import substitution potential in different

³ The Albania Agribusiness Support Facility (AASF) was established as a financing framework developed by EBRD in cooperation with and with support from the Government of Albania which started its activities in 2016.

sectors or subsectors. For instance, in Albania more than 95% of Medicinal and Aromatic Plants (MAPs) are exported to Turkey (where the product gets processed) and are an important supply of raw material or half-finished products for many EU and US industries in different sectors (food and beverage industry, healthcare, cosmetics and perfumes, additives etc.) (INSTAT, 2018). Vegetable growing is one of the leading and fastest growing agriculture subsectors in Albania and represents more than 20% of the agri-food exports, with greenhouse tomatoes and cucumbers being two key products in the production and export basket. It is one of the few agri-food subsectors in which Albania has a trade surplus.

Considering the country profile, according to the report provided for the department of development and cooperation in Albania by the GIZ ProINVEST program (Lerman, 2017), the classification of farm sizes is as follows: small and very small farms are up to 2 ha in size, large farms are larger than 2 ha, and a very large farm is considered to be 10 ha or more. From the assessment provided by GIZ, almost 85% (of approximately 350 000 farms) of farms in Albania have up to 2 ha, which are considered mainly subsistence farming (family farming) in our research and other studies.

1.2.1. Livestock production

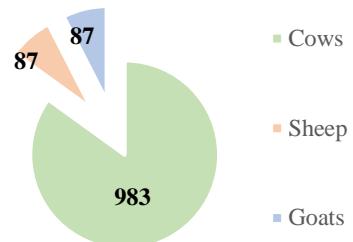
Based on statistics from the National Statistical Institute in Albania (INSTAT), the total milk production in 2017 was 1,156,286 tons. As shown in the pie-chart (Chart 1) below, milk production can be broken down as follows: cow's milk 85 %, sheep's milk 7.5 %, and goat's milk 7.5 %. The production of cow's milk increased by 0.8 % compared with cow's milk production in 2016. Furthermore, the average milk yield per cow in Albania is 2,849 kg/ head. In Fier, the region with the highest productivity, the yield is 4,086 kg per head, whereas Gjirokaster is classed as the region with the lowest productivity with 1,744 kg per head. The prefecture of Gjirokaster registers the lowest yield for sheep's and goat's milk production for 2017, but this still constitutes an increase of 1.8 % compared with 2016 (FAO, 2018). However, on the country level, goat's milk production for 2017 is 2.3 % higher than the previous year.

Productivity yield per sheep at the national level is 61.8 kg per head. Durres has the highest productivity yield of milk (sheep and goat), with an average yield of 98.5 kg per head.

Table 1 Albanian livestock structure
(thousand animals)

Description	2014	2015	2016	2017
Cows	358	357	355	349
Sheep and Goats	262	286	286	283
Others	369	310	311	292
Total	989	953	952	924

Figure 1 Milk production in 2017
(thousand tons)



Source: Author's data presentation from National Statistical Institute 2018

The table (Table 1) above gives the livestock production regarding milk production divided into three main categories of milk in Albania. The main category is cow's milk production, followed by the production of milk by sheep and goats. In the third category "Others" refers to pigs and poultry where the emphasis is only on meat and egg production.

When it comes to developing the dairy sector, one major challenge is to increase the supply of good quality raw milk to the processing sector in a cost-effective manner, as this is one of the main markets for farmers to sell their products. The majority of subsistence farms with up to five cows do not have the capital required to raise their farm to EU standards (i.e. in quality standards and technology). According to our literature review, only farms with more than two cows or 50 sheep/goats will be able to participate in the operational improvements needed to comply with increasing quality and product safety requirements. The high level of farm usage and direct selling are attributable to several factors, including the small-scale structure of production, a consequential lack of commercial orientation amongst many producers, an underdeveloped milk collection system, attractive street market prices compared to the prices offered by processors, and the unreliability of milk payments from some processors (Berkum, 2009).

1.2.2. Milk Production Development in Albania

Given the share of subsistence farms, it is very likely that the dairy sector in Albania will be confronted with major structural changes when the country is granted "EU membership" status.

The majority of the Albanian farmers are running semi-subsistence farms. The dairy industry in Albania is not well integrated into the market due to several challenges farmers are facing, such as lack of cooling facilities, lack of infrastructure, and lack of new technologies. The dairy market (mainly cow's milk) is characterized by the existence of informal (direct selling from farmers to the processors and markets) and formal market channels (collection and distribution by dairies), even though there have been different public policies to support and protect farmers. According to national statistics (INSTAT, 2018), approximately half of the milk production goes to external processing. However, the rest is being used on the farms for two main purposes: consumption and processing. Processing on the farm means producing farm products such as cheese, butter, something similar to ricotta cheese for family consumption, and the local market (Kapaj et al. 2013). The rest is used for animal feed. Some farmers are still selling fresh milk and milk products directly to consumers on street markets; in these cases, the farmers do not have proper cooling facilities.

Generally speaking, breeding in some areas of Albania is one of the factors that has a negative impact on milk yield. Currently, crossbreeds of 'Black and White' and "Jersey" breeds make up to 80% of the cow population. The rest are dual-purpose crossbreeds (Simmental, Brown Swiss, Norwegian Red, and Tarentaise). However, small ruminants are predominantly local breeds because no new breeds have been introduced due to a lack of information and participation in projects (Biçoku and Uruçi, 2013).

Milk quality issues: The system for monitoring milk quality⁴ is still weak and does not function very well. Even though the government has introduced several monitoring processes, some of the milk is still being marketed by the side of the road or supplied directly by the farmer within one day, who chills the milk in his own fridge. This phenomenon makes quality control difficult⁵. In most cases, farmers have to pay for a milk analysis (Kapaj et al. 2013; Gjeci et al. 2016). In other cases, they find that the testing laboratories are not efficient, and so they do not have their samples analyzed. Only farms with more than six cows or milk collection points have cooling facilities. EU quality and food safety standards have not been fully implemented at the farm level, except for on several medium/big farms that have received financial support from the EU through IPARD-Like and other Albanian government programs. Even though the AKU (the National Food Authority) is the bridge between policy makers and farmers, there is still not enough of this governmental body present to consult and assist farmers in the issues

⁴ AKU (Autoriteti Kombetar i Ushqimit) - National Food Authority

they face. Albanian farmers cope with several problems related to food safety control systems in terms of institutional capacity, control and enforcement, legislation, and infrastructure⁶.

1.2.3. Milk Value Chain Development in Albania

The dairy industry plays an important role in the Albanian agri-food sector (MAFCP, 2014). A study by Bombaj et al. (2016) stresses that, from 1991 to 2010, the total number of cattle and goats has been decreasing. In the meantime, the population of sheep has increased considerably. Pastoral resources, including pastures and agricultural land, are vital to farming but have degraded over the past twenty years, especially on land near communities where overgrazing and excessive wood cutting have led to lower productivity and soil erosion (Suttie and Reynolds, 2003). The big farms (more than 5 ha) are better managed, but they still lack the resources to rent or buy land to cover the needs of the market since the majority of the farms are often too small to produce enough.

An important share of the milk is used for processed food, especially white cheese (similar to Greek feta cheese). Cow's milk is used to a much larger extent than sheep's milk and goat's milk to produce white cheese. Furthermore, the separation of white cheese from sheep's and goat's milk is not clearly demarcated. Even though milk production has increased rapidly in recent years, the export opportunities for these products are still limited. This is due to a number of significant factors along the value chain of these products, such as the lack of quality standards, appropriate technology, marketing, etc.

The milk processing industry expanded in the early 1990s and now has more than 400 processors, with several fully equipped dairies (Bombaj et al. 2016). Milk production, mainly cow's milk, and milk collection is characterized by the existence of the informal market (direct selling from farmers to the processors or consumers) and formal channels, referring to milk collection and distribution by dairies (Kapaj et al. 2013). Milk production in Albania is still afflicted by problems of product quality. For instance, a significant share of the milk is consumed directly and is untreated and unmonitored. There is considerable price pressure as this milk must be marketed within one day. For several reasons, the value of the product, connections and freshness, consumers prefer to buy the milk directly from farmers, trusting that the milk does not have added ingredients. This milk that is directly sold by the farmer is mainly packed in used plastic bottles (often 1.5-litre bottles, etc.). The milk production and

⁶ Verçuni, A., Zhllima, E., Imami, D., Bijo, B., Hamiti, X., & Bicoku, Y. (2016). Analysis of consumer awareness and perceptions about food safety in Tirana, Albania. *Albanian Journal of Agricultural Sciences*, 15(1), 19.

collection systems are not generally well monitored or planned. There are various reasons for this. Firstly, there is a large number of small farms and especially the combination of animal farms with crop production (crops and livestock) which only produce small amounts of milk and do not pay too much attention to quality. Secondly, the levels of education and awareness of farmers about producing milk under proper hygienic conditions are not acceptable. The small quantities of milk produced by them are not an incentive to put more effort and investment into safeguarding the quality of raw milk. Most of the raw milk is not refrigerated immediately after milking, and it is passed on directly from the farmer to the consumer, milk collectors, or sold on the farmers' market, as a consequence of price pressure. There are no real contracts between farmers and collectors which mean that the transactions are based on trust. But this also impacts the market security of their product.

1.2.4. Some facts about the research region

The country of Albania is divided into twelve prefectures (Figure 2). As demonstrated on the map, the region in grey is the Fier prefecture. This region registered approximately 11% of Albania's total population in 2017, making it the second largest region in the country after Tirana. The population of the Fier region is divided into 6 municipalities out of 61 in Albania. Here are some facts based on information from the National Statistical Institute (INSTAT): the average age of death was 75. Fier, along with the prefecture of Elbasan, has a high percentage of employed persons, equivalent to as much as 12% of the total number of employed persons in Albania, while the unemployment rate is 8.7%, the average rate in Albania. Fier is one of the main economic regions in Albania in terms of agriculture production. It accounted for 10.9% of GDP in Albania in 2016, but this fell by 0.50% from 2015. The number of enterprises in this region reached 20,818 units, the second highest in the country after Tirana (Kapaj et al. 2013).



Figure 2. Map of Fier region in Albanian

Table 2 Regional distribution of cow milk

Prefectures	Cattle Share
Fier	20%
Elbasan	12.5%
Tirane	12.3%
Korce	9.1%
Shkoder	8.2%
Durres	7%
Diber	6.5%
Vlore	6.1%
Lezhe	5.6%
Berat	5.2%
Kukes	5.1%
Gjirokaster	2.4%
Total	100%

Source: Adapted from Skreli and Imami
(2019)

As mentioned before, Fier is the region with the largest number of breeding cattle (Table 2), 20 % of Albanian stock in total. In terms of the structure of livestock in cattle units, Fier has the largest number of heads of cattle (47.0 % of the total number). Sheep and goats account for 31.0 %, pigs for 6.0 % and poultry for 9.0 % of the total number of heads of livestock.

1.3. Methodology

Apart from legal problems and the lack of initiatives from the policy-makers to promote a cooperative with farmers as members, there are numerous obstacles that have had positive negative impact on the cooperative system and the creation of cooperatives in Albania, as already mentioned. For instance, collectivization of private landownership referring to the collectivization of land property in 1945, and the over control of the state in all the activities of the cooperatives.

The first phase of the research was to identify the current situation in the agricultural sector, and the second was to identify the problems which highlight the complication in the cooperation between farmers. Furthermore, the role of state institutions and their involvement in the promotion of cooperatives was identified, which was basically focused on second-hand data collected.

Mainly governmental institutions and other programs are involved the elaboration of this subject. The second phase was to assess and identify whether the Albanian farmers are willing to be part of a cooperative and what obstacles they face. Taking into account whether farmers have both the willingness and the skills to take over responsibility in a cooperative. Furthermore, it is necessary to identify methods to facilitate the improvement of market access and the quality of products through cooperative action. For this, further measures have taken place:

- Two workshops with currently identified cooperatives representatives (mostly registered as NGOs or cooperatives – 20 people)
- Face to face interviews with dairy farmers (June to September, 2017 – 238 farmer)
 - Interviews with farmers who are directly or indirectly part of these organizations
 - Interviews with farmers who may wish to join these initiatives but have not yet taken this step.

1.4. Structure of the dissertation

This is a cumulative dissertation, as such, every chapter represents a paper created from the data collected during the doctoral research. The first chapter is the general introduction with the country profile, in order to better understand better the problems raised in our research study. In this chapter, the status quo of the topic has been elaborated to open the floor to the

papers which answer our main research question on the potential of cooperative development through our five research questions.

The second chapter mainly analyzes the situation of similar countries that have somehow found a way to deal with the cooperatives after communism in a smoother and faster timeframe. A particularly important, long-time solution is to encourage farmers to collaborate, in order to rebuild trust among them. Trust is an incredibly significant factor which comes as a package in several issues raised during our research. There are many reasons why this term was used frequently by our interviewees: the fact that believing in governmental institution is not easy as the economic situation has been unstable for a long time, the trust among farmers and the people they know is not a very open topic, the fact that they would prefer to work within the family as it is easy and low-risk in relation to trust, working in a group did not work properly before 1990s – because the group has been directed by governmental bodies, the fear that the person leading the group did not have the adequate trainings to peruse and solve different situations which arose, the fear that the manager might have their personal interests in mind rather than putting the group interest at front, and many other questions marks raised during this research which might lead to more specific and identifying research.

The third chapter tends to analyze several factors which influence farmers' behavior towards cooperations individually and mediating factors. Cooperation or, as referred to in the outcomes of Ostrom (2007 and 2009) the collective action, is the development of a diagnostic framework on common-pool resources. This diagnostic framework proposes six variables, categorized as follows: socio-economic and political setting, resource systems, resource units, governance systems, and users and related ecosystems. These represent the following concepts: *system productivity*, *number of users* (group size), *leadership skills*, *social capital*, knowledge about *social and ecological systems*, the importance of *resources for users*, and *governance systems*. As showed from the grounded research by Ostrom and its follow researchers, they are of major importance when it comes to understanding the potential for and obstacles to cooperation on the farmer level. The following is a recap of the hypothesis represented in this chapter: the higher the trust in peers, the greater the likelihood of cooperation; the presence of leadership skills increases the chances of cooperation; the higher the presence of local rules, the greater the likelihood of cooperation; the higher the education level, the greater the willingness to cooperate. Even though local rules, trust, and leadership skills are important determinants of cooperation, a unique finding in our research was the indirect effect of local rules on cooperation. Furthermore, it appears that the main and most noteworthy mechanism of how

local rules affect willingness to cooperate is by constructing social capital. The initiatives to promote cooperation must take more time to identify the appropriate areas where these elements can be tapped into and implemented.

The fourth chapter demonstrates one of the few cooperative organizations which is registered and functions as such. The "Myzeqeja Farm" is one of the most important examples of cooperative implementation in Albania. It is essential to state that this cooperative is small compared to the size of cooperatives in developing countries or in countries where cooperatives have been promoted, supported and developed for many years. Very often in the literature, one finds discussions that the international projects are vital and unfortunately, by the time they are over, they do not have a further impact on the society (Sokoli et al., 2016). One way to raise awareness of the benefits of cooperation between farmers would be the implementation of successful international programs. The aim would be a demonstration of positive and successful cases like the "Myzeqeja Farm", promoting and supporting these types of initiatives by including them in governmental supporting schemes, in order to motivate and encourage the new generation to also be part of these initiatives as a promising upcoming field of investment.

The fifth chapter analyzes the role of contract farming, which is represented as a form of vertical cooperation. Contract farming is defined as an agreement, in our case in two different perspectives, between a farmer and a processor in the dairy sector, and between a farmer and intermediaries in the citrus sector, regarding the production of an agricultural commodity (Bellemare, 2018).

Subsistence farmers are incapable and in most of the cases face difficulties in accessing information on market opportunities, innovative technologies, accessing to credit, as well as purchasing inputs and accessing output-assured markets with fair prices. On the other hand, when markets are accessible, farmers may be subjected to price fluctuations or inequitable prices (Begum et al. 2013). Hence, the mentioned factors must be the main motivations for farmers to become part of contract farming.

In the contracting system, farmers have assurance about the product being sold to the processor in the case of milk and to the intermediary in the citrus market, which automatically reduces their transaction costs related to negotiation, market information, prices fluctuations etc.

The sixth chapter demonstrates the willingness of farmers to embrace new initiatives, including the interlinkage within innovation and risk taking. Based on the country profile and problems farmers face in developing countries, this part of the research analyzes the willingness of farmers to accept innovativeness. To better understand their behavior, a four-dimensional analysis has been conducted. Based on the comprehensive literature of innovation, the following factors were taken into account: innovation, objectives, proactivity and risk-taking awareness. According to these four factors, the main question to be answered to this chapter is: how exposed are Albanian farmers to innovation? In our research, farmers' innovation and risk-taking deals with the ability of a farmer to adopt something new in order to improve their own farms and when they belong to farmers associations, to improve their appearance in the competitor market. The farmers that see participation in an innovative market idea as an opportunity and use both technical efficacy and social legitimacy as decision logic in their decision making are pursuing more innovation and change and consequently are doing better when compared to other farms. To summarize, innovation and risk-taking are two factors that are contrary but strongly related to each other, the same has also been shown in our analysis results.

To conclude, the seventh chapter is the discussion on the key points raised in every research question, which have been elaborated on in each chapter separately.

To accomplish and enforce the papers work, presentation of our work in several conferences has taken place:

1. 153 EAAE Seminar - New dimensions of market power and bargaining in the agri-food sector: Organisations, policies and models. Gaeta (Italy) June 9-10, 2016
2. IGT ICCS Luzern 2016. International Cooperative Conference. Luzern (Switzerland) September 14-16, 2016
3. ICOALS 2018, 2nd International Conference on Agriculture and Life Sciences, Agricultural University of Tirana, Albanian May 7-8, 2018
4. AGI XXII – AGI Young Researchers Conference, Agricultural University of Wien, April 6-8, 2018
5. WICANEM 2018: 13th Wageningen International Conference on Chain and Network Management. Ancona (Italy) July 2-3, 2018
6. ICA 2018 Research Conference: Cooperatives in a rapidly changing world: innovation in enterprise and community. Wageningen (Netherlands) July 4-6, 2018
7. World Food Day Colloquium, Cooperatives: essential for food security? University of Hohenheim October 16, 2018
8. 29th Annual Conference of the Austrian Society of Agricultural Economics (ÖGA): Perspectives on Values-based Supply Chains, Sept 19th – 20th, 2019. University of Innsbruck, Austria

CHAPTER II

2. COOPERATIVE EVOLVEMENT THROUGH POLITICAL ERA / EPOCH: ALBANIAN'S CASE AND COMPARISONS

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Abstract

The purpose of this paper is to analyse the structure and state of cooperatives in Albania as a country with a unique history, a post communism country on the development of cooperatives. It is important to understand the way cooperatives are perceived at higher levels. Information strongly influences the development of trust among farmers. Access to information and trust play an important role in the emerging stages of cooperatives. However, the development of cooperatives still remains a very delicate issue in Albania due to misleading of trust issues from the communism era. Cooperatives should not be a ‘forbidden’ word in the Albanian vocabulary but instead should be considered as a normal and trusted topic at the governmental and organizational levels.

Keywords: Cooperative organization, developing countries, governmental impact, trust, Albania

JEL: O57, P13, P32, Q18, H30

2.1. Introduction

The principles of cooperatives are essential guidelines in determining how a cooperative is initiated and established in developing countries. Due to the non-function in the proper way of cooperatives before 1990, it is likely that not everybody understands the original concept of a cooperative, although everybody talks about them. For instance, in the case of Albania, the first thing that comes to every farmer's mind when mentioning the word "cooperative" is related to the transformation and collectivisation of private land ownership, which is a consequence of the collectivization process that began in 1945. At that time, the state began the transformation of private land ownership, a process in which land originally owned by a large number of farmers was acquired by the state through agrarian reform. Land ownership was transformed from private to collective at that time. This process was a forced changing of the land ownership. Albanian agricultural cooperatives dominated from 1959 until the beginning of 1990. Cooperatives in Albania differed from those in Eastern Europe in their large extent through mountainous areas, plains and in hills (Skreli, 2006). Compared to the main principles of cooperatives such as; one person one vote, democracy, solidarity, self-help, voluntary, self-responsibility, self-administration, etc., in Albania the state had command and an unfavourable role in the cooperative relationship. Cooperative chairmen were chosen by the state and the number of organizational units and the output would be delivered to state; the distribution of income and the provision of a business day were also decided by the state.

The increase in the size of the cooperative was accompanied by a concentration of products deemed "key and strategic". In this way, other activities such as food processing or infrastructure were neglected. By 2012, most farmers preferred to be registered as a nonprofit organization to avoid taxes and gain market access easily (Data from the Association from Cooperation and Mutual Societies - *Te dhene per Shoqata dhe Shoqeri te Bashkepunimit Reciprok*, 2012)

2.2. Material and Methods

Based on the information gathered and analysed, a brief description of the current situation in Albania regarding the offer/supply market of agricultural products will be given. The paper also describes ways to have a consolidated market based on cooperative circumstances. The main objective of the paper is to identify the problems that challenge the partnership between farmers and to determine the potential for the organization of cooperatives in Albania.

Hence, the following research questions were addressed:

- What are the common items and differences of cooperatives in developed and developing countries?
- Which are key success versus critical factors for cooperatives effectiveness in developing countries?

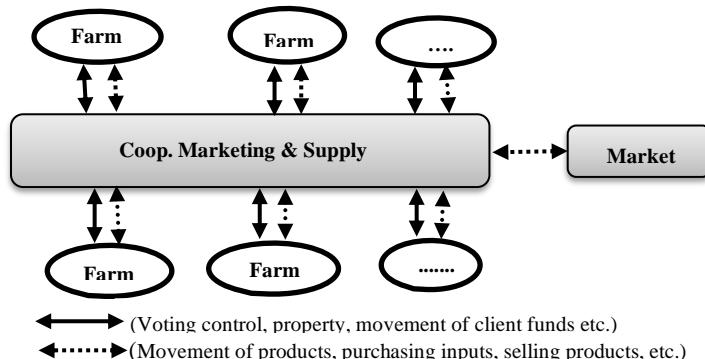
Our goal is to assess if individuals and/or agribusiness managers have information about the way cooperatives function in Albania, as compared to other Balkan countries and Europe, in order to explain the role of supply and marketing cooperatives (as a bridge between farmers and markets). Cooperatives assist farmers in gaining market access and power.

Subsequently the hypothesis for this paper will be:

- **H1:** Cooperatives are a linkage of farmers' power with the market

Cooperatives aim to prevent that the strength of their negotiating position decreases in favour of concentrated retailers. Nevertheless, they face challenges adopting the same policy as other corporations because financial funds are primarily acquired by retained earnings. The example

Figure 3. The role of Marketing and Supply Cooperative



(Source: Musabelliu B., Meco M., 2013)

shown in Figure 3 is one of the good illustrations of the positive impact that a marketing and supply cooperative can have on every farmer. This illustration makes it clear that cooperative stands are the main linkage with the market as we revealed previously (market access and power).

- **H2:** Trust in cooperative sector is a sensitive issue in post communism countries

In post communism countries, the lack of trust is related to the property and common assets management, which seems to be an important factor that has hampered cooperation and

creation of cooperative. Sometimes it is important to come back to basics to understand the principle. With time, we will need to change the way things are done to move forward (Parnell, 1999). Parnell (1999) emphasized that a vision statement is important for change; it becomes the focus of the power and activities. It is vital to set the mechanisms that will drive the cooperative organization towards this redesigned future, to plan and to have specific work groups.

One major question about providing assistance to cooperatives is how it could be done without creating dependence. The most useful form of assistance may well be the development of local cooperative leaders. Therefore, many so-called cooperatives in Albania have been nothing more than organs of the state or projects driven by state agents; the vital elements of self-help and commitment from the members were never part of the scheme.

- ***Methodology***

One purpose of this paper is to analyse the differences of cooperatives evolution in different countries and the second one is to analyse the collaborations of governmental institution to promote and to encourage cooperatives. Therefore, we have considered the countries who promote and encourage cooperatives. To examine and respond to the above objectives, a comprehensive literature review has been done. Thus, this paper includes secondary data collection and analysis.

The secondary data were obtained from various publications accessible through web of science and google scholar, other sources available online and from magazines and publications from governmental websites in Albania.

The search included the following terms: developing countries, cooperative law and governmental support, communism countries, agricultural and property reforms.

In this way, analysis of the literature used a summative content analysis method to understand if the government or any other institution promotes cooperatives as a vehicle for agricultural market improvement. To highlight the adaptability of this method Rapport (2010) has applied summative content analysis across a variety of research studies, on different focus groups. In our case, we had an interactive focus group with experts from the field and policy level.

From this assessment, in the further steps to come, we will use the more appropriate European or Balkan cooperative as an example to adapt to the situation in Albania.

2.3. Results

2.3.1. Comparative analysis according to different regions

For many years, there have been different approaches to promoting cooperatives as a way of improving agribusiness and farming systems. The last large-scale promotion of cooperatives took place in 2012, named the Year of Cooperatives by the International Cooperative Association. There have been many conferences and much exchange of knowledge between researchers from various cultural backgrounds. It is essential to point out that different countries perceive cooperatives in different ways. The literature describes several types of cooperatives. A comparison between eastern and western countries will lead to a more specific analysis within eastern countries.

Eastern versus Western Europe: In countries of Eastern Europe the principles of cooperation has gone through a rough history of recognition and even enthusiastic promotion due to the experience of State control of cooperatives (Valentinov V., 2007). In a report done from M-F. Couture, D. Faber, M. Levin, A-B. Nippierd, for the International Labour Office (ILO) in 2002 was analysed the transition of cooperatives in several developing countries. In Eastern Europe, state controlled meant compulsory registration in cooperatives, the directors and staff were prearranged by the government which is in a paradox with one of the six main principles of cooperative (Couture et al., 2002:2).

Cooperative organisation include the creation of a new interface between highly sophisticated and globalized food industries and the primary farms that are seeking sustainable methods in a sustainable rural economy (Gert Van Dijk, 1997). Unlike countries in Eastern Europe, farmers need to establish the cooperative as a form of simply access to bank products. It appears that cooperative banks are the only way farmers can gain access to financial markets. Cooperative banking can contribute to farm adjustment by offering new services and by assisting the members to develop strategies and manage them.

Meanwhile, a new demand from the perspective of the consumer will lead to a need to diversify the product. This affects not only processing but also production methods at the level of the farm. At this point, it is important to point out the role of technology. Access to and implementation of new technology is an irreversible option for cooperatives if they want to penetrate the food chain (Kyriakopoulos, 1996).

In the past, risk management had to do with member solidarity, especially in terms of how surpluses are handled. There is little doubt that the changing conditions within food and agricultural markets have changed the risk profiles for cooperatives and their members. As

food markets become more mature, branding and market segmentation plays a vital role. At the same time, integration is a means to reduce risks for farmers as trade liberalization decreases the effect of income protection policies by the government. Again, based on the Van Dijk and Mackel from 1994, cooperatives accepted all products delivered to them by maximizing the use of public support measures to minimize commercial risk, free-trade and optimize price transparency for producers.

There is a wide gap in the information on cooperatives in developing countries, especially Balkan countries and those in Eastern Europe. Sometimes it is not just a missing information but also the information which might be provided is not in English.

Slovenia: Cooperatives in Slovenia, like many other cooperatives in Balkan and Eastern European countries, have a long history with many ups and downs, due to changes in socioeconomic systems and the changing political demarcation of the territory during the last century and a half. The historical development of cooperatives on the territory of what is now Slovenia could be divided as follows:

The first period starts in the middle of the 19th century, when credit cooperatives and later others emerged. The second period began in 1918 with the emergence of the State of Slovenes, Croats and Serbs, which was united and became the Kingdom of Serbs, Croats and Slovenes in the same year. Later on in 1929 it was renamed the Kingdom of Yugoslavia. This period lasted until the end of the Second World War. The early years of this period saw the consolidation of the cooperative movement with the newly established cooperative banks. A study by Avsec and Stromajer (2015) cited from Temeljni, (1949) discussed the political campaigns for setting up what were called agricultural working cooperatives (1948–1953); these cooperatives were dissolved and the land and other assets were returned to farmers. Thus, the major part of agricultural land and forests remained in private ownership. However, the administrative pressure brought a long-lasting, negative image of cooperatives among the rural population (Miokovic, V. B., and Sljukic, S., 2012).

Yugoslavian countries: The history of these countries is similar when it comes to politics and may be the main reason for the differences in several aspects as compared Europe. Boyd (1987) emphasis that socialist cooperatives are not inherently inefficient and can perform better than private producers. Most importantly, his results have shown that cooperatives are not inherently incapable of taking advantage of opportunities and generating high productivity and rates of technological change. Based on a study of Yugoslavian countries, we can conclude that from 1955 to 1990, the number of cooperatives decreased drastically in Yugoslavia (Avsec, F., and Stromajer, J., 2015). *Albania:* The situation in Albania is taking virtually the same route as the

Yugoslavian countries. During the first period from 1950 until 1990, there has been a malfunction of cooperatives in Albania. The image of cooperation has deteriorated during this period (Musabelliu, 2009). It is important to note that Albania comes from a post-communism governmental system where everything is derived from and decided by the government. The second period began in 1990 and is ongoing today. There are several countries which have been involved in this “whirlpool”.

Table 3. Different cases, different countries (*Source: Data elaborated from authors*)

Albania	Hungary	Czech Republic	Poland	Slovenia
Easter Countries - Past political System: <i>Communism</i>				
The administrative pressure brought a long-lasting negative image of cooperatives				
Two most important laws have been issued on 1996 and 2012. Cooperatives (including the property issue) remains a very complex subject	1991: fix of the damage and property for citizen to which it was taken on 1949 1992: partial reward for the property taken on 1939-1949 (Qafa, 2015)	Gradual transition Transform - ation from Planned (Regional) economy to Market (national) economy. (Avsec & Stromajer, 2015).	Less cases of privatizatio n Transition passed easily and quicker (Ganev, 2001).	On 1990s these cooperatives were dissolved and the land was returned to farmers (Avsec & Stromajer, 2015).

As it is shown on the table 3, in difference from Albania, Czech Republic and Hungary the case of Poland and Bulgaria are the good examples of a successful transition. In countries like Bulgaria where land distribution had been rather egalitarian due to former land reforms these criteria were more or less compatible. Restitution of land improved both historical justice and social equity. However, in countries with unequal distribution of land property before the socialist era, such as Albania, historical justice and social equity proved to be mutually exclusive leading to land distribution on an equal per capita basis (Hagedorn, 2014). This was due to the different policy that Poland had on public property. Which means that a large portion of private property was not returned to public ownership.

2.3.2. Major development and cooperative perspective in Albania

- Cooperation in Albania after 1990s – (post communism)

Situation of cooperatives in Albania seems to be more complex than the one from the groups we have analysed so far. Land privatizations started in 1991 and during the last two decades,

production maximization through private property exploitation has been the dominant mentality among Albanian farmers. There have been only a few initiatives for cooperation during this period. However, this mentality of working together in a cooperative has been not so much successful due to the small farm size (average farm size range from 0.9 ha to 1.3 ha of land). Under these circumstances, only a few farmers have been able to become important actors in the agricultural market in Albania, to produce efficiently, reduce land fragmentation and increase farm size by renting or buying land (Musabelliu and Meco, 2011). The current situation indicates that most of the family farms in Albania operate for own consumption (subsistence farming) and a low number produce for domestic market.

Meanwhile during this period, some donations and projects have been the only attempt in supporting initiatives for the creation of cooperatives and production associations in Albania⁷.

- Current situation in Albania

In addressing the situation regarding the cooperatives in Albania, specific conditions there have to be considered. Referring to Albanian economic growth and stability, development of cooperatives and farming is conditional on the growth and sustainable development of agricultural sector. Above all, this development means rational use of production capacities in agriculture in order to increase the supply of agricultural products. Contrary to what is already known, the realization of this objective is conditional on the presence of a number of factors sensitive to the effects of agricultural development, such as: the uncertainty of farmers' land ownership, the presence of very small farms with very little land and that is highly fragmented, the low level of lending to agriculture, the low level of use of inputs, problems related to irrigation and drainage, inadequate number of agriculture mechanics, high costs of labour, lack of transport and poor road infrastructure, the lack of security of energy resources and others.

No less significant are the problems related to marketing, infrastructure, information on markets, lack of partnership between producers and markets, lack of regionalization and specialization of production in agriculture in the face of fierce competition with farmers to import products, the opportunities for farmers to compete in local and regional markets, no stimulation and support for horizontal cooperation among farmers and others.

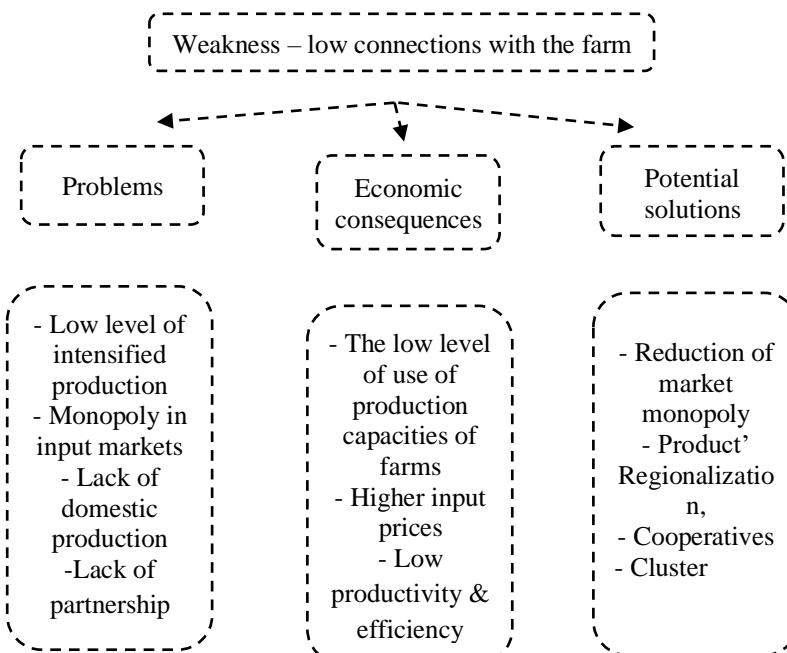
Certainly these problems are very broad and complex. In this paper, we make no attempt to analyse and provide solutions for the entire range of problems noted above; instead, we

⁷ Ministry of Agricultural, Rural Development and Water Administration in Albania (<http://www.bujqesia.gov.al/al/programi/konsultimi-i-strategjise-kombetare-per-zhvillim-dhe-integrim-2015-2020>)

concentrate on evaluating the situation and potential for cooperatives. Taking the example of weaknesses in the farm supply in correlation with the connectivity of the farm.

Figure 4 explains the weaknesses that characterize the farm supply sector based on low connection to farms. This is taken from the most recent analysis by Musabelliu and Meco (2013) on farm management and farm difficulties in terms of access and presence in the market with the same rights as any other conventional business. As we can see from the above analysis there is a needed impact from institutions and governmental bodies to support cooperatives as a great vehicle in developing of agriculture in Albania. It is important to remind that Albania comes from a post-communism governmental system where everything is derived from and decided by the government.

Figure 4 Analyses of Albanian Farm sector



Source: (Musabelliu B., Meco M., 2013)

- Cooperative legislation evolution and governmental role in Albania

The two major and most important laws on cooperative organization have been issued in 1996 and 2012 (as presented in Table 4). It is important to point out the fact that not only has the name slightly changed to get closer to the concept of agricultural cooperatives but there also have been words used in the law that describe cooperatives based on the International Cooperative Alliance definition as follows: "A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise."

Table 4: Two main laws on cooperatives in Albania

Year	1996	2012
Name	Mutual Cooperation Societies	Agricultural Cooperation Societies
Law problematic	<ul style="list-style-type: none"> ➤ Incomplete laws ➤ Frequent changes of laws ➤ Non-implementation of laws from the state administration and farmers <ul style="list-style-type: none"> □ Organizations have difficulties in the implementation of economic activities and operate under legal requirements of doing activities in public interest. □ The non-profit organizations considered to be not the appropriate form for the development of economic activity within the agricultural cooperation. 	

Source: (Sokoli O., Musabelliu B., Doluschitz R., 2016)

It was not only the bad image that cooperatives have on farmer's mentality: there have also been frequent changes on the law of cooperatives due to the conceptualization of cooperatives. An especially important fact is that the laws have not been implemented on the right terms of approval from all the dependent institutions.

Furthermore, Albanian farmers also had the option to register their companies as non-profit organizations, as provided by the Civil Code and the Law no. 8788 on "non-profit organizations", dated 05.07.2001. Based on their mission, non-profit organizations are exempt from taxation: they only pay personal income tax of 10%, and employers insurance (at least one person has to be employed as executive director). According to the law, when these organizations conduct any economic activity, they will be taxed on this part of the activity as any other enterprise. For this purpose, these organizations submit monthly budgets to the tax authorities.

In 2012 the Albanian Parliament with the help of the Spanish Cooperation approved a supportive law for cooperatives; Law Nr. 38 dated 05. 04. 2012 on "Agricultural Cooperation Association" which is a different expression of cooperative associations. The idea behind this terminology was to remove the negative connotation of the name "cooperative" inherited from

communist times. Despite the law, the problems that go along with cooperation during market economy period (after 1990) have been the same.

It is important to emphasize that for instance, the history of cooperatives in Germany dates from 1864, when Friedrich Wilhelm Raiffeisen has created the first aid association to support poverty in rural areas⁸. However, the law contains two essential differences from the principles of cooperatives:

- Firstly, the main principle of cooperatives “one person, one vote”. In the Albanian law is stated that vote is associated with the capital invested, so a member with more capital invested has more votes than someone with less.
- Secondly, the law does not require and does not mention the existence of the Managing Council in determining the cooperative body, unless otherwise decided by the statute.

As the organizational model is designed to be implemented in different areas of the economy, such as the credit sector, insurance, constructions, etc., this results in the complication of the model and somewhat prohibitive if it is applied to agriculture or industry sector⁹, due to the sensitivity of agriculture in Albania.

- Results achieved by experts' discussion

Besides legal problems and lack of initiatives by the policymakers to promote cooperation development between farmers, there are many obstacles that have negatively influenced the cooperation and cooperative creation in Albania:

- A farmer and its family members aim to carry out every farming activity starting from production to the sale of the products into the market. They do not trust having their capital invested in common assets and someone outside of the family being in charge of managing these assets. Thus, the level and extent of available social capital involve in formal/informal collective action and their extent of involvement is very low. Whereas, Hansen and Morrow (2003) stress out that members can trust the cooperative organization since it has two crucial qualities: competency and reliability in making the best decisions and Theuvsen and Franz (2007) and Didier, Henninger and Akremi (2012) state that members of a cooperative decide to trust the cooperation based on their beliefs several positive reasons about its competence, reliability and carefulness in order to satisfy their needs and create added value as their advantage.
- In Albania, there is an inherited mentality about cooperatives that dates from the communist

⁸History of cooperatives in Germany, (<https://www.dgrv.de/weben.nsf/web/historyofcooperatives>)

⁹Manual on Organization and Functioning of Agricultural Cooperation Organization, Extension Service Department, Research and Agriculture Information in the Ministry of Agriculture Food and Consumer Protection/Tirane, financed by Promali/SNV, 2015.

times under the name of “socialist cooperatives”. There is a common and comprehensive understanding among farmers that being under cooperative organization means that they merge private property and consequently lose it under common management and group proprietorship. There is a tremendous lack of knowledge among farmers in Albania about capitalist cooperatives, their role in maximizing farmer’s revenue and their success.

- Lack of leadership and management skills and competencies related to cooperative organization among farmers. Several farmers understand that doing business under market economy conditions means specialization and job separation. As a consequence, no one can do everything by themselves from production to marketing. As part of a supply chain, famers must be focused on production, while other people with appropriate knowledge and skills must do the marketing and sales. What famers still do not understand is that marketing operations are activities with high added value and they must cooperate in order to penetrate into the market (Carroll B., McCarthy O., and O’Shaughnessy M., 2012).
- Small farm size negatively affects the willingness of the farmers to cooperate. Recent studies indicate that bigger farms have positive impact on farmer's willingness to cooperate. According to the study, the chances of apple farms (in Korça region) to be involved in cooperative increases by 5.8% if the number of planted apple increase by 1,000 trees. The results of this study suggests that when switching from subsistence farming to commercial farming, cooperation seems to be more important and attractive (Musabelliu and Meco, 2011).
- Despite recently increased awareness, there is still a lack of financing in the form of grants or preferential credits from different sources towards cooperation in the farming sector in Albania¹⁰. Banking system credits have high interest rates, often unaffordable by most of the farmers. Peterson and Anderson (2012) underline the fact that, “a cooperative maximizes [member] value when it produces an optimal differential return to members over what they would receive in the absence of cooperative membership”.
- A high level of informality exists in the agricultural markets in Albania. Once a farmer is participating alone in the market, he is not part of any fiscal system, and the opposite happens when the farmer is part of a cooperative. By law, they become part of a fiscal system, and being part of a cooperative is considered as excessive cost by the farmers.

¹⁰ Livestock and Rural Development Center (BZHR) www.bzhr.org

- Key success and critical factors

The relation of trust and cooperative performance. One research group in the Netherlands analysed the relationship between trust and the performance of cooperatives, both in terms of general trust (trust in other people), as well as trust in political institutions. In addition, they studied the relationship between the performance of cooperatives, the level of engagement in voluntary work and the general feeling of satisfaction with life (a prerequisite for trust) which has also been discussed by Valérie Barraud-Didier, Marie-Christine Henninger and Assâad El Akremi (2012). Based on some reports written by the Albanian Agricultural Cooperative Association there is a lack of trust among farmers. The lack of trust is related to property and common assets management, which seems to be an important factor that hampers cooperation and cooperative creation. A farmer and their family members aim to carry out every activity in farm starting from production and up to the sale of the products to market. This comes due to the above discussed factors and as pointed out by the Plunkett Foundation (1995), the use of the word “cooperative” in Central and Eastern Europe will not only create the wrong impression, it will also create barriers to progress. Following with the statement of Curtiss et al. (2004) and Schulze et al. (2001) the term “cooperative” seems to be a misleading term for farms in transition countries.

Cultural perception and cooperative relation. Cooperatives represent social capital networks and engagement in collective action, which is intended to produce potential benefits at the group level, exceeding simple self-interest (Bijman J., et al. 2012). Low levels of self-organization and networking have far more consequences for these countries than simply constraining cooperative development. For instance, in Albanian case there is a lack of leadership and management skills and competencies related to cooperative organization among farmers. As a consequence, no one can do everything by themselves from production to marketing.

The need for a cooperative, in Balkan countries, is crucial due to small-sized farms, thanks to their capacity to accumulate. Something quite surprising in Albania is the fact that the bigger a farm is, the higher their willingness to be part of a cooperative. In contrast, in western countries, for instance, smaller farms are more likely to be part of a cooperative. Another positive aspect of cooperatives is that during the years of conflict in Europe, when fertilizers were scarce and their prices rose steeply, farmers began to see cooperative purchasing as the best (and sometimes the only) way to obtaining fertilizers (Hendrikse, G.W.J. & Veerman, C.P. 1997). However, the main role played by these cooperatives was to strengthen the social group

that acted as their driving force: farmers of peasant origin operating mid-sized farms in regions such as Valencia or Catalonia were promoting a new agrarian capitalism (Calatayud and Millan, 1994 cited by Garrido, 2007). In France, cooperation played a decisive role in the expansion of mid-sized farms (Simpson, 2000); Spanish cooperation only did so in places where mid-sized landowning had already been present before the arrival of cooperatives (Garrido, 2007). It is important to show that combining explanations from different disciplines is the best way to understand the motives behind cooperation, its rhythms and its morphology. The success or failure of cooperatives depends not only on economic factors, but also on other factors that are social or political in nature. In the early twentieth century, a significant portion of European agrarian cooperation was sponsored by large landowners, claiming to have an ‘antisocialist’ vocation and showed themselves to be especially active as far as economic issues were concerned.

2.4. Discussions

By the time self-organized cooperative organizations’ were substituted by the collective ones the progress and development of cooperatives was interrupted. The assumption that new cooperatives could renew the former cooperative traditions was not very realistic because people’s collective memory had become weak as discourses on alternative modes of organization were suppressed in socialist countries (Theesfeld and Boevsky 2005). Hagedorn (2004) points out that it is rational to assume that the historical farming structure before socialist intervention and the ensuing changes during the transition process may have influenced the emergence and survival of new cooperatives. The term “cooperative” thus give the impression to be an inaccurate term for farms in these countries. This may explain why comparative productivity studies consistently fail to detect any performance differences between agricultural production cooperatives and other corporate farms (Curtiss et al., 2004). As already mentioned, most of the farmers operate subsistence farms. These include the ambiguity of farmers' land ownership. The presence of very small and fragmented land parcels, low level of lending to agriculture and use of inputs, problems related to irrigation and drainage, insufficiency of agriculture mechanisation, low labour productivity and thus high costs of labour, lack of transport and poor road infrastructure, absence of security of energy resources, etc.

In Albania, the small farmers are more afraid to be part of a cooperative organization. This means that they have their land for own consumption and they are uncertain to be part of agricultural markets. Based on these very important and key factors, a radical change / support

in many different aspects of the agricultural sector is needed. Cooperatives, at least most of them, should be product-oriented, not capital-oriented and this is something that still needs to be taken into account in terms of the perception of farmers. The common interest is to maximize the return on the resources owned by the members. Different markets means members are heterogeneous. Farmers control not only fixed resources but also capital goods with higher rates of depreciation and turnover. New balances between solidarity, democracy and competition will appear. However, it is likely that a considerable time period is required before we dare to speak of principles (Michael L. Boyd, 1987).

Reflecting on the farming situation the role of governmental institution is needed. The training of farmers on the established concept of cooperation may have a major impact (based on the German example mentioned above). It is vital that the law has to be defined and approved by all institutions which have direct and indirect impact on the implementation. Additional demonstration and assessment of the current laws on cooperative organization have to be shown and explained to farmers. As well, the establishment of a cooperative as a good example of the main improvement vehicle in the agriculture sector.

Last but not least important in developing countries such as Albania: it is vital to point out the importance of trust among farmers. In Albania, the trust people have for cooperatives is still low and there is a lot of work to be done.

Conflict of interests

The authors declare no conflict of interest.

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CHAPTER III

3. Are local rules the shadow factor in the development of cooperatives?

Albanian case

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3.1. Abstract

In developing countries, cooperation among farmers remains still limited, despite the need to tackle the constraints related to small farm size. The cooperation literature highlights several factors that affect farmers' willingness to cooperate. However, it remains to be a fairly broad spectrum, and there is limited understanding about the Albanian case, as a post-socialist economy which is dominated by small and fragmented farms, mainly in the agricultural sector. This paper aims to contribute to this gap by analyzing the factors that affect farmers' willingness to cooperate by examining the mechanisms with which local rules affect cooperation. Notably, there is limited research on the indirect role of local rules on cooperation. The research is based on a structured survey with dairy farmers implemented during 2017, and a structural equation model was used. Results show that the role of local rules has an indirect effect on cooperation through social capital, the presence of leadership skills, reputation, and reciprocity as key determinants of farmers' willingness to cooperate.

Keywords: farmers' personal characteristics, local rules, cooperation, milk sector, Albania.

3.2. Introduction

There is growing evidence that collective action brings various benefits to farmers. Collective action contributes to achieving scale economies that make it more attractive for buyers to deal with smallholder farmers due to consolidation of larger volumes, leading to lower transaction costs. Furthermore, farmers' bargaining power in the contracting process can be strengthened when they cooperate. In long-term cooperative relationships, like networks, mutual interfirm trust can play a significant role, as it can diminish the behavioural uncertainty of the relationships. As the relationship becomes more confident, considerable benefits can occur in terms of relationship performance gains (Krishnan et al., 2006) and lower transaction costs (Dyer and Chu, 2003). These benefits provide a network-level competitive advantage for the supply chain as a whole. Consequently, the need for cooperation and its benefits should be higher for smaller farms, which tend to dominate the agriculture sector in many developing and/or post-communist economies (Laaksonen et al. 2009).

Post-decollectivisation agricultural sectors in several of post-communist countries, including Albania (the focus of this paper), have been characterized by small family farms, which face several challenges including lack of access to market, financing, high-quality inputs, insurance and new technologies. While wholesale, processing, and retail sectors are characterized by oligopsonistic or even monopsonistic structures (Lerman, 2009). The land reform implemented in the early 1990s, in which state agricultural land was equally distributed to the rural population in Albania, resulting in small and fragmented farms that hampered the growth and competitiveness of agriculture. The small size of the farm (average ca 1.2 Ha) combined with fragmentation (e.g. three or more parcels per farm) is still one of the major challenges of the agriculture sector. More than 4/5 of the farms in Albania are considered as small, and they typically lack access to high-quality inputs, technical assistance, access to credit, insurance (FAO, 2020¹¹). Most notably, cooperation is important to improve market access, similar to other post-communist economies, since farmers' rejection of cooperation, hinders market participation (Balint and Wobst, 2006).

Despite, the need for and benefits from cooperation, in post-communist countries cooperation, appears to be weak as people are less willing to engage in collective action (Lissowska, 2013). One of the reasons behind weak development of cooperatives and lower willingness to cooperate in post-communist countries is that farmers are reluctant to the notion of cooperatives

¹¹ F.A.O. – Food and Agriculture Organisation report: <http://faostat.fao.org/>.

because of the reminiscences to the communist past (I.S.E.T.N. 2017¹²; Iordachi and Bauerkamper, 2014). Albania has experienced one of the harshest versions of the centrally planned economy while Albanian agricultural planning was undermined by several problems resulting even in food shortages, which were common among cooperative members who were poorly paid (King and Vullnetari, 2016). However, other factors, in addition to the “bad memory” are expected to affect farmers’ willingness to cooperate in post-communist countries, some of which may be specifically related to their unique history and others which are applicable also to western countries.

This paper aims to contribute to the debate on the factors that contribute to farmers’ willingness to cooperate in post-communist countries, focusing on the case of the dairy sector in Albania. An unravelling outcome of local rules indirectly affecting farmers’ willingness to cooperate through several other factors such as leadership, trust on peers or social capital. Nevertheless, the impact that local rules distress on leadership development trust in peer’s establishment.

Livestock and dairy sector is one of the most important agri-food sectors in Albania in terms of contribution to output, and several farmers are engaged. The dairy sector is dominated from cattle (less than 1/5 of the milk is produced from small ruminants) while most dairy farms are small (Skreli and Imami, 2019). The dairy and meat value chains face serious food safety standards gaps which a major concern for Albanian consumers (Imami et al. 2011; Zhllima et al. 2015). Despite legal and institutional changes, many farmers do not comply with basic food safety and animal welfare standards and even lack information or awareness related to such standards (Gjeci et al. 2016). The development of food safety standards in Albania is essential for its effective integration in the European and global agricultural markets and to improve export prospective. In the Albanian context marked by numerous deficits of public institutions and small farm size the coordination task of ensuring sufficient food safety within the agri-food value chains can be realistically fulfilled by agricultural cooperatives (Imami et al. 2020). Therefore, promotion of cooperation is indispensable, and support policies should be based on an in-depth understanding of farmers attitude towards cooperation which is explored in this paper.

The paper is structured as follows: the second section consists of the literature review, which serves as a background for research questions and hypothesis. The following section consists

¹² I.S.E.T.N - Albanian Institute of Economic Research and Knowledge Transfer

of methods, while section 4 consists of results and the last section of conclusions and recommendations.

3.3. Theoretical framework and literature review

Collective action plays a crucial role based on several theoretical perspectives. Ostrom (2010) emphasizes the theory about determinants of collective action, distinguishing between core and structural variables. Core variables that impact collective action are reputation, trust, and reciprocity. On the other hand, structural variables are related to the type of product, number and heterogeneity of participants, face-to-face communication, information about past actions, the way individuals interact, and freedom to opt-in or opt-out (join or leave). Furthermore, Ostrom advocates the following relationship: structural variables influence core variables and core variables affect collective action outcomes.

One of the most important outcomes of Ostrom (2007 and 2009) is the development of a diagnostic framework on common-pool resources that analyzes the determinants of collective action. This diagnostic framework proposes six variables, categorized as follows: social economic and political setting, resource systems, resource units, governance systems, and users and related ecosystems. Several second-level variables characterize each of these variables. Here are some examples of these second-level concepts: system productivity, number of users (group size), *leadership skills*, *social capital*, knowledge about *social and ecological systems*, the importance of *resources for users*, and *governance systems*. They are of major importance when it comes to an understanding of the potential for and obstacles to cooperation on the farmer level.

Researchers largely agree that social capital has a positive impact on collective action. Ostrom (2007), analogous with many other researchers, for instance, White and Runge (1994); Meinzen-Dick et al. (2002); Banszak (2008) and Kola et al. (2014), stress that various forms of social capital contribute to successful collective action, almost always by raising trust among the actors. Social capital remained a significant determinant for cooperation among farmers in the horticultural sector in Albania (Skreli et al. 2011).

Didier et al. (2012), Creed and Miles (1996) emphasize that members of a cooperative decide to trust the cooperation based on their beliefs, several positive indications of its competence, reliability and carefulness to satisfy their needs and create added value to their advantage. The theory of reciprocity, outlined by Kahan (2005), stresses that most individuals are reciprocators who cooperate based on the willingness of others to contribute. The reciprocity theory is

centred around the promotion of trust. Furthermore, trust has been identified as a main determinant of collective action in common pooled resources – resources that everyone can access and benefit. Rama (2017) found that low trust levels had a negative impact on farmers' incentives to contribute financial resources for maintaining irrigation and drainage canals but had no significant impact on labour contributions. Following the literature *first hypothesis* has been raised: *the higher the trust in peers, the greater the likelihood of cooperation*

The farmers' perception of the presence of leadership improves the chances for collective action. Banaszak (2008) summarized relevant studies on the role of leadership in cooperation. Many researchers have studied the context of leadership. As Einarsen et al. (2007) reflects on his paper on leadership, most of the researchers have analyzed the positive effects of leadership such as: constructive, effective and successful (Kelloway et al. 2006). By analyzing only, the positive effect of leadership, most of the time has been assumed that ineffective leadership reflects an absence of leadership (Einarsen et al. 2007; Asforth, 1994). More specifically, the implications from the post-socialist context, which shows a common sensitivity for destructive leadership and a lack of confidence in collective action. By manifesting on the impact of the destructive leadership as defined by Einarsen et al. (2007), and by Troisi and Guida (2018) "*a systematic and repeated behaviour by a leader or manager that violates the legitimate interest of the organization by undermining or sabotaging the organization's goals, tasks, resources and motivation....*". Rama (2017) found that effective and successful leadership has a positive impact on community self-organization when dealing with crises. Additionally, in the research of Skreli et al. (2011) and Kola et al. (2014) was found that farmers' perception of the presence of leadership resources in their community positively impacts their willingness to cooperate. Following up with mentioned incentive the *second hypothesis* has been introduced: *the presence of leadership skills increases the chances of cooperation*

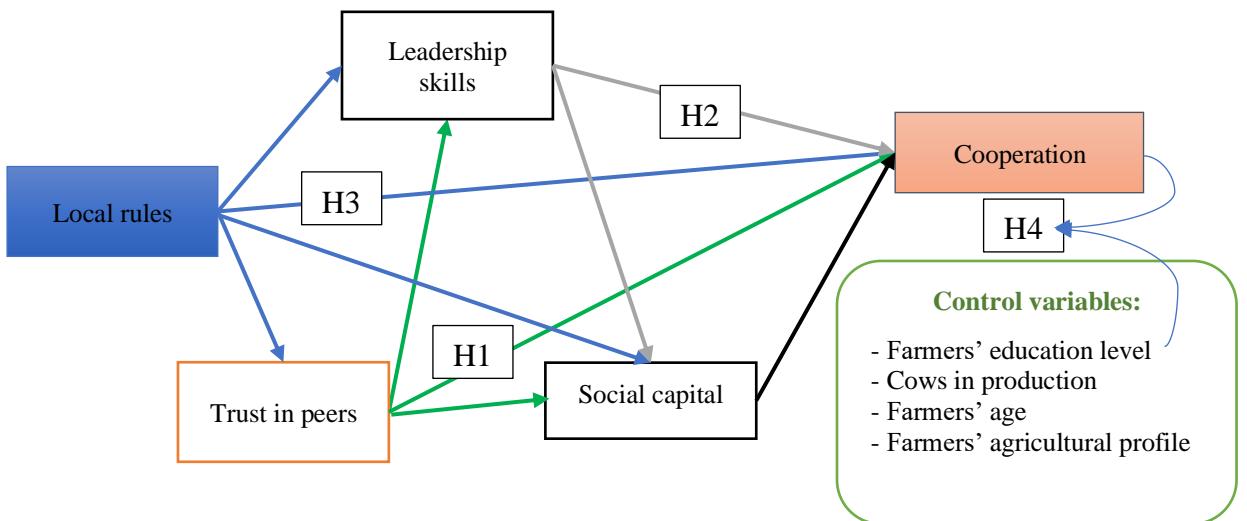
In different disciplines within the agriculture sector has been assessed that local rules play an essential role in communities as custodians for commons. Notably, the small-scale farmers in the fishery sector (Chuenpagdee, 2012), on forestry (Nayak and Berkes, 2008) or freshwater (Gunderson et al. 2006). These sectors on small-scale farming have been taken as examples of common-pool resources. Where, user rights, which in our case would be represented as farmers on the production of milk sector, are shared amongst various farmers and rights over resources that are not well-defined in terms of land-use, harvest or other facilities (Mamun and Brook, 2015; Middendorp et al. 1997). Furthermore, the rights and access of farmers to common property or a common resource will introduce us to the two main characteristics of the theory

of commons. Firstly, controlling the access of the farmers through excludability (whether or not a farmer can be prevented from using a resource). Secondly, every farmer might reduce the benefits of the resource, introducing the problem of subtractability (one farmer's use of a resource reduces others' use) (Berkes, 1989; Ostrom, 1990; Jodha, 1991; Meinzen-Dick et al. 2006, Mamun and Brook, 2015). As adherence of literature the *third hypothesis* has emerged: *the higher the presence of local rules, the greater the likelihood of cooperation*

In the literature, education and involvement in agricultural training schemes have been used to depict human capital. There is evidence that education, especially advanced education in agriculture, has a positive effect on participation and seems, in some cases, to be a significant variable (Skreli et al. 2011; Bernard and Spielman, 2009; Karl et al., 2006). The higher the education level, the more motivated farmers are to collaborate and interact with each other. Also, with the increase of the level of knowledge in the field of agriculture, they understand better the benefits they can get from collaborating with the farmers of their region. On the other hand, the results of the effect of age are mixed. Fischer and Qaim (2012) analysis identify a positive effect, whereas Karl et al. (2006) identify a negative one. Considering the indifferences from researchers we have formulated the *fourth hypotheses: the higher the education level, the greater the willingness to cooperate*

Cooperation tends to be affected negatively by the opt-out option, for instance, migration and mobility opportunities. The more opt-out possibilities people have, the lower the tendency to cooperate, as weaker social cohesion makes it more difficult to take and enforce collective decisions (Bardhan, 1993). Furthermore, intra-village conflicts may hinder collective action (Bardhan, 1993; Reimers, 2018). This was also observed by Skreli et al. (2011) and Kola et al. (2014). According to Boahene et al. (1999), physical assets, such as financial capital, land, and labour, are other important factors of innovation adoption. This would seem to indicate that very small and large farmers are less likely to be members.

Figure 5 – Cooperation research framework



Source: Authors' elaboration

3.4. Material and Methods

3.4.1. Data and sampling

The farm survey was based on a well-structured questionnaire. The content of the questionnaires was based on an extensive literature review, former research conducted in Albania, and consultations with several agri-economist experts and practitioners. The research sample included 238 farmers involved in cow milk production who were selected randomly by the interviewers in the main villages/areas of Lushnja and Fier district, specifically Libofshe, Gorre, Lumth, Bubullime, Gjonas, Halilaj, Imsh, Eskaj and Seman, covering about 25% of the Albanian national milk/dairy cow per head. The reason for choosing the Lushnja and Fier regions to conduct the study was that it is the main cow milk-producing region. One of the principal criteria for selecting farmers was that they were all personally involved in farm activities, including the production and sale of cow milk.

Table 5. Socio-Demographic of the sample (local rules)

Gender	Male		Female		
	70.6%		29.4%		
Age	Up to 25 year	26 – 35	36 - 45	46 – 55	56 and above
	2.1%	7.1%	15.1%	38.2%	37.4%
Education	Elementary school	General High school	The high school in Agriculture	University	
	55.9%	10.5%	30.7%	2.9%	
Employment (Family head)	Private sector	Self-employed (agriculture sector)		Public sector	
	3.8%	94.5%		1.7%	

Source: authors data elaboration

As shown in Table 5, out of the total sample, 70.6% interviewees were male, and 29.4% were female, and their average age was 52. For more than 94% of interviewees, the main employment of the head of the household was in agriculture. Only 2.9% of interviewees have a university degree, 55.9% have only completed primary education, and 41.9% have completed secondary education. Out of the 41.9% of the interviewees who have completed secondary education, 69.3% have attended a vocational secondary school, and 30.7% have attended a general secondary school. The family head main employment was in 94.5% of the farmers self-employed in the agriculture sector, followed by 3.8% in the private sector and 1.7% in the public sector. The confirmatory factor analysis and the structural equation modelling were used to analyze further and evaluate our hypotheses.

Before the full survey, pretesting was made to validate the study instrument further. The survey was carried out between June and September 2017.

3.4.2. Measurement development

To conduct the construct of the research was implemented the method suggested by Churchill (1979) and Gerbing and Anderson (1988). As previously stated, the measurement scales resulted from a combination of literature review and qualitative in-depth interviews with farmers. Correspondingly, to assess constructs reliability, composite reliability (CR) and maximum reliability, MaxR(H) are estimated. According to Nunnally (1988), the minimum acceptable value for α is 0.70, though, for exploratory research, values in excess of 0.60 are considered acceptable. The results presented in table 6 show that each construct has CR greater than the suggested threshold value of 0.7.

Table 6: Validity, reliability and measurement model goodness of fit (LR)

	<i>CR</i>	<i>AVE</i>	<i>MSV</i>	<i>MaxR(H)</i>	<i>Willingness to cooperate</i>	<i>Trust in peers</i>	<i>Local rules</i>	<i>Leadership</i>
Willingness to cooperate	0.973	0.877	0.159	0.979	0.937			
Trust in peers	0.911	0.596	0.058	0.916	0.102	0.772		
Local rules	0.947	0.856	0.059	0.963	-0.138	0.241	0.925	
Leadership	0.872	0.696	0.159	0.905	0.399	0.239	0.242	0.834
Measure	Threshold				Model Values			
Chi-square/df	< 3				(185/122) 1.52			
p-value for the model	>.05				0			
CFI	>.95 great; >.90 moderate				0.984			
SRMR.	<.09				0.047			
RMSEA	<.05 good, .05-.10 moderate				0.047			
PCLOSE	>.05				0.644			

Note: CR – Composite Reliability; AVE – Average Variance Extracted; MSV - Maximum Shared squared Variance; MaxR(H) – Maximum reliability; In the bold square root of the AVE on the diagonal below this diagonal factor correlations; Chi-square/df is the chi-square value of the model divided by model degrees of freedom;p-value for the model – tests whether the departure of the data from the model is significant and a p-value $\leq .05$ means the difference between the data and the model is significant. CFI -Comparative Fit Index; SRMR -Standardized Root Mean Square Residual; RMSEA - The Root Mean Square Error of Approximation; PCLOSE - tests the null hypothesis that the population RMSEA is no greater than .05

Confirmatory factor analysis (CFA) has been applied to develop the latent constructs, and the factors loading generated from CFA are shown in table 7. Details about the model goodness of fit are shown (Table 5) and the threshold values presented in this table are the one suggested by Hu and Bentler (1999). As the results (Table 6) confirm, the measurement model appears to have a good level of goodness of fit.

In addition to reliability, each construct should be valid. Referring to Bagozzi et al. (1991) the construct is considered valid when it accomplishes two main conditions: the convergent validity (i.e. items loading significantly on the factor that they are measuring), and the condition of discriminant validity (ensuring that these factors are distinct and do not covary highly). The above represented (Table 6) demonstrates the results related to the reliability and validity of the measured constructs.

As discussed above all constructs appear to fulfil the condition of reliability. Regarding the convergent validity condition, CR and AVE (Average Variance Extracted) are two measures that provide evidence of it. According to Malhotra and Dash (2011), AVE is a strict measure of convergent validity, much more conservative than CR. The suggested threshold value for AVE is 0.5 (Hair et al. 2010). As per seen from the table, all variables have an AVE bigger than 0.5. Concerning discriminant validity Hair, et al. (2010) suggest two threshold values to establish discriminant validity:

- AVE > MSV
- The square root of AVE greater than inter-construct correlations

Based on the results of our research, it can be perceived that the threshold values suggested by Hair et al. (2010) are accomplished. Thus, it can be concluded that the constructs fulfil the conditions of convergent and discriminant validity. To summarize the following table (Table 8) outlines how each variable of the study is measured.

Table 7: CFA standardized factor loadings

Items		Latent factor	Estimate
(GK5_Rev) I am not willing to cooperate with other farmers, (it is easier to solve agricultural problems individually using personal connections)	<---	Willingness to Cooperate	.917
(GK4) I am ready to become a member of any agricultural group or cooperative	<---	Willingness to Cooperate	.976
(GK3) I am willing to pay a share to set up a group to buy inputs (nutrition and medicine) and sell the product together?	<---	Willingness to Cooperate	.951
(GK2) I am ready to contribute as part of a group to buy and use together agricultural mechanics (tractors and agricultural aggregates, means of transport, etc.)	<---	Willingness to Cooperate	.935
(GK1) I am willing to contribute as part of a group for the payment of an agronomist specialist	<---	Willingness to Cooperate	.902
(BS9) There are a lot of farmers who treat me fairly- like family	<---	Trust in peers	.727
(BS8) Some farmers will always go for the truth	<---	Trust in peers	.840
(BS7) Some farmers listen to me and share their thoughts	<---	Trust in peers	.732
(BS6) There are farmers that they keep their word when they promise	<---	Trust in peers	.783
(BS5) I know farmers who can keep secrets	<---	Trust in peers	.820
(BS4) Farmers share secrets with me	<---	Trust in peers	.720
(BS10) My community has faithful farmers	<---	Trust in peers	.772
(RLP3) If the rules in the community are violated, there is a punishment system accepted by everyone	<---	Local rules	.934
(RLP2) The community monitors local rules (when they exist)	<---	Local rules	.869
(RLP1) In our community, there are local rules relating to pasture, forest, water etc.	<---	Local rules	.970
(LD3_Rev) In my village it is difficult to trust someone to lead a group of farmers, everyone focuses on his activities (rev.)	<---	Leadership	.846
(LD2) In my village, I know young educated people whom I trust and who can lead a group of farmers	<---	Leadership	.719
(LD1) In my village, I know respected people whom I trust and who can lead a group of farmers	<---	Leadership	.925

Table 8: Summary of variables of the study

Variables		
Endo	Social capital	Latent variable – CFA composite measure
	Trust in peers	Latent variable – CFA composite measure
	Leadership	Latent variable – CFA composite measure
CON	Farmers' Age	Continuous
	Farmers' agricultural education	Dummy – 1 if the farmer has done an agricultural high school and 0 otherwise.
	Farmers' years of education	Continuous – number of years of education
	Cows in production	Continuous – number of cows that are producing milk
DV	Willingness to cooperate	Latent variable – Second-order factor – CFA composite measure of the variables' leadership, social capital and local rules
IV	Local rules	Latent variable – CFA composite measure

Note: Endo – Endogenous variable; DV – Dependent variable; IV- Instrumental variable; CON – Control variable; CFA refers to the confirmatory factor analysis employed to develop measures for the latent variables, which is discussed in the measurement development subsection.

3.5. Results

Subsequent the literature and the identified framework that demonstrates the main factors that influence the farmer's potential for cooperation, the structural equation model has been analyzed. The Structural Equation Model (SEM) was used to estimate the farmers' attitude towards cooperation. Observed variables are displayed as boxes, the latent ones (composite CFA measures) are shown as circles. The arrows between them indicate whether the relationship is formative or reflective. The research hypotheses are tested using structural equation modelling. The following is a recall of hypotheses to relate with the results of the SEM model presented in table 9.

H1: The higher the trust in peers, the greater the likelihood of cooperation

H2- The presence of leadership skills increases the chances of cooperation

H3- The higher the presence of local rules, the greater the likelihood of cooperation

H4- The higher the education level, the greater the willingness to cooperate

As proved from the results from the SEM, social capital has a significant contribution to the willingness of farmers to cooperate. Although local rules play a significant role in the community (Agrawal 2001, Ostrom 2009, Ostrom and Mc Ginhis 2014), it does not appear to have a very significant direct effect in cooperation. Local rules ensure significant influence on

the social capital, leadership and trust in peers. There are many cases where the need for local rules is vital in Albania. In our analysis, we observed that the local rules are not fully operational.

Nonetheless, the majority of interviewees believe them to be very important and see a need for further development of the monitoring process. According to the model, there are two defined positive effects of local rules on cooperation. Trust in peers which mediate the positive effects of local rules on cooperation, and leadership which mediates the positive effects of local rules on cooperation (see Table 10).

As mentioned previously, the SEM results reveal a direct link to trust in cooperation (Table 9). The trust factor was found to be a significant determinant for farmers' cooperation in the cow's milk production sector. As the results show, variables such as trust, leadership and local rules have a major impact on cooperation.

Table 9. Structural Equation Model Results (LR)

Dependent variables	Independent variables	Estimate	Std.Estimate	Boot.S.E.	P
Trust in peers	<--- Farmers' age	.011	.139	.065	.038
Trust in peers	<--- Local rule	.143	.228	.057	.001
Trust in peers	<--- Agricultural profile	.052	.028	.098	.750
Trust in peers	<--- Farmers' education	.044	.113	.107	.347
Trust in peers	<--- Cows in production	.037	.081	.058	.178
Leadership	<--- Local rule	.204	.223	.058	.001
Leadership	<--- Agricultural profile	-.409	-.150	.080	.064
Leadership	<--- Farmers' education	.126	.223	.080	.005
Leadership	<--- Farmers' age	-.001	-.010	.067	.894
Leadership	<--- Cows in production	-.067	-.102	.065	.102
Leadership	<--- Trust in peers	.295	.202	.069	.007
Social capital	<--- Local rules	.137	.150	.066	.029
Social capital	<--- Farmers' age	-.017	-.153	.060	.017
Social capital	<--- Agricultural profile	-.350	-.129	.095	.199
Social capital	<--- Farmers' education	.077	.137	.095	.140
Social capital	<--- Trust in peers	.151	.104	.065	.111
Social capital	<--- Leadership	.256	.257	.055	.001
Social capital	<--- Cows in production	-.001	-.002	.070	.962
Cooperation	<--- Leadership	-.018	-.070	.059	.249
Cooperation	<--- Trust in peers	.033	.087	.056	.120
Cooperation	<--- Social capital	.178	.682	.053	.001
Cooperation	<--- Local rule	-.030	-.128	.053	.014
Cooperation	<--- Farmers' age	.003	.091	.051	.083
Cooperation	<--- Agricultural profile	.054	.076	.072	.294
Cooperation	<--- Farmers' education	.011	.072	.072	.278
Cooperation	<--- Cows in production	-.001	-.003	.051	.993
Squared Multiple Correlations: (Group number 1 - Default model)				Estimate	
Trust in peers					.098
Leadership					.140
Social capital					.173
Willingness to cooperate					.461

Source: Data elaborated from authors

The effect of local rules is impressive and illustrates a crucial contribution to the literature because it sheds light on the way local rules affect the willingness of farmers to cooperate. The mediation analysis demonstrated in table 6. Based on Zhao et al. (2010) and Xhoxhi et al. (2018), in the mediation analysis, the only requirement to prove mediation is to illustrate a significant indirect effect. Accordingly, the results have shown the importance of the local rules indirectly affecting cooperation. From the results, it appears that the main and most noteworthy

mechanism of how local rules affect willingness to cooperate is by constructing social capital. The other two mechanisms do not show significant indirect effects.

Table 10. Mediation Analysis (LR)

Path	Standardized Indirect effect	Bootstrap Standard errors	P- value
Local rule → Social capital → coop	0.119	0.049	0.013
Local rule → trust in peers → coop	0.02	0.014	0.089
Local rule → Leadership → coop	-0.016	0.015	0.204
Local rule → Total Indirect* → coop	0.166	0.053	0.001

*Total indirect: It is included the long-chain mediation: Local rule -trust in peers-leadership-cooperation

3.6. Discussion and Concluding Remarks

3.6.1. Discussion

In our research, it is found that farmers in Albania do have a relatively low educational level. Time to time training offered by different projects has impacted some farmers' point of views. Indeed, a higher educational level or training provided from respective governmental structures would increase the knowledge and most probably the willingness of farmers to approach new initiatives and movements. Nevertheless, the socioeconomic factor, age, is a more challenging factor when it comes to developing countries which also holds true to Albania. As we have mentioned in the description of our sample, the average age of the farmers is 52 years old. The age element leads us to the historical background of the current running farmers. A lot of effort and progress is going through the involvement of the young generation in the agricultural sector. Keenly, this might be the last generation that is still affected by the post-communist era.

Despite that, the development of efficient and sustainable agriculture is almost impossible without secure land property rights in general and land use rights in particular. Consequently, Wiggins et al. (2015) stressed that any changes to land laws and related policy should always be undertaken with a high degree of local actor involvement.

Consequently, in developing countries, the state land law which is oriented towards private ownership contrasts with locally and traditional land rights which are based on common use. As stated previously, the definition of common use in some regions is not clear. Traditional land rights and land management systems frequently consider land as the common property of a defined group of people. Identifying traditional land rights related to particular plots of land, common land (e.g. paths, water distribution). The abandonment of subsistence farming and increase production for the market cannot be controlled with traditional land rights. Purchasing and leasing parts of the land, on the other hand, is an open discussion on Albanian farmers, considering that some of them have raised the issue of access to the land market. Equal ownership and land policy are predominantly needed.

There are some imperative reasons why local rules play a significant role in the promotion of cooperation in developing countries. Preserving the regulations in the community will boost incentives for farmers to engage in long-term investment and environmental protection measures. In some specific cases, this will increase the opportunities for farmers by enabling the land to be used as collateral. On the other hand, the non-documented land rights and land management systems are not respected, or traditional users are driven out or forced to resettle elsewhere to benefit national and international investors.

Local rules designed to manage better common-pool resources are expected to affect self-organization (Agrawal 2001, Ostrom 2009, Ostrom and Mc Ginhis 2014). However, the way they do affect self-organization is to be researched. In our study, we have found out that the direct effect of local rules on cooperation is negative. Still, its indirect effect through social capital, leadership and trust in peers is positive on cooperation. It seems that the way local rules affect self-organization is through trust, social capital and leadership. On the other hand, the total effect of local rules is positive (though not significant). The finding is provocative and interesting – the mechanism local rules translate into trust, social capital and leadership and therefore, local rules affect collective action indirectly.

As it is stressed in the *Handbook for the Promotion of the Agri-Food Sector* (Reimers, 2018), an international development association can help with the formulation of a regulatory framework, to protect the ownership of agricultural land. Plus, by drawing on the assistance of international advisors and by bringing in their expertise and lifestyle examples. However, choosing this way, it has to be made sure that there is a sustainable pathway or strategy after project money and assistance is terminated. International development cooperation can

likewise play an essential role in analyzing practical experiences and organizing professional training, dialogue and networking events geared to the specific needs of the area concerned.

3.6.2. Conclusions

This research paper aimed to assess the impact of local rules on cooperation. The results show that local rules, trust, and leadership skills are important determinants of cooperation. The initiatives to promote cooperation must take more time to identify the appropriate areas where these elements can be tapped into and implemented.

In terms of cooperation, we analyze human and cultural values which take a long time to change and take on board. Similar to other governance systems, changes in Albania, a Post-Communist society, should follow a cycle with peaks and lows to reach an equilibrium. That is to say; it is important to support the implementation of the local rules where they do exist. Above all, it is essential to enforce the rule of law in areas where the local rules are not applied.

The findings of the study follow the same outline in conformity with previous studies. Similar to Kola et al. (2014) and Skreli et al. (2011), they established that social capital and leadership have a strong positive impact on cooperation, as was demonstrated by our findings for farmers in the case of cow's milk production in the region of Fier, in Albania. Earlier results from the apple sector (Skreli et al. 2011) and greenhouses (Kola et al. 2014) are of both theoretical and practical importance. Education and further training in the agricultural sector continue to be of core importance. An improvement in the level of educational attainment may increase the probability of entering agricultural cooperatives in leading better relationships with agricultural cooperatives. The fairly low level of education may indicate potential human capital stock on the farm.

At a starting stage of development, the formation of rules-based with a mix of informal (local rules) and formal rules (state rules supported by policies) in the region could be effective towards farmers management and providing better yields along with improving the social institutions to promote the cooperation (Mamun and Brook, 2015).

Promoting cooperation is a long-term process that will generate much longer-lasting added value in human society.

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CHAPTER IV

4. Is this the revival of cooperatives era in Albania?

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Albania is a country with a specific profile and history, a favourable climate and geographical location, and is continuously building new bridges to improve social and economic life. A careful analysis of history provides awareness of a sustainable path for the future. As a post-communist country, the economy of Albania has gone through many ups and downs. Identified as having a fragmented land structure and predominantly subsistence farming, shows the need for intervention in this situation. The co-operative organisation has been one of the victims of historical development. Moreover, due to potential conflicts with the political system, there has been no appropriate opportunity to adapt to the broad concept of co-operation in recent decades. As such, the co-operative phenomenon is still new despite the introduction of new co-operative law to support development of co-operatives in Albania. This paper focuses on farmers' experiences and identifies elements that are crucial in influencing co-operation among farmers. While some have had a positive experience of being part of a cooperative, for the majority it is still hard to distinguish the communist co-operatives from the democratic and voluntary access/membership co-operatives. This might be one reason that farmers are hesitant to get involved in a co-operative.

4.1. Introduction and Background

Albania is located geographically in south-eastern Europe, in the western part of the Balkans. In the northern part, Albania has common borders with Montenegro, in the north-east it borders with Kosovo, in the east it is bounded by Macedonia, while in the south we find common borders with Greece. In the western part, Albania has natural borders, the Adriatic and Ionian seas. Albania has a total area of approximately 28,700 square kilometres.

Demographic developments show that the Albanian population is decreasing, while population structure shows that the population is ageing. From the beginning of 2013 until the beginning of 2018, the population of Albania has decreased by some 27,000 inhabitants. Population changes are due to two essential components: natural increase (births) and decrease (deaths), and net migration. As seen in Table 11, in 2017, of the average total population of Albania, children and young people (0-14 years) constituted approximately 18%; the working-age population (15-64 years) is estimated at 69 % of the total population, while the population over 65 years constituted 13 % of the total.

Table 11 Group age of the Albanian population for 2017

Age group	0-14 years	15-64 years	over 65 years
in percentage	18 %	69 %	13 %

Based on the World Bank data (2018a), a reduction in population numbers of the age group 0-14 years and 15-64 years is anticipated, so by 2060 the age groups 65-79 and 80+ are expected to increase.

Net migration also has a significant influence on the fluctuation of the population growth because of economic issues. In the early 1990s, there was a decrease in the number of inhabitants living in rural areas (Hall, 1996). After communism, migration, whether rural to urban or internationally, has become the most common livelihood coping strategy in the country, and serves as a critical escape valve from unemployment and other economic difficulties brought on by the transition to a market economy (Carletto, Davis, Stampini & Zezza, 2006). These two main influences on population present profound changes and challenges in the social and economic development of the country as well as respective policy reflections and adjustment to be made.

Agriculture is a significant and critical segment of the social and economic sectors in Albania (World Bank, 2018b). Even with the negative changes in the last years, it remains one of the sectors with a significant impact on the national GDP representing a share of 19% in 2017 (Institute of Statistics (INSTAT), 2020). Livestock has been and remains one of the most vital sectors of the progress of the country. Valuable foods such as meat, milk, eggs, honey, and processed products are delivered from livestock. Governmental arrangements have shown to have a high impact, especially when it comes to a sensitive and fragile but vital sector like agriculture. Since the formation of the first Albanian government in 1912, Albania's administrative division has undergone constant changes throughout history both in terms of geographic extent and structural functions. It has continued with an endless series of changes (Ibrahimaj, 2018).

Co-operatives have proven to be a very successful vehicle in many developing and transition countries (Sokoli & Doluschitz, 2019) and the inspiration for this research arose from legal problems and the lack of initiatives from policymakers to promote co-operatives with farmers as members. Numerous obstacles such as infrastructure, bargaining power, access to the market, have a negative impact on the co-operative system and founding of co-operatives in Albania. The current situation is one where major parts of the agricultural land are highly fragmented, and most farms are family farms. A such, farmers produce mainly for their own consumption (subsistence) and a small share for the domestic market.

This status quo is part of an historical series of events starting with agrarian land reform and collectivisation in 1945. At that time, land (property rights) was declared state property and in the period 1959-1990, communist co-operatives were predominant in Albania. The state had taken over control of all the activities of the co-operatives (Sokoli & Doluschitz, 2019). In the 1990s, the communist co-operatives and many other organisations were terminated mainly due to the migration of the population, especially to western Europe.

Significant changes occurred following the country's political and economic changes after 1990. In 2014, with the decision of the Albanian Parliament, a new administrative-territorial organisation of Albania was approved. It divides the country into 12 prefectures and 61 municipalities with subdivisions provided by law (Law 115/2014). Former municipalities and communes continue to be functional and are considered to be administrative units which constitute new municipalities.

The Fier region, which is a focal area of the research, is the second-largest region in the country. The population of Fier district is divided into six municipalities. The following will show some facts based on the country's statistical institute – INSTAT (Ibrahimaj, 2018; Institute

of Statistics, 2018). Our research is focused on the dairy (milk) sector and Fier is the region with the largest number of breeding cattle 14.5 % (Institute of Statistics, 2018).

Referring to the structure of livestock in livestock units, according to recent statistics (Institute of Statistics, 2018, p. 170), in 2017 cattle have the largest number of heads with 47% of the total number. Sheep and goats are 31 %, pigs 6 %, and other groups 16 % of the total number of heads of livestock units (Biçoku & Uruçi, 2013) – see Table 12. In 2017, the quantity of milk collected was approximately 131 thousand tons increasing by 5 %, compared to 2016. In this period, the quantity of cows' milk delivered to dairies is approximately 110 thousand tons, increasing by 6.6 % compared to 2016.

Table 12 Structure of livestock in Albanian agriculture in 2017

Livestock structure	Cattle	Sheep and Goats	Pigs	Others
total number of heads	47 %	31 %	6%	16%

Source: Institute of Statistics, 2018.

In this paper, the co-operative Myzeqeja Farm is examined as one of the best examples of co-operative implementation in Albania. The understanding of earlier movements and developments is crucial for explanation of the co-operative development, situation, and perspectives. The paper is structured as follows: the next section provides an overview of the research methods, the subsequent section shows the results and is divided in two subsections: a co-operative case, Myzeqeja Farm, and an overview of the Heifer Project (interview with the executive director of the Livestock and Rural Development Centre -<http://bzhr.org>); analysis of secondary data to produce a SWOT profile of agriculture sector; and analysis of farmer survey. The last section is discussion and conclusions.

4.2. Methods

An important step included the results obtained from the analysis of the interviews with farmers to distinguish whether they were willing to embrace co-operatives and be members of one. Additionally, it was crucial to find out whether farmers were willing to give the co-operative form a new chance and their trust in order to generate more power to achieve more convenient access to the market. This organisational form might strengthen the position of the primary agricultural stage within the agri-food supply chain. In order to explore this, a number of actions have taken place, including: a workshop with currently identified co-operatives (mostly registered as NGOs or as co-operatives); interviews with farmers who are part of these organisations, specifically Myzeqeja Farm co-operative members; and interviews with farmers who may wish to join these initiatives but have not yet taken this step.

Data collection took place in 2017, after researching secondary data from the Ministry of Agriculture and Rural Development (MARD- <https://bujqesia.gov.al>); the Institute of Statistics (INSTAT - <http://instat.gov.al>); and expert interviews with researchers in Albania and other independent institutions like GIZ (<https://www.giz.de>) or the Food and Agriculture Agency of the United Nations (<http://www.fao.org>) who have conducted important research to support farmers initiatives. Subsequently, the farmers' production has been determined to identify the most appropriate area for the research. Due to this secondary research, the prefecture of Fier was chosen as the main area of milk production in Albania and the sector of dairy as processed food. Several problems that farmers confront are analysed and later a SWOT analysis was conducted to identify the obstacles and opportunities that this sector is facing. Farmers have a confused feeling when we talk about co-operatives. It is important to underline that the term "co-operative" was not used directly to ask farmers because of the negative perception and image created based on the past.

Descriptive analysis of the sample

From the total sample of 238 interviewees, 71% of the interviewees were male, and 29% female (figures rounded). In our sample, 56% have only primary education, and 41% have a high school education and approximately 3% have a university degree (figures rounded). During the communist time, there were two kinds of diplomas issued by the government, especially in rural areas: professional high school with a focus on agriculture and the other one was a general high school degree. Of the 41% of interviewees with a high school degree, 10.5% have a professional high school diploma in agricultural and 30.7% have a general high school education (see Table 13).

Table 13. Socio-Demographic aspects of the sample (cooperative case study)

Gender	Male			Female	
	70.6%		29.4%		
Age	Up to 25 year	26 – 35	36 - 45	46 – 55	56 and above
	2.1%	7.1%	15.1%	38.2%	37.4%
Education	Elementary school	General High school	The high school in Agriculture	University	
	55.9%	10.5%	30.7%	2.9%	

Source: authors data elaboration analysis

4.3. Co-operative case - Myzeqeja Farm

Myzeqeja Farm is one of the most important examples of co-operative implementation in Albania. It is essential to state that this co-operative is small compared to the size of co-operatives in developing countries or in countries where co-operatives have been promoted, supported, and developed for many years. We had the chance to interview 30 farmers who are part of this association. There are many other farmers or business firms who are registered as co-operatives, but do not run based on the values and principles of co-operatives. For instance, they do collect the farmers' production, but they do not involve the farmers and do not share the benefit from the price negotiation with them. Mostly, they choose the identification as a co-operative to benefit from different donations and training offered on behalf of promoting the co-operative movement.

The co-operative was established in 1999, when a group of farmers decided to work and organise an organisation together. After only one year, 12 farmers were registered as an organisation. With the support of the Livestock and Rural Development Association, they had the opportunity to be part of the Dutch project called Heifer, part of Heifer International (<https://www.heifer.org>). The project began in 2005 and, as its name suggests, has provided pregnant heifers to approximately 400 indigent families in Lushnja, Berat and Fieri; communities without cows on their farms. The twelve farmers of the organisation received Irish cows, and as an organisation at that time, they also received two big cooling tanks to keep the milk in proper condition. The Heifer project not only donated the cows and heifers to the farmers of the region, it also trained farmers on issues such as 'practical feeding, preparation of rations, manure management, preparation of hay and silage and mechanisation. Training on animal health, breeding and artificial insemination was also organised for local technicians and farmers' (Heifer International, 2010, para 6).

With the support received from this project, the farmers decided to take the advantage of this and enjoy a further step in their development. In 2014, with the proposal of the Livestock and Rural Development Association, the group of farmers of milk production was registered as an Organisation of Reciprocal Collaboration (ORC). In Albanian law, an ORC, or Shoqeri e Bashkepunimit Reciprok, is a different name for co-operative organisation; this takes into consideration the image of co-operatives in a post-communist country. The law in support of the co-operative movement was considered an important step towards support and policy development on the Albanian agriculture (Sokoli & Doluschitz, 2019).

We can say with full conviction that it is the only co-operative in Albania built based on cooperative principles. The objectives of the co-operative Myzeqeja Farm were retrieved from the administrative office of co-operative where we had the interviews with the administrator and the accountant. The objectives include:

- Providing services at a favourable cost to members of the cooperative
- Meeting the needs of society and members individually regarding society
- Consolidation of marketing channels
- Increase production and promotion of farmers in the market
- Reduction of informal activities
- Increasing the potential of small farms in the country
- Benefiting from government and international grants

Farmers who are part of Myzeqeja Farm have a minimum of two cows and a maximum of 15 cows. The managerial board of the co-operative consists of seven to ten persons. The start-up capital of the co-operative was composed of approximately 7500 Euro (or 100 000 ALL in the Albanian currency). It is divided into 100 (one hundred) shares. The organigram of society is shown in Figure 6.

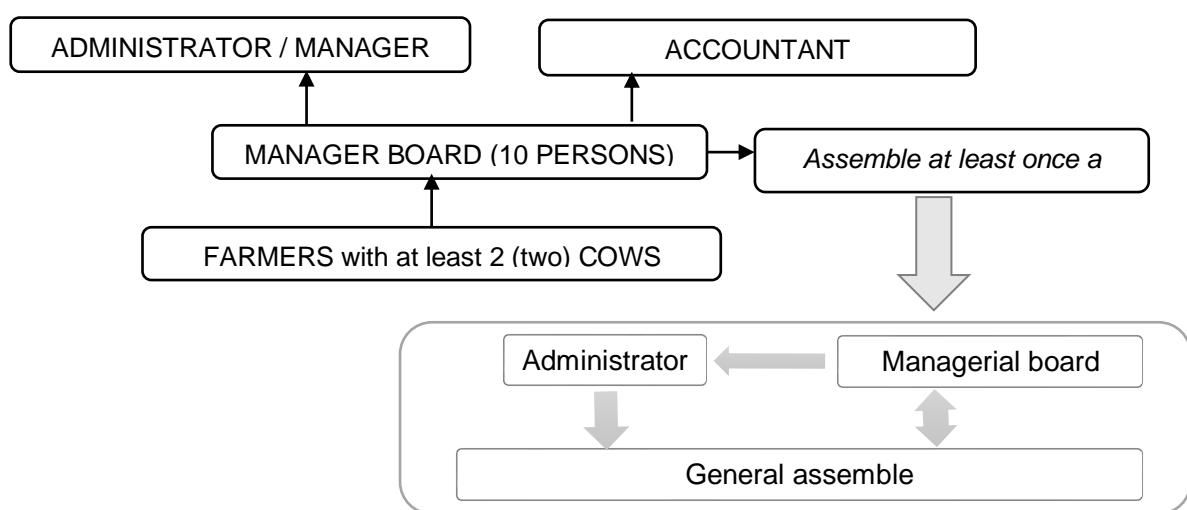


Figure 6 Myzeqeja Farm organigram.

Source: Organisation chart realised based on data collection by authors

The members of the co-operative meet in the general assembly whenever there is a situation of necessity. There is a meeting taking place once a year to report about the overall annual development, as well as to receive suggestions from its members. The managerial board indicates election, control and discusses different issues, shares information related to different and key matters. The administrator is elected from the management board in the assembly. They are elected for a term of no more than five years. Another important role/position is that of the accountant who deals with the tax-administrative aspect of the association, following any changes in changes, and adapting it with the association.

Heifer project.

The Heifer project has played a significant role in the development of the farmers in the area. As stated in the project itself, it had a high impact on the development of the farmers' organisations into the business, including Myzeqeja Farm. Training offered to the farmers by experienced professions from the Heifer project, such as maintaining the quality of the milk, hygiene conditions, as well as marketing, preparation of business plans, co-operation as a form of organisation, leadership, resource development and gender issues were vital for the continuation of this group of farmers and especially for their registration as a co-operative. The project also provided steps to obtain access to a savings and credit union in the area (Heifer International, 2010).

In receiving the Interaction Award for Best Practice (Heifer International, 2010, para 8; InterAction, 2010), numerous benefits for farmers participating in this project were seen to have been realised, including:

- Improved farm management
- Strengthening of associations
- Active division of work within the family
- Increased number of animals per farm, as a result, increasing income from the farm
- Increased knowledge of supply chain development of milk production
- Organised training for farmers in the required fields to improve their management and technical capacities, etc.

By reviewing the benefits for the farmers from the co-operative movement and the support this group of farmers had received from the Heifer project, it is demonstrated that some policy adjustments might be needed at the farm level in order to encourage and motivate farmers to be part of such initiatives.

4.4. SWOT profile of agriculture sector in Albania

To better understand farmers' attitudes and challenges they face it is important to analyse the environment that surrounds them. Based on the secondary data gathered from the Ministry of Agriculture and Rural Development (MARD, 2014), Regional Institute of Statistics (INSTAT) and expert interviews with researchers in Albania, a summarised SWOT profile of the Albanian agriculture sector has been produced. The SWOT analysis (Schooley, 2019) has been done for three main sectors of agribusiness sectors, which based on the experts' opinions, have been specified as the most representative for Albanian problematics: agriculture inputs, production, and agroindustry. For each sector, we have highlighted the internal factors (strengths (S) and weaknesses (W)) - which are the resources and experience instantly available to agriculture; and external factors (opportunity (O) or threat (T)) for which farmers or agribusiness firms cannot have control. The identification of these factors emphasises the problems that farmers are tackling. Musabelliu and Meço (2013) emphasised, in their detailed analysis, the main factors that influence the following sectors and, based on their analysis, we have identified: (S) strengths, (W) weaknesses, (O) opportunity and (T) threat for each sector (Figures 7, 8 and 9 below) and in general.

a. The sector of agricultural inputs

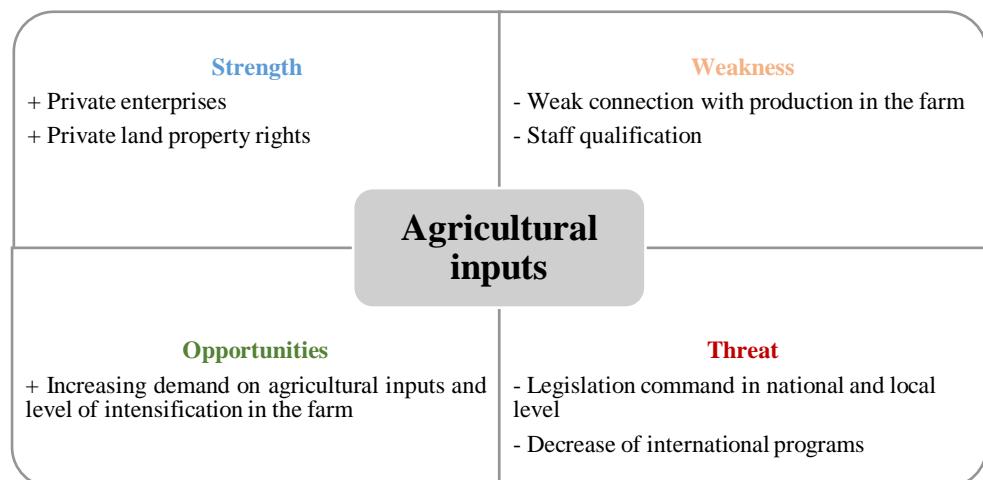


Figure 7 Agricultural inputs.

b. The sector of production in agriculture

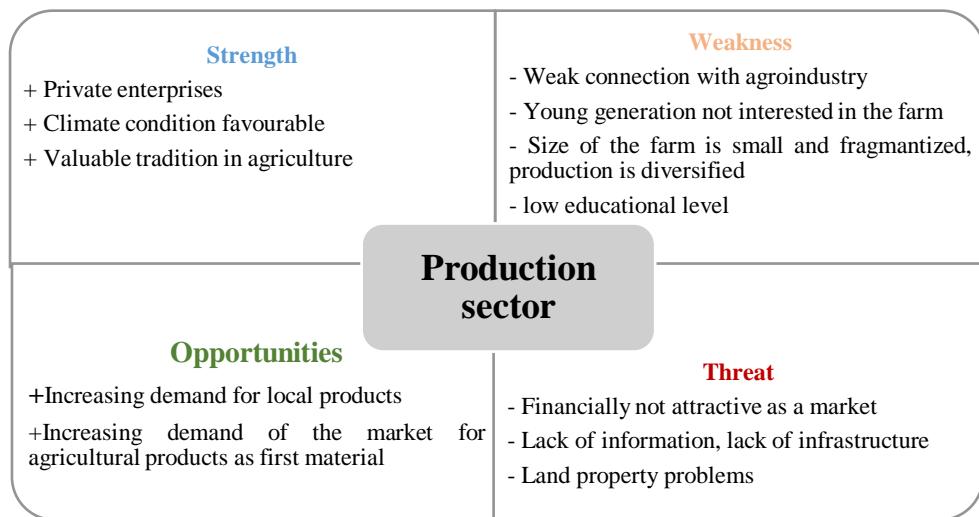


Figure 8 Production sector.

c. The sector of agroindustry

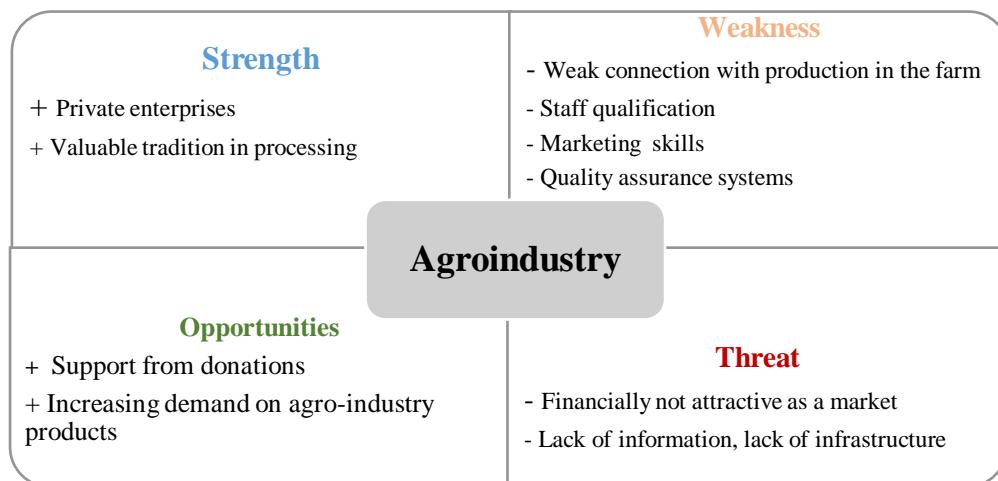


Figure 9 Agroindustry.

As shown in the figures above, one of the main weaknesses identified is the lack of educational qualifications in the three sectors. A low qualification level also creates barriers to the adaptation of new technologies, different approaches, and developments to reach the markets, as well as the way they deal with each other. Additionally, the willingness of the younger generation to be involved in agriculture in general is low. Furthermore, the lack of information within the sector and about one another as well as the lack of infrastructure are seen as crucial points to be considered for the development and improvement of necessary conditions in the sectors. Whereas infrastructure challenges the farmers and input suppliers, information is a huge barrier for farmers' development and their bargaining power in the market.

As indicated above, there is a strong relationship between the challenges of the sectors, and in the manner in which they function. Notably, as shown in the weakness and threat factors, it is clearly stated that the connection in terms of market access, information access, between the farm - production - agroindustry is lacking. One way to solve this issue would be the implementation of successful international programmes and subsidies (or donations). A demonstration or a start-up initiative would be a great support at the farmer level as well as point to the implementation of co-operation within these sectors in order to empower farmers' position and their competition in the market. Thus, the main factors the three segments in the agricultural sector are facing are:

Strength:	Private enterprise
Weakness:	Weak connection through the supply chain
Opportunities:	Increasing demand for local development, subsidies
Threat:	Legislation command at the national and local level

The development of co-operatives as a successful governmental arrangement might be one opportunity for farmers to improve their market bargaining power. Support of farmers financially from the governmental bodies as well as with adequate information for the administrative units would increase the farmers' power and interest as well as make the agricultural sector attractive and solid (Bijman, Iliopoulos, Poppe, Gijselinck, Hagedorn et al., 2012).

4.5. Farmers' survey

Structured interviews were undertaken with 238 farmers. Questions covered the main issues of importance to farmers; the relationship between farmers – particularly around trust; their expectation of co-operative membership in relation to price premium; and market relationships. Table 14 indicates the importance of a series of factors concerning the main product by using the following evaluation scale: 1- Not important at all, 2- Not important, 3- Important, 4- Very important, 5- Extremely important.

As has been observed, it is imperative for farmers to choose the right breed of cows as well as the right feedstuff or vaccination. The wellbeing of the animal means, among other things, more and better quality. It has been highlighted that most of the time, there is no support for them in this perspective. Farmers must cover everything on their own.

Another sensitive topic for dairy farmers is selling their product and access to the market. One of the reasons that we have chosen to interview the farmers in Fier region, except for the fact

that this is the region with the highest milk production from cows, is the difficulty farmers have in accessing the market. This is to say that they feel dependent on the milk collectors. The selling process is critical for dairy farmers as they do not have access to the market. Meanwhile, different sectors influence this issue, such as cow milking, which is done by hand; cooling facilities, in the most common case, these consist of the farmer's fridge. In these conditions, the relation with the collectors has high importance for farmers, especially for small farmers who have two to four cows.

Table 14. The importance of selected issues by farmers judgments

How important it is for you:	1	2	3	4	5	Mean
The decision for the food that you use for your cows	0	0	6	49	183	4.74
Decision on the breed of cows	2	8	15	57	156	4.50
The milk price	0	2	17	45	174	4.64
The decision on the medicines and vaccines you use on your animals	0	5	26	63	144	4.45
The decision on vaccination time	1	10	23	58	146	4.42
Conditions regarding payment (e.g. payment delays, or a payment will be realised (e.g. in materials or instalments)	1	1	33	74	129	4.38
The decision on the terms of the contract / relationship with the buyer (e.g. time of payment, manner etc.)	4	9	33	64	128	4.27
The time when production will be sold to the buyer	2	23	45	64	104	4.03
Deciding how milk will be delivered	3	23	37	58	117	4.11
The decision on the total value of the milk payment from the buyer	0	6	28	64	140	4.42
The way milk is stored after milking (cooling facilities)	8	22	27	65	116	4.09
Decision on farm investment in infrastructure (type and organisation of stables), investment in machinery	8	18	26	67	119	4.14
The decision to invest in cooling facilities for a proper post-milking treatment	19	30	29	59	101	3.81

Source: Data analysed from authors

The relationship between farmers is equally important. A series of questions was asked aimed at understanding how sensitive the relationship is; the results of which are shown in Table 5. Generally, farmers do trust and respect each other's opinions. In table 15, the four highlighted questions show that the farmers' answers show a spread from totally disagree to strongly agree,

giving a feeling of not being sure whether there is reciprocity among them. The reciprocity theory (Kahan, 2005), is centred around the promotion of trust.

Table 15. The trust among farmers and their relationships:

	1	2	3	4	5	Mean
Some farmers are willing to help me when I need them	16	43	49	90	35	3.36
I know farmers who are professionally trained	9	20	59	95	55	3.70
I often find it difficult to envision how farmers can behave	29	53	51	60	24	2.99
There are farmers who tell me their secrets	52	25	41	35	8	2.52
I know farmers who know how to keep the secrets we share	41	17	40	47	14	2.85
There are farmers that if they promise something, they keep it	11	32	53	78	38	3.47
There are farmers who listen to me and make me cry	9	23	54	98	33	3.57
I know farmers who always tell and defend the truth	18	23	56	92	48	3.54
There are enough farmers who treat me fairly	9	17	37	104	71	3.89
There are a few loyal farmers in my community	15	19	49	81	74	3.76
There are farmers whom I trust	5	11	37	84	98	4.10

Source: Data analysed from authors

1- Strongly disagree, 2- Disagree, 3- Neither disagree nor agree, 4- Agree, 5- Strongly agree

During the analyses, farmers who were part of the Myzeqeja Farm were separated to see the tendency of their answers, as they are already benefiting from co-operative association. The following tables show how much farmers agree that being member of a group is much more advantageous for them.

As is shown in Table 16, more than 50 % of farmers interviewed believe that they can sell their products at a better price when they are working collectively. Indirectly farmers admit and express time and again (as demonstrated also in the preceding Tables 14 and 55) that the creation of co-operation among them will be a positive asset. This is also enforced by the fact that 25 out of 30 farmers who are part of Myzeqeja Farm are convinced that collaborating and

participating in a co-operative movement is an excellent approach to be part of and compete in a market. Frequently, farmers have noted as one farmer said, that “when we are a group of farmers with a stable price for our product-keeping the same price, this weakens the power of the intermediary to decide the price for our product”, meaning that in this case the intermediary would not have the power to break them down by accepting the product at a very low price.

What is interesting in this question – ‘In a group, products are sold with a better price’ - is the fact that three people from the co-operative group are sceptical on this issue. The tendency that we have also seen from the general group of farmers shows that almost 40% do not agree with this statement. There are many factors that might cause this behaviour, such as: trust among them might be a very sensitive factor (Barraud-Didier, Henneinger & El Akremi, 2012), a good connection in the market, having a relatively bigger farm than the others (say, more than four cows).

Table 16. Farmers attitude towards price premium expectation due to cooperative membership

In a group, products are sold with a better price	Farmers	Farmers part of cooperative	Total
Totally disagree	32	1	33
Disagree	46	2	48
Neither agree nor disagree	30	2	32
Agree	52	4	56
Totally Agree	48	21	69
Total	208	30	238

Source: Data analysed from authors

In Table 17, it is shown that approximately 30% of the total farmers interviewed point out that they do not find it beneficial to be part of a group and that it will reduce their negotiating costs. On the other hand, around 50% of the farmers believe that being part of a farmers' association will have an impact on their negotiation costs, whereas, of the farmers who are part of the co-operative over 80% believe that belonging to a co-operative reduces the negotiation costs.

There are two groups of farmers when it comes to the issue of inputs, the one group that needs to buy inputs and the one who needs to sell the amount that is not used in their farm. The following statement came up in our interviews while talking to farmers: “As we are not producing too much inputs it is hard for us to have the right quantity to sell it to the market, and when we need to buy inputs for our farm it is not easy to get a convenient price when we

do not buy a large quantity"; this to say that when they participate as a group it has a higher benefit for them.

Table 17. Farmers opinion on insurance of the inputs and their selling with a reduced negotiation cost

	Farmers	Farmers part of cooperative	Total
Totally disagree	44	0	44
Disagree	32	3	35
Neither agree nor disagree	30	2	32
Agree	55	4	59
Totally Agree	47	21	68
Total	208	30	238

Source: Data analysed from authors

It is important to stress that most of the farmers who already belong to the co-operative of Myzeqeja Farm find it beneficial to approach and deal with their presence in a market as a group or represented by the co-operative. Still, there are just three of them who seem to be skeptical about this. Here we might also take into account the previously mentioned factors as in Table 16.

Table 18 shows the sales channels and the durability of the relationship with buyers. As the results show, around 56% (126 out of 223 farmers interviewed) sell their product to independent collectors whereas 35% (79 out of 223 farmers interviewed) sell it to collectors of milk manufacturers of the area. The duration of the relationship with the buyer is very important.

Table 18. Relationships with collector and sales channels

Selling Channel	Beginning of the relationship (until two years)	Moderate relationship (until six years)	Consolidate relationship (more than six years)	Total
Independent Collectors	27	34	65	126
Manufactory collectors	22	23	34	79
Direct to the manufactory	4	4	7	15
Others (send at home, grocery)	0	2	1	3
Total	53	63	107	223

Source: Data elaborated from authors

4.6. Conclusions and recommendations

Very often in the literature one finds discussions that international projects are vital and unfortunately, by the time they are over, they do not have a further impact on the society (Sokoli, Musabelliu & Douluschitz, 2016). We cannot say that the Heifer project has been the opposite, but it is one of a few that has been continued due to volunteer support from the Heifer partners in Albania and the support that farmers involved in this organisation have provided for each other. Based on the Heifer project statistical data (InterAction, 2010), approximately 600 families have been empowered in rural areas, in order to increase their wellbeing and income. The transformation of subsistence farms into a sustainable resource by increasing collaboration between farmers has reinforced self-reliant associations. Improving farm management through training and technical assistance on dairy farm management, has influenced the economic viability of income-generating farms (Skreli, Kola & Osmani, 2011). The revitalisation of farmer associations has been encouraged by providing direct assistance to families, increasing access and visibility to the market, and encouraging greater co-operation and partnerships with different stakeholders. By being part of this radical change, farmers have embraced co-operatives as one of the best options for them in order to consolidate their market channel and to be better represented in the market. There might always be an uncertainty and scepticism in the continuation of the development of co-operatives in the future, but all the farmers who have been part of this movement are willing to trust and invest more in their farm by taking on responsibility and risk.

As has been elaborated by the results, one way to raise awareness of the benefits of co-operation among farmers would be the implementation of successful international programmes. The aim would be demonstration of positive and successful cases like Myzeqeja Farm, promoting and supporting these types of initiatives by including them in governmental support schemes in order to motivate and encourage the new generation to also be part of these initiatives as a promising upcoming field of investment.

Last but not least, we would like to conclude with the saying of one of the female members on the survey, who is also part of the co-operative, and which is also shared online on the website of Heifer:

For many years we had only one cow with low productivity, not even enough for our family. Now, we have six cows and looking forward to increasing our farm more. We see a different future and I am ready to take the challenge, as far as I share my farm with the cooperative.

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CHAPTER V

5. Contract farming approach at the farm level: Evidence from the dairy in Albania

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5.1. Abstract

Contract farming is considered by various researchers as an important solution to improve market access for smallholdings. Contract farming is, therefore, particularly important in the case of Albania, because the country's agriculture sector is dominated by small family farms, and fragmented into several plots, while agriculture is one of the most important sectors of the economy.

This research analyzes the factors affecting contract farming, with a focus on the relationships of farmers with processors and intermediaries. Several elements have a crucial role in farmers' engagement in contract farming and their willingness to be involved in one. From the findings, it is particularly important to highlight farmers' trust towards intermediaries, as trust is a significant factor which has in effect on the construction of such a relation and it plays an important role as a mediator. Furthermore, intermediary power over animal health, intermediary power over farm investments, innovation, and farmers' risk aversion have resulted to be significant on the farmers' involvement in such arrangement.

Keywords: contract farming, milk sector, trust, Albania

5.2. Introduction

Small farms in developing or transition countries face limited access to markets (especially higher value markets), innovative technologies and support services such as financing, extension, insurance (Coulter et al., 1998; Barrett et al., 2012). Subsistence farmers have to deal with limited access to the market – even when markets are accessible, farmers may be subjected to price fluctuations or inequitable prices (Begum et al. 2013).

On the other node of the value chain, consumers in poorer (developing and/or transition countries) face problems related to food security and food safety. Food safety is a major concern for consumers, especially in developing countries, which are typically characterized by lower law enforcement and resources to tackle food safety problems (Jaffee 2001; Zhllima et al., 2015).

Our paper's starting point is that contract farming is crucial to achieve food safety standards (in our case, higher raw milk standards), when power over animal health is embedded in the relation between the farmer and buyer.

The development gaps in the area of food safety call for stronger vertical coordination within the agri-food value chains (Xhoxhi et al, 2020). Indeed, achieving food safety is a crucial component of the broader task of the coordination within agri-food value chains, which (i.e. the mode of governance) may range from market-based to hierarchical, including contract farming (Kirezieva et al., 2015). Contract farming (CF) lays in between and has advantages of both vertical integration (e.g. quality assurance) and spot market transaction (e.g. flexibility, lower investment) (Prowse, 2012). Through price incentives and market certainty, contract farming can enable the adoption of good agriculture practices (Laosutsan et al., 2019). Thus, contract farming may not only help farmers (especially small farms) improve access to markets, inputs, innovative technologies, and reduced price (and income) volatility, but ultimately may also result in improved product quality and safety standards, not only benefiting farmers and buyers, but also the consumers (Bellemare, 2017).

This paper analyzes the case of Albania, a post-communist transition economy aspiring to join the EU, which faces serious problems regarding national food safety control systems, especially in the case of the livestock sector. There is weak food safety overall and poor animal welfare standards enforcement and awareness among farmers (Gjeci et al., 2016).

The whole agriculture sector in Albania is dominated by small farms – about 92% of the dairy cattle farms have up to three cows, which can be considered semi-subsistence farms that tend to sell some of the milk (Skreli and Imami, 2019). Milk quality and safety standards remain problematic, due to animal health, cooling and the transportation gaps.

Considering that most Albanian farmers are smallholders, it becomes imperative to understand the effects that the restructuring of the chain and the emergence of contract farming (CF) as a governance mechanism could have on smallholders' businesses (Keco et al., 2019).

Moreover, in this research, it is not examined the direct contracting decision by the farmers, it is rather studied the benefits that farmers perceive from participating in CF. Furthermore, this research contributes to the understanding of factors that affect farmers willingness to be involved in CF. Most likely farmers that perceive higher benefits from CF are more likely to have contracts.

5.3. Theoretical approach

Contract farming (CF) refers to “agricultural production carried out according to an agreement between a buyer and farmers, which establishes conditions for the production and marketing of a farm product or products” (FAO, 2013). Whereas Maertens and Swinnen (2012), Moyer-Lee and Prowse (2015), Prowse, M. (2012) and Wang et al. (2014) emphasize in more detail the restriction on a contract farming. CF lies in between spot market transactions and vertical integration, encompassing the advantages of both modes, such as: rigorous quality control, flexibility, high coordination, etc.).

Contract farming can link small farmers to high-value agricultural commodity chains, resulting into higher income (Goldsmith, 1985; Maertens and Swinnen, 2009; Miyata et al, 2009; Bellemare, 2012). CF is considered as an institutional solution to the problems of market failures in the markets of insurance, information and credit (Grosh, 1994; Key and Runsten, 1999; Katchova and Miranda, 2004). Through contract farming, (small) farmers have secured access to the market, namely as processors in the case of the milk – thus, contract farming reduces transaction costs related to negotiation, market information, prices fluctuations etc. which farmers might face when they rely on a spot market. This is important also for the case of Albania, since more than 4/5 of the farms in Albania are considered small farms with limited

access to finance, inputs and advisory services, resulting in low efficiency and limited capacity to comply with basic standards (FAO, 2019).

Several studies have focused the impact of CF on farm performance and income specifically. For instance, Wang et al. (2014) states that 75% of studies find a positive income effect. On the other hand, other studies investigate the factors that determine contract farming choices. Choices can be affected by geographical factors, farm characteristics, risk factors, etc. (Barrett et al. 2012 and Xhoxhi et al. 2019) as well as trust, and various power dimensions.

Power over contracting elements. Especially economically, contractual arrangements where processors, exporters, and organizations of group of farmers are involved are perceived as means of conquering the market imperfection which led to sectorial adjustment policies (Gow, 2000). Keeping in focus that contracting affects farmers' welfare in several ways through: market information (Grosh, 1994; Key and Runsten, 1999), encouragement of farmers in value chains (Bellemare, 2012), and last but not least, risk associated to price fluctuations (Baumann, 2000; Eaton and Shepherd, 2001). In terms of market information, by acting as an institutional solution to market failures in the markets for credit, insurance, and information (Grosh, 1994; Key and Runsten, 1999). Including interlinked services such as training, credit and technical advice improving limitations on smallholder productivity, in this manner increasing marketed surplus. Furthermore, CF is an encouraging approach to motivate farmers in restructured markets and value chain participation. Most importantly, deciding in advance on the terms and conditions within pairs involved in contracting might highly reduce risks associated with price fluctuations (Baumann, 2000; Eaton and Shepherd, 2001), thus providing inspiring mechanisms for farmers to allocate resources efficiently and maximize returns on production (Du et al., 2013; Saenger et al., 2013; Mwambi et al., 2016). Following the discussion, the first hypothesis is:

- Intermediary's power over contracting elements reduces farmers' willingness to contract

Additionally, another particularly important benefit for farmers by being part of contract farming is taking advantage of technical support and capacity building facilities. For instance, animal health in the perspective of a farmers group in milk production would be in regard to vaccination types and time as well as the medication that might be used on the cow. Whereas, in the citrus group of farmers, it would be greatly beneficial for the use of pesticides and inputs. This training would strengthen compliance and implement national regulations to ensure compliance with plant and animal health, biosafety and biosecurity regulations, and the

effective regulation of agrochemicals (Fréguin Gresh and Anseeuw, 2013). Based on this the second hypothesis has been presented:

Intermediary's power over animal health and power over farm investments increases farmers' willingness to contract.

Farm investment. Investment is as crucial in a farm development as it is sensitive. The production of high-quality products requires a good financial investment. Most smallholder farmers cannot afford this and, as mentioned previously, access to credit becomes even more complicated at this point. They also face further challenges including poor infrastructure (Omosa, 2006), lack of access to market information (Grosh, 1994; Key and Runsten, 1999), as well as their difficulty in accessing technical advisory services and agricultural inputs (Mwambi et al., 2016). The fourth hypothesis has been introduced:

Intermediary's power over farm investments and power over animal health increase farmers' trust in the intermediary.

The concept of trust is discussed as being at the root of sustainable trading relationships (Morgan, R. and Hunt, S.D., 1994). However, Albanian farmers tend to be more skeptical and hesitant due to the transition from the centrally planned to the market economy. Thus, it was expected that trust would positively affect vertical cooperation. The fifth hypothesis has been elaborated:

Farmers' trust towards the intermediary increases' farmers' willingness to contract or it mediates the effects of intermediaries' power on farmers' willingness to contract.

In the first group of factors, transportation and location are very important as previously highlighted. In the influential factors at this stage, the firm or collectors could observe farmers' characteristics such as farm size, use of irrigation, human capital. The intermediaries tend to offer a contract to the farmers with potentially profitable returns on investment (Michelson, 2013).

On the other hand, farmers decide whether to accept the contract based on factors including market access, risk attitudes, information network, and trust which is a sensitive factor which affects other factors in countries like Albania with a communist background. The group of

farmers willing to participate in the contract assume it is worthwhile compared to all other accessible alternatives (Lybbert and Wydick, 2018; Wuepper and Sauer, 2016).

Following the literature review and the hypothesis of the research on contract farming, the following research framework (Figure 10) has been defined:

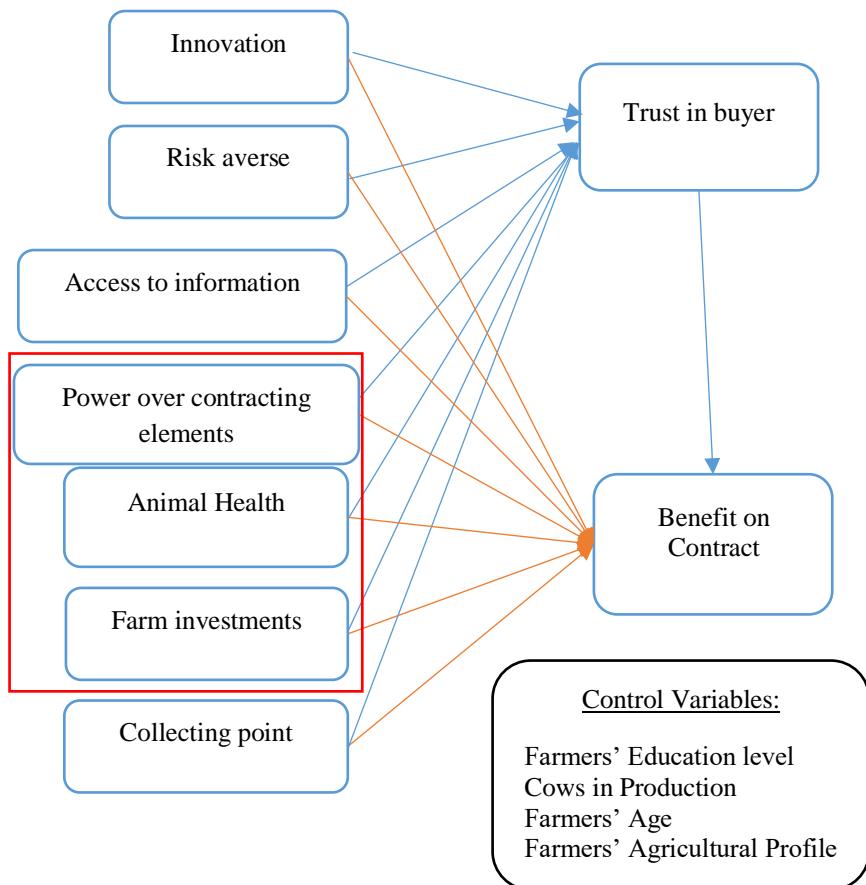


Figure 10. CF Research framework

Source: Authors' elaboration

Finally, factors influencing this decision become even broader, leading to the distinction from the legal institutional arrangements to the social capital. Clearly, several factors are potentially important. In this respect, this study sets out to investigate the following research question:

What determines farmers' participation in contract farming in a developing country?

This is relevant not just for Albania but also for other transition countries with agricultural systems based on small-scale farmers that are facing the restructuring of their agro-food value chains due to the entrance of large agri-food companies.

The concept of trust is discussed as being at the root of sustainable trading relationships (Morgan and Hunt, 1994). However, Albanian farmers tend to be more skeptical and hesitant

due to the transition from the centrally planned to the market economy. Thus, it was expected that trust would positively affect vertical cooperation.

5.4. Material and Methods

This research paper is based on a structured survey (238 dairy farmers interviewed face-to-face). The survey took place during June - October 2017, in two different regions and in two different sectors. Due to the fact that the exact lists of targeted population are lacking, especially when we are targeting farmers the combination of stratified sampling and the simple random sampling is used. Firstly, the administrative area of villages was identified based on their livestock activity. Then, in every village a certain number of households have been surveyed based on the village size.

As a result, the interviews took place in the leading region for dairy production in Albania – the region of Fier. In terms of regional distribution, commercial farms of a concentration of all types of dairy cattle milk production are mainly found in west and low areas of Albania. The dairy farmers produce cow milk as a processing product. The structured survey was complemented with in-depth interviews from experts in the subjects.

From the sample of interviewees in the dairy sector as shown on Table 19, 70% of the interviewees were male and 30% female, with an average age 52 years old. Most of the interviewees were the heads of household, with about 94% primarily employed in agriculture. Only 3% of interviewees have a University degree, while 56% have only primary education and 42% have a high school education. Of the 42% of the interviewees who have a high school education, 70% have a professional high school education in agriculture and 30% have a general high school education.

Table 19. Socio-Demographic of the sample of CF

Dairy sector					
Gender	Male			Female	
	70.6%			29.4%	
Age	Up to 25 year	26 – 35	36 – 45	46 – 55	56 and above
	2.1%	7.1%	15.1%	38.2%	37.4%
Education	Elementary school	General High school	The high school in Agriculture	University	
	55.9%	10.5%	30.7%	2.9%	
Employment (Family head)	Private sector		Self-employed (agriculture sector)	Public sector	
	3.8%		94.5%	1.7%	

Source: authors' data elaboration

5.5. Measurement development

Confirmatory factor analysis (CFA) and structural equation modeling (SEM) have been used for further analysis and evaluation of our hypothesis.

The measurement dimensions resulted from a combination of literature review and quantitative face to face interviews with farmers. The following measures have been employed to operationalize the constructs of the research. Consequently, benefit on contract is measured through 6 Likert scale statements (as demonstrated in table 20) where the farmers expressed their agreement or disagreement with each statement. The same was used for access to information (4 Likert scale items), farmers' trust towards the buyer (4 Likert scale items), power over contracting (5 Likert scale items), power on investment (2 Likert scale items), power on animal health (2 Likert scale items), risk taking (3 Likert scale items) and innovativeness (4 Likert scale items) (Churchill, 1979 and Gerbing and Anderson, 1988).

Table 20. Standardized Regression Weights:

		Estimate
How much possibility / access you have to take information about product prices.	<--- Access to information	.716
How much possibility / access you have to take information about the product quality and standards.	<--- Access to information	.755
How much possibility / access you have to take the necessary information to identify market opportunities.	<--- Access to information	.859
How much possibility / access you have to take the necessary information to understand the buyer's needs.	<--- Access to information	.828
I would like to have a contract because it can be easy to obtain loans (as a loan guarantee)	<--- Benefit on contract	.689
I would like to have a contract because I can also have input supply from the buyer	<--- Benefit on contract	.798
I would like to have a contract to achieve better prices	<--- Benefit on contract	.675
I would like to have a contract because I can get more consulting and training	<--- Benefit on contract	.529
I would like to have a contract because I can share with the buyer market risks (price fluctuations)	<--- Benefit on contract	.670
I would like to have a contract because it can ensure market for my product (sale of production)	<--- Benefit on contract	.600
Promises made by my buyers are reliable	<--- Trust buyer	.742
I trust my buyer	<--- Trust buyer	.815
My main buyer is not always honest with me (R)	<--- Trust buyer	.504
I believe the information that the buyer gives to me (i.e on market prices)	<--- Trust buyer	.751
The decision on investments on adequate cooling facilities after milking process	<--- Power on Investment	.737

Decision on farm investments in infrastructure, stabels, machinery investments, etc.	<---	Power on Investment	.873
The decision on vaccination time	<---	Power on animal health	.899
The decision on what medication and vaccination should be used	<---	Power on animal health	.865
Payment conditions, when and how it will be paid (partly or full payment)	<---	Power over contracting	.709
The decisions on contract conditions (time and manner)	<---	Power over contracting	.755
The decision at what time the production will be sold to the buyer	<---	Power over contracting	.839
The decision on the method of delivery or transportation	<---	Power over contracting	.804
The decision on the total payment	<---	Power over contracting	.758
I do not intend to expand because farmers do not want to have additional cost	<---	Risk averse	.675
I prefer not to invest in my farm if you do not know the benefits that will come from this investment	<---	Risk averse	.834
I will continue with the current variety, and will not replace it with varieties that do not know	<---	Risk averse	.710
I like to try new varieties in my farm to better meet the buyer's request	<---	Innovativeness	.828
If I am producing a better product, I am willing to seek other buyers	<---	Innovativeness	.642
I like to try new technologies on my farm	<---	Innovativeness	.960
I am interested in the latest information technology for the product marketing	<---	Innovativeness	.909

Source: authors' data elaboration

Details about the model goodness of fit of the CFA model are shown in table 20 and 21 and the threshold values presented in these two tables are the one indicated by Hu and Bentler (1999). As the results of table 3 show, the measurement model appears to have a good level of goodness of fit. In addition, to assess constructs reliability, composite reliability (CR) and maximum reliability MaxR(H) are estimated. The results presented in table 22 show that each construct has CR greater than the suggested threshold value of 0.7.

Table 21. Measurement model goodness of fit for CF

<i>Measure</i>	<i>Threshold</i>	<i>Model values</i>
<i>Chi-square/df</i>	< 3	(549/344) 1.596
<i>p-value for the model</i>	>.05	0.000
<i>CFI</i>	>.95 great; >.90 moderate	0.958
<i>AGFI</i>	>.80	0.817
<i>SRMR</i>	<.09	0.050
<i>RMSEA</i>	<.05 good, .05-.10 moderate	0.050
<i>PCLOSE</i>	>.05	0.478

Source: Authors' results elaboration

Note: Chi-square/df is the chi-square value of the model divided by model degrees of freedom; p-value for the model – tests whether the departure of the data from the model is significant and a p-value $\leq .05$ means the difference between the data and the model is significant. CFI - Comparative Fit Index; AGFI - Adjusted Goodness of Fit Index; SRMR -; RMSEA - The Root Mean Square Error of Approximation; PCLOSE - tests the null hypothesis that the population RMSEA is no greater than .05

Table 22. Validity and reliability for CF

	CR	AVE	MSV	MaxR(H)
Power over contracting	0.882	0.600	0.278	0.888
Access to information	0.870	0.627	0.225	0.881
Benefit on contract	0.824	0.443	0.278	0.840
Trust buyers	0.801	0.508	0.278	0.829
Power on Investment	0.789	0.653	0.166	0.815
Power on Animal Health	0.875	0.778	0.278	0.878
Risk averse	0.785	0.552	0.284	0.805
Innovativeness	0.906	0.711	0.284	0.951

Source: Authors' results elaboration

Note: CR – Composite reliability; AVE – Average variance extracted, MSV – Maximum Shared Variance, MaxR(H) – Maximum Reliability

Validity and reliability are important concepts of research quality (Table 22). Validity is defined as the extent to which a concept is accurately measured in a quantitative study and the second measure is reliability, which relates to the consistency of a measure or the accuracy of an instrument. In other words, the extent to which a research instrument consistently has the same results if it is used in the same situation on repeated occasions. It's important to consider validity and reliability of the data collection tools (instruments) when either conducting or critiquing research Heale R. and Twycross A. (2015). There are a few measures that are useful

for establishing validity and reliability: Composite Reliability (CR), Average Variance Extracted (AVE), Maximum Shared Variance (MSV), and Average Shared Variance (ASV). The thresholds for these values are as follows: Reliability CR > 0.7, Convergent Validity AVE > 0.5, Discriminant Validity MSV < AVE, ASV < AVE (Byrne, 2013) and Square root of AVE greater than inter-construct correlations as it is shown on Table 23.

Table 23. Factor correlation matrix with square root of the AVE on the diagonal for CF

	Power over contracting	Access to information	Benefit on contract	Trust buyers	Power on Investment	Animal Health	Risk averse	Innovativeness
Power over contracting	0.774							
Access to information	0.350	0.792						
Benefit on contract	0.347	0.317	0.665					
Trust buyers	0.273	0.474	0.527	0.713				
Power on Investment	0.309	0.398	0.243	0.408	0.808			
Power on Animal Health	0.527	0.311	0.084	0.240	0.315	0.882		
Risk averse	0.006	-0.169	-0.037	-0.188	-0.142	0.036	0.743	
Innovativeness	0.256	0.342	0.372	0.324	0.188	0.263	-0.533	0.843

Source: Authors' results elaboration

As can be seen from the factor correlation matrix with square root of the AVE on the diagonal, all the square root values of the AVE are higher than the square root values with other factors.

5.6. Results

It is important to point out the main factors that determine the farmers' participation in contract farming because contract farming is shown to be an institutional mechanism that solves farmers' production constraints, improves access to resources, markets, and welfare (Bellemare, 2012 and 2017).

As shown on the research framework Fig.6, there is a direct influence of different factors on farmers' engagement in contract farming and their indirect influence through trust. As can be seen from the framework, we have kept the control variables: age, education level as well as the education and training they had in agriculture, and the number of cows in production. Whereas the variables innovation, risk aversion, access to information, power over contracting elements, collecting point have been used to evaluate the willingness of farmers to contract.

Investment in farms, especially in small scale farms such as the ones in Albania, becomes a sensitive topic when the issue of market uncertainty is considered. The higher the market uncertainty, the more likely they are to participate in a farmers' organization. Moreover, it has been suggested by Stoddard (2015) that this effect may be sensitive to the way uncertainty comes about to the benefits of public goods. Uncertainty is expected to have a similar effect on farmers' participation in contract farming.

Another factor that emerges from Czarnitzki and Toole (2012) and appears to affect the governance arrangements mode is risk aversion. In our view, a farmer with risk aversion is less likely to participate in contract farming.

Structural Equation Modeling (SEM) requires a lot of information about things such as which variables are assumed to affect other variables and the directionalities of these effects. These a priori specifications reflect your hypotheses, and in total they make up the model to be analyzed. Consequently, SEM can be viewed as confirmatory.

Table 24 shows the results of structural equation modeling. Two dependent variables have been analyzed: benefits on contract which estimates the willingness of farmer to contract, and trust on buyers. Two of the hypotheses did not result as predicted. Power over contracting and power over animal health. Where power over contracting refers to the power that can be part of several elements in the contract.

Table 24. Structural Equation Modeling Results of CF

Dependent variables		Independent variables	Estimate	S.E.	C.R.	P
Trust buyers	<---	Power on investment	.058	.014	4.225	***
Trust buyers	<---	Power on animal health	-.003	.009	-.314	.754
Trust buyers	<---	Power over contracting	.017	.013	1.299	.194
Trust buyers	<---	Risk averse	-.018	.074	-.246	.805
Trust buyers	<---	Innovativeness	.171	.062	2.768	.006
Trust buyers	<---	Land surface	-.006	.002	-2.458	.014
Trust buyers	<---	Dairy collectors	.045	.032	1.434	.152
Trust buyers	<---	Number of cows	.021	.027	.787	.432
Trust buyers	<---	Education agriculture	.148	.130	1.133	.257
Trust buyers	<---	Age	.006	.004	1.311	.190
Trust buyers	<---	Education in years	-.007	.028	-.255	.798
Trust buyers	<---	Access to information	.330	.062	5.308	***
Benefit on contract	<---	Dairy collectors	.056	.024	2.365	.018
Benefit on contract	<---	Land surface	.002	.002	1.313	.189
Benefit on contract	<---	Education agriculture	-.077	.098	-.780	.436
Benefit on contract	<---	Age	.004	.003	1.089	.276
Benefit on contract	<---	Education in years	.005	.021	.246	.806
Benefit on contract	<---	Access to information	-.020	.049	-.405	.686
Benefit on contract	<---	Innovativeness	.323	.047	6.826	***
Benefit on contract	<---	Risk averse	.296	.056	5.325	***
Benefit on contract	<---	Power over contracting	.058	.010	5.759	***
Benefit on contract	<---	Power on animal health	-.035	.006	-5.519	***
Benefit on contract	<---	Power on Investment	.003	.011	.262	.793
Benefit on contract	<---	Trust buyer	.439	.049	8.983	***
Benefit on contract	<---	Number of cows	.006	.020	.289	.772

Source: Authors' results elaboration

In a path analysis (with and without latent variables) direct and indirect (mediated) effects that are of interest to the research can be included (MacKinnon David P., 2008).

As shown in Table 25, trust is a mediator which explains the relationship of intermediary's power on contracting. Furthermore, the power over farm investment has a direct effect on trust in the buyer, and trust in the buyer has a direct effect on willingness to contract. Additionally, trust plays a vital role in the farmers' willingness to be involved in contracting.

Table 25. Mediation Analysis of CF

Path	Standardized Indirect effect	Bootstrap Standard errors	P value
Power over farm investment → Trust → Benefit on contracting	0.129	0.032	0.001
Power over Animal Health → Trust → Benefit on contracting	-0.010	0.032	0.760
Power over contracting → Trust → Benefit on contracting	0.044	0.032	0.132

Source: Authors' results elaboration

5.7. Discussion and recommendations

In a developing country like Albania, development of contracting is very important for both sides, farmers and the contractors, in order to ensure future market access and for risk control. Keco et al 2019 states that the empowering of the phenomenon of contract farming in the Albanian context means the development of a legal framework which will adapt the issues of contract farming. Currently, this is handled under the civil code as with standard contracts.

Moreover, trust is a significant and overly critical factor in Albanian society due to the historical background. For this reason, farmers' comportment is strongly related to the trust they build with the intermediary.

As seen in the results, farmers who have made large investments in their farms did not show a higher likelihood to participate in contract farming, as is suggested from transaction cost economics theory. On the other hand, the results emphasize the power of intermediary on contracting elements, which reduces farmers' willingness to contract. In contrast, Bellemare (2017) demonstrates that contract farming has been shown as a mechanism which solves limitations on a farm level.

Albania is the same as many other developing countries where contract farming has experienced mixed fortunes. Through the contracting arrangements, it is feasible to incorporate farmers into dynamic markets, in terms of accessing credit, information; production factors, as well as diminishing transaction costs and enhancing technology transfer (Grosh, 1994; Key and Runsten, 1999). On the other hand, as other researchers have warned there are certain undesirable effects from intermediaries' power over contracting elements (Wilson, 1986; Rickson and Burch, 1996; Bergum et al., 2013).

The improvement of farm production quality requires adequate services and inputs, adapting to new technologies and being open to innovation on their farms. By increasing the quality on the farm level, farmers can have easier access to credit, as a consequence, new methods and technologies may be adapted and premium prices can be arranged between the farmer and the intermediary.

Despite the economical perspective of the contracting arrangements in the agriculture sector and farming sector, there is a wider concept perceived by policy makers as a key element in the promotion of economical growth and the rural areas development (Mwambi et al., 2016). In the theoretical approach, the market failure has been widely discussed as a particularly important aspect in farmers' participation in contracting. Barret and Carter (1999) emphasized that focusing on sectorial policies is crucial to avoid market failure for farmers. The policy makers' support by requiring that governmental mechanisms move on the development of rural areas is vital for the farmer encouragement in such governmental arrangements. It is imperative for farmers to understand and realize the support of the governmental bodies as an important actor to regulate the relationship that exists between the farmers and intermediaries.

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CHAPTER VI

6. Determining Factors that Affect Farming in the Albanian Milk Sector

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ABSTRACT

In Albania, the agricultural sector is dominated to almost 60% by subsistence farming. Nevertheless, agriculture is one of the most important sectors of the economy, as it contributes to nearly 1/2 of employment in Albania and 1/5 to the GDP (ILO - International Labour Organisation, 2018).

The government has applied different policies and instruments in collaboration with foreign associations (GIZ, FAO) to improve and further develop this sector by inviting farmers in new initiatives. Being part of an innovative organisation or being an innovative actor in terms of the role you play and functions you carry out in the value chain, are still considered as impasse by the majority of farmers in Albania. As a result, innovation and risk-taking are two factors that are contrary but strongly related to each other when it comes to the behaviour of Albanian farmers.

Keywords: innovation; farmers characteristics; Albania; milk dairy sector

JEL Code: Q13

6.1. Introduction - Country profile

Despite its growth, the agriculture sector faces many challenges. First and foremost, market access for smallholders, which dominate the sector – spot market selling is still prevalent.

Furthermore, a typical farm and its family members carry out every farming activity starting from production to the sale of the products within the market (Sokoli and Doluschitz, 2018). This is due to the lack of trust they have in other actors involved in the value chain. We still frequently notice that farmers hesitate to invest their capital in common assets, and someone outside of the family is in charge of managing these assets. To better understand the farmers' behaviour and their situation, a short description of the country profile on the milk and dairy sector has been analysed.

The country of Albania is divided into twelve prefectures, and one of them well-known for milk production is the region where the surveys took place. The region of Fier is the second largest region in Albania. Also, Fier has recorded the highest number of breeding cattle for several years at 14.5 %. As far as the structure of livestock in the cattle unit is concerned, the cattle have the most significant number of heads in Albania with 47.0 % of the total number. Sheep and goats are 31.0 %, pigs 6.0 %, and poultry 9.0 % of the total number of livestock units from Albanian regional statistical yearbook (INSTAT, 2018). Most of the Albanian farmers run semi-subsistence farms. As it is shown on the Table 26, the dairy industry in Albania is not well integrated into the market.

Table 26. Value chain of dairy

Value chain integration	Farming	Collection	Processing	Wholesaling	Retailing	Domestic consumption
1 Informal - direct milk selling	Subsistence farmers				Roadside, door to door	
2 Non-integrated channel	Small, medium and large commercial farmers	→	Processors	→	Shops and supermarkets	
3 Partially integrated channel		Local Collectors	Processors	→		
4 Mostly integrated channel		Local Collectors	Processors	Wholesalers		

Source: Authors' adapted from Skreli and Imami (2019)

Milk production (mainly cow milk) is characterised by the existence of informal (direct selling from farmers to the domestic market and from farmers to the processors and then to the markets) and formal market channels (collection, processing and distribution by

dairies). Even though there have been different public policies to support and protect farmers. In big cities, farmers are selling fresh milk and milk products directly to consumers on street markets (see Table 26 – Informal milk selling). Based on the institute of statistics (INSTAT, 2018) dairy cow farms can be divided into three groups: first group, precisely 94.481 farms (approximately 60%) of the dairy cattle farms have only one cow, classified as subsistence farms. Whereas the second group, 52.155 (approximately 32%) farms have two to three cows which makes one-third of the dairy cattle farm, and this group of cow milk production tends to sell part of the milk to make some profit. The third group, approximately 8% of the farms, have more than five milk cows. This small group of farmers show a higher willingness to innovation and new investment. Basically, dairy cows are nourished with forage and grazed on grasslands and meadows and kept in simple stables. The first and the second group of farms mostly milk their cows by hand. This group of farmers does not have adequate cooling facilities.

In the detailed studies done by Food and Agriculture Organisation (FAO, 2018) and Albania Agribusiness Support Facility (Skreli and Imami, 2019) on dairy and milk value chain, it is highlighted that the transportation and milk collection are considered to be the weakest points in the value chain. Both issues have been raised from our interviews taken place with the farmer as very sensitive.

Although there have been different initiatives from the government and international organisations through projects (e.g. GIZ, FAO, IPARD), the quality of the

milk remains a critical issue. The system for the control of milk quality is still weak. Although there have been several controlling restrictions from the government, some of the milk continues to be sold on the road or sold directly by the farmer at home within one day, providing cooling on their refrigerator. Thus, a significant proportion of the milk is consumed directly and untreated, unprocessed and/or controlled. There is significant pressure on the price as this milk must be marketed within one day. Several reasons exist

Figure 11. Picture taken on the field: Cows resting in the farm



for this, including the value of the product, connections, freshness and tradition. Consumers instead buy cheap milk directly from farmers.

Accordingly, the dairy industry plays a vital role in the Albanian agri-food sector (MAFCP¹³, 2018).

Based on the country profile and problematics, this research analyses *the willingness of farmers to accept innovativeness*. To better understand their behaviour, a four-dimensional analysis has been conducted. Based on the comprehensive literature of innovation, the following factors have been highlighted as relevant to farmers behaviour in this study as following: innovation, objectives, proactivity and risk -taking.

6.2. Research framework

Significant elements of the research framework become to be described in this part, including innovation, objective, proactivity and risk as factors that influence farmers behaviour in acceptance of innovations. Relevant literature has been used for discussion of these factors.

Innovation. Some articles reported innovative activities that help innovators to reflect on their responsibility and impact on society. This can be addressed by increasing awareness within the organisation and the employees. Firstly, by discussing and articulating the reason for the importance of the firm and secondly the impact it has in a broader concept like society. (Dossa and Kaeufer, 2014; Weltzien, 2011).

As mentioned from Bocken et al. (2013), individuals who analyse the innovative process need to be conscious that people, in our case farmers, can have different values which motivate them, as this affects the development of innovation (Bocken et al., 2013).

Abdirahman et al. 2014, following Agarwal et al. 2012, consider that the ‘*social capital of the organization (and its members) might be seen to be a potentially important determinant of the extent to which managers as change agents can engage in the learning, experimentation, reflection and communication (...) as it shapes the organization’s access and exposure to new ideas.*’

Abdirahman et al. (2014) point out that mobilising large transfers of knowledge, social networks and learning processes are involved in the context of innovations. Thus, ‘the formal’ structure of the network, but also the quality and relational characteristics that are played out, have a role on the nature that occurs in the learning environment (Berthon et al., 2007).

¹³ Ministry of Agriculture, Food and Consumer Protection in Albania

As stressed by Boehlje and Bröring (2011), the model of Tolbert and Zucker (1983), revised by Kennedy and Fiss (2009), has expanded the classic two-stage adoption/diffusion model. The interpretation is whether the change/innovation that will respond to the case is packaged as an opportunity or as a threat. If the case is considered an opportunity, then gain is possible, there are easy control and high potential to take up the challenge and implement the innovation. On the other hand, when the case is treated as a threat, it indicates possibilities of loss, little control and most probably a struggle to innovate.

Objective. Open communication is vital in order to become aware of the subjectivity of knowledge and to merge different conceptions of reality (Chalmers, 2013). Activities that motivate or sometimes force farmers to approach problems from a different perspective will bring a new vision on farmers' current practices. This to say that it may inspire them to embrace new innovative movements in their farm such as cooling, milking labour (Elmquist et al., 2009; Lampikoski, 2014). This is important, as present knowledge, experiences and routines affect how problems are understood and subsequently affect the search for solutions (Bocken et al., 2014). From time to time, it is also important to examine whether the information is accurate and objective (Baba et al., 2010; Elmquist et al., 2009). However, strong evidence as to what functions and what does not in order to accomplish the envisaged objectives in terms of broader collaboration patterns and organisational-level innovation is still at an infant stage, taking into account the country profile and the history of its development (Crescenzi et al., 2018).

Proactivity. Innovation in both products and processes can facilitate a new entrant's challenges of these structural entry barriers that favour the unavoidable. The degree of innovation, as a new phenomenon to the peoples/farmers, has a significant impact on structural entry barriers. A new entrant can facilitate entry by 1) use of new/different resources/inputs, thus challenging the market, 2) dramatically lowering the cost of production/distribution, and 3) introducing superior performance or lower-cost products that exceed the switching costs for current customers and attract non-customers. Christensen and Raynor (2003) categorize such disruptive innovations as new-market distractions. They state that this kind of innovations, "*enable a whole new population to begin owning and using the product, and to do so in a more convenient setting ... rather it pulls customers out of the mainstream value network into the new one because these customers find it more convenient to use the new product*".

On the other hand, in weaker regional systems, domestic firms confronting economic risk tend to decrease their innovation exposure, allegedly becoming even more vulnerable, while response remains proactive (Gagliardi and Iammarino, 2017).

Risk. Naturally, in most cases of convergence, sourcing the essential knowledge and experiences from beyond their factory gate is necessary, and the key to successful innovation management. Boehlje and Bröring (2011) argue that, while the new industry segments present opportunities for new fields of business and economic growth, they are often also quite challenging as firms have to employ knowledge (experts/specialists) and technologies. Which is not within their traditional framework of expertise or core businesses; the same challenge is also faced within the farmer association groups or even on farms individually. Very often, they lack the knowledge and experience necessary to cope with the risks and uncertainties of the new challenge. Some companies argue that, as one cannot fully predict all risks and uncertainties, it might be safer to develop and release the innovation and then make consequent effective adjustments (learning-whilst-doing) (Ortega et al., 2014, Kinder, 2010). The changing background conditions to which the farmer have to respond can originate from within the farm but also from the external environment (Parry, 2012). Farms, therefore, need to learn how to integrate innovation without putting the status of the farm at risk. If the administrator of the farm or the managing group of the farm association can cope with it, a next step would be to formalise this within the farm or the group of farmers and to give it different farm capability (Pandza et al., 2013; Schumacher et al., 2013).

Considering the research framework and the country profile analysed above, the following hypotheses have been raised to test the farmers' attitudes:

- Innovative farmers tend to be more risk-taking and proactive.
- A high level of risk-taking from farmers tends to be more proactive and express a higher willingness to adopt innovations.
- Strategic objectives mediate the effects of risk and proactivity in innovation.

6.3. Material and Methods

Taking into account the crucial relationships that exist among factors, further analysis has been taken into account to identify the sample and target group. In the first step, we have considered different research studies that were conducted by several organisations such as GIZ and EU projects in Balkan countries, to understand better the obstacles that farmers are facing in Albania. We screened them and decided to develop our research in the milk production/dairy sector, due to its economic/sectorial importance on the one hand and shortcomings of quality, on the other hand. This is one of the sectors frequently studied from a production point of view but also as a primary link to the final dairy products such as yoghurt or cheese. To emphasise: there is no research related to further development or studying the farmers' attitude toward

collective action, their interaction with other actors of the supply chain and the reasons behind their decision making.

The statistical analyses of this paper are based on a structured survey (238 farmers interviewed face-to-face). The survey has been carried out during June - October 2017 in the Fier region, which is the leading region for milk production in Albania. We used a structured survey with closed questions measured in Likert scale: 1 – Totally disagree to 5- Totally agree. Two master students have been trained to join the surveys in the field. Dairy farmers with two or more cows have participated in the survey. The farmers with one cow have been left out of the target group as they belong to the group of subsistence farms. The structured survey was complemented with in-depth interviews and focus group discussions.

The Confirmatory Factor Analyses (CFA) technique analyses models in which both the number of factors and their correspondence with the indicators are explicitly specified. In our case (see Figure 11) a standard CFA model, as the most common model, has been tested in the literature, with four factors and at least three indicators per factor. The model represents the following hypothesis:

- (1) indicators RS1 - RS3 measure factor Risk,
- (2) indicators IN1 - IN4 measure factor Innovation,
- (3) indicators OB1- OB4 measure factor Objective,
- (4) indicators PR1-PR3 measure factor Proactivity

The factors are co-vary with each other. Each indicator has a measurement error term, such as e_1 for the indicator OB4. CFA models have the following characteristics (Kline, 2011):

- “*Each indicator is a continuous variable represented as having two causes, a single factor that the indicator is supposed to measure, and all other unique sources of influence represented by the error term...*
- *The measurement errors are independent of each other and the factors.*
- *All associations between the factors are unanalysed (the factors are assumed to covary)”.*

The single arrow that points from a factor to an indicator represents the presumed causal effect of the factor on the observed scores. Statistical estimates of these direct effects are called factor loadings or pattern coefficients, and they are generally interpreted as regression coefficients that may be in an unstandardized or standardised form (Kline, 2011). Indicators in standard CFA models are endogenous, and the factors are exogenous variables that are free to vary and covary. This also describes reflective measurement.

To confirm the validity and the model-good-fit for the hypothesised model, absolute fit indices were evaluated (parentheses indicate model fit criteria., (Harrington, 2009)):

Table 27. Model fit values for Innovation

MODEL FIT CRITERIA		MODEL VALUES
CMIN (minimum discrepancy) / DF (degrees of freedom)	1-3	2.290
The root means square error of approximation or RMSEA	< 0.08 or > 0.05	0.074
Good of fit index or GFI	> 0.9	0.917
Adjusted good of fit index or AGFI	> 0.9	0.877
Comparative fix index or CFI	0-1	0.961

Source: authors data elaboration

Whereas the Kaiser-Meyer-Olkin (KMO) criterion indicates the adequateness of the sampling (Cerny and Kaiser, 1977), measured as follows:

$$KMO_j = \frac{\sum_{i \neq j} r_{ij}^2}{\sum_{i \neq j} r_{ij}^2 + \sum_{i \neq j} u_{ij}^2} \quad \text{where:} \quad R = [r_{ij}] \text{ is the correlation matrix and} \\ U = [u_{ij}] \text{ is the partial covariance matrix}$$

Table 28. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.885
Bartlett's Test of Sphericity	Approx. Chi-Square
	df
	Sig.

Source: SPSS sample results

Sample

From the total sample of respondents, 70.6% were male, and 29.4% female. The average age is 52 years. The study reveals that 94% of the respondents, which are mostly the heads of households, work in agriculture activities as their primary occupation. Only

2.9% of interviewees have a University degree, while 55.9% have only primary education and 41.2% have a high school education. Of the 41.9% of the interviewees who have a high school education, 69.3% have a professional high school education with a focus on agriculture, and 30.7% have a general high school education. A short synopsis is demonstrated in Table 29:

Table 29. Socio-demographic of the sample in innovation

Gender	Male			Female	
	Up to 25 year	26 – 35	36 - 45	46 – 55	56 and above
Age	70.6%			29.4%	
Education	Elementary school	General High school	The high school in Agriculture	University	
	2.1%	7.1%	15.1%	38.2%	37.4%
	55.9%	10.5%		30.7%	2.9 %

Source: authors data elaboration

The following hypotheses have been raised to test the farmers' attitudes:

- a) Innovative farmers tend to be more risk-taking and proactive.
- b) A high level of risk-taking from farmers tends to be more proactive and express a higher willingness to adopt innovations.
- c) Strategic objectives mediate the effects of risk and proactivity in innovation.

A confirmatory factor analysis is used for further analysis and evaluation of our hypothesis.

6.4. Results

A significant section in our overall research was farmers' *innovation, objectives, proactivity* which refers to anticipation (Lubberink et al., 2017) and if they are willing to take the *risk* in the future decision making or they see it as shadow effect behind challenge innovation.

Following these four factors, the main *research question* of this paper is:

- How exposed are Albanian farmers to innovation?

In our research, farmers' innovation and risk-taking deals with the ability of a farmer to adopt something new in order to improve their own farms and when they belong to farmers associations, to improve their appearance in the competitor market. Innovation as adoption can be measured at the individual farm level in each time period by the share of agriculture land

the new technology or by the per hectare quantity of input used (Feder et al., 1985). This to say that the measures of innovation indicate both timing and the extent of new inputs by farmers (Sunding and Zilberman, 2001). In the present study, product, process and market innovation represent the measures to evaluate farmers' innovation in Albanian farmers.

As it is indicated from the factor analysis, four factors have been identified: farmers' adaptability with innovation related to better technology, taking the challenge to try new varieties in their production in order to fulfil the demand from the buyers and to raise the quality in order to sell at a higher price. Furthermore, the same farmers have been asked whether they have taken any of the mentioned initiatives in the last three years.

The following dimensions were considered in relation to the issue of future objectives: further activities development, new technologies, increased contact with other actors and increased production.

Regarding proactivity, the challenge of taking new steps such as using new technologies when no other farmer has done that before – the concept of a pioneer strategy - initiated implementation of new techniques which others would not take (Schneider et al. 2007). When a farmer has positive experiences on his farm, he is willing to make further improvements.

When it comes to the risk factor, some farmers were not really interested in challenging themselves. They would hesitate to take the challenge to use another variety if it were not well known or they were not willing to invest if they were not sure about the benefit they would gain. On the other hand, if they were recommended a new technique or new variety (which was explained as a better one) they would take the risk - challenge.

Table 30. Factor Analysis - Pattern Matrix for Innovation

Variable	Proactive Innovation	Risk	Objective	Innovation
IN2 I like to try new technologies on my farm	.855			
IN4 I like to try new varieties on my farm to meet the buyer's demands better	.767			
IN1 I am interested in the latest information technology for product marketing	.764			
IN3 If I am producing a better product, I am willing to seek other buyers	.711			
PR1 I am ready to improve the technology that others will not	.633			
PR2 I am ready to start new practices that other farmers will not begin	.582			
PR3 Although I have outstanding results on the farm, there are still things to be improved	.516			
RS2 I prefer not to invest in my farm if I do not know what benefits there will be		.753		
RS3 I do not intend to expand because I do not want to have an additional cost		.722		
RS1 I will continue with the current variety, and I will not replace it with varieties that I do not know		.715		
OB1 I intend to add activities over the next 3 years (processing, store opening in town, etc.)			-.851	
OB4 I will add production activities in the next 3 years (using credit and my savings)			-.801	
OB3 The next 3 years, I intend to expand contacts with other actors in the chain (factories)			-.785	
OB2 The next 3 years, I plan to apply new technology (yield, quality)			-.783	
RS4 If someone suggests varieties with high yield, I will do this hoping for higher profits			-.477	
PR4 I am not afraid of failing, as long as I get the opportunity to learn from a new technology			-.385	
IN6 Over the last 3 years, I have changed production technology, as per suggestions by the buyer				.830

IN5	Over the last 3 years, I have changed production technology, learning from other farmers				.707
IN7	During the last 3 years, I have changed the sales market / buyers				.422

Extraction Method: Principal Axis Factoring.

Rotation Method: Oblimin with Kaiser Normalisation.^a

- a. Rotation converged in 12 iterations.
- Kaiser-Meyer-Olkin
(KMO) 0.885

Source: authors data elaboration

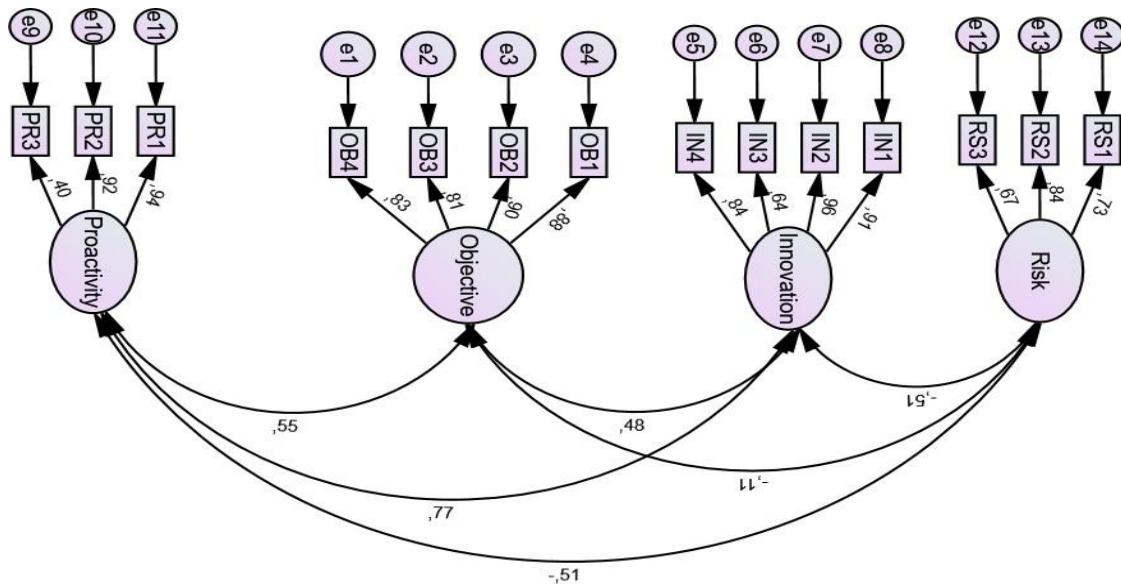
The pattern analyses in the framework of factor analysis are demonstrated in Table 30 for better clarification. We have regrouped our factors in contrast to our initial expectation before taking questionnaires in the field. For instance, the first questions about innovation have been grouped with proactiveness. This is due to the similarity of the groups and their strong correlation to each other.

For this reason, the factor has been renamed as proactive innovation. The factors innovation and proactivity are clearly separated when farmers were asked about which activities they have already undertaken in recent years, as moving towards innovation. For this reason, confirmatory factor analysis has been done to better analyse and understand the correlations within variables and factors.

As has been shown previously, the model represents the following hypothesis:

- (1) indicators RS1 - RS3 measure factor Risk,
- (2) indicators IN1 - IN4 measure factor Innovation,
- (3) indicators OB1- OB4 measure factor Objective,
- (4) indicators PR1-PR3 measure factor Proactivity

Figure 12. Confirmatory factor analysis



Source: authors data elaboration with SPSS-Amos

In order to confirm the validity and the model-good-fit for the hypothesised model, absolute fit indices were evaluated (parentheses indicates model fit criteria): CMIN (minimum discrepancy) / DF (degrees of freedom) (1-3), the root mean square error of approximation or RMSEA (< 0.08 or > 0.05) (Lopes-Silva et al., 2014), good of fit index or GFI (> 0.9), adjusted good of fit index or AGFI (>0.9), comparative fix index or CFI (0 - 1) (Harrington, 2009).

Different combinations have been created between latent constructs. The model presented has achieved the best model fit values related to the norms represented above. While running the analysis, the values are represented as follows: CMIN/Df = 2.290, GFI = 0.917, AGFI = 0.877, RMSEA = 0.074, CFI = 0.961, and the chi-square is significant (p-value = 0.000).

In order to avoid multicollinearity, the factors should not have a covary higher than 0.8. As we can see from the diagram of confirmatory factor analysis, only the two factors: innovation and proactivity have a slightly high coefficient. This may also explain the effect that was shown previously at the factor analysis (see Table 29).

6.5. Discussion

As we have mentioned above, from different and more fundamental studies on dairy value chain farmers face different challenges in gaining and accessing the market. Asymmetric information through the value chain is another fundamental challenge which causes a divergence in sustainable development. Lack of information makes farmers “blind/blank” in front of the buyers or other actors in the value chain (Skreli et al., 2011).

Basically, much of their scepticism and hesitation is driven by these challenges. Lack of milking, processing and transportation infrastructure are critical factors which have a negative influence on the further development of farmers and on the risk-taking.

Against the historical background and changing regulations, challenging infrastructure and centralised economy, farmers take more time to adapt and process the development when it comes to group movements and especially when it comes to trust among each other. This is a crucial reason that taking innovative steps such as adopting new technologies, trying new products, adapting environmental approaches means uncertainty and open dilemmas, particularly for Albanian farmers (Sutcliffe, H., 2011).

The farmers that see participation in an innovative market idea, as an opportunity and use both technical efficacy and social legitimacy as decision logic in their decision making are more pursuing in innovation and change and consequently are better compared to other farms. On the other side, farmers who view the change as a threat will delay their innovation and participation in the future developed markets (Boehlje and Bröring, 2011).

Governmental initiatives interspersed with different associations or preferably with just the farmers' associations in Albania, should work more closely in order to deliver the information required by dairy farmers and the professional training required by farmers.

To conclude, innovation and risk-taking are two factors that are contrary but strongly related to each other. It is essential to know the background of the area in order to analyse the capability and the step they can take into innovation. In addition to understanding the innovation environment, it is important to understand the social needs or the problem to be addressed (Bartlett, 2009, Chalmers and Balan, 2013, Edwards-Schachter et al., 2012).

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Annexes

CMIN

Model	NPAR	CMIN	DF	P	CMIN/DF
Default model	34	162,610	71	,000	2,290
Saturated model	105	,000	0		
Independence model	14	2455,020	91	,000	26,978

RMR, GFI

Model	RMR	GFI	AGFI	PGFI
Default model	,124	,917	,877	,620
Saturated model	,000	1,000		
Independence model	,704	,280	,169	,243

Baseline Comparisons

Model	NFI	RFI	IFI	TLI	CFI
	Delta1	rho1	Delta2	rho2	
Default model	,934	,915	,962	,950	,961
Saturated model	1,000		1,000		1,000
Independence model	,000	,000	,000	,000	,000

Parsimony-Adjusted Measures

Model	PRATIO	PNFI	PCFI
Default model	,780	,729	,750
Saturated model	,000	,000	,000
Independence model	1,000	,000	,000

NCP

Model	NCP	LO 90	HI 90
Default model	91,610	58,320	132,622
Saturated model	,000	,000	,000
Independence model	2364,020	2206,158	2529,228

FMIN

Model	FMIN	F0	LO 90	HI 90
Default model	,686	,387	,246	,560
Saturated model	,000	,000	,000	,000
Independence model	10,359	9,975	9,309	10,672

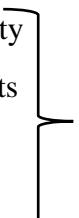
RMSEA

Model	RMSEA	LO 90	HI 90	PCLOSE
Default model	,074	,059	,089	,005
Independence model	,331	,320	,342	,000

CHAPTER VII

7. Discussion of the Dissertation

This dissertation comes in the form of a cumulative format, due to that, the results and methods have been discussed in each paper that represents a chapter. However, every paper has answered the specific research question separately; the dissertation is aimed at answering overall research questions which go beyond the content of individual papers. In this chapter, the main research questions and hypothesis presented in Chapter 1 will be discussed, and the suggestions and recommendations for the continuation of the research will be proposed. The main discussion of the dissertation has focused on the following issues:

- Position of collective action in society
 - The role of governmental instruments
 - Social capital and the role of trust
 - Innovation and risk taking
- 
- In relation to cooperative development in a post communism

The four-issues mentioned above are strongly related to each other. Not only that, but they also have a strong influence on the improvement or malfunction of one another.

As we have discussed in Chapters I and II, the development of cooperatives has had many ups and downs over the years. There are several studies on the extremely successful impact of cooperatives in difficult economical times from an economic and social perspective, as well as the other way around (Valentinov, 2007; Couture et al., 2002; Boyd, 1987; Avsec and Stromajer, 2015). Many countries, particularly the developing countries are still coping with this issue even today. In these regions the image of cooperatives is still not clear and mostly not seen as a sustainable movement or kind of organization. Naturally, there are many factors that influence their still “bad” reputation and hold up their improvement. Based on this problem and arguments, the five-research questions of the dissertation will be discussed broadly in the following sections:

- How has the image of cooperatives evolved and impacted the development of the cooperative?

- What is the role of governmental institutions in supporting cooperation and farmers organizations?
- How do local rules affect the willingness of farmers to corporate through the mechanism of social capital, trust and leadership?
- How is contract farming influencing cooperation?
- Willingness and the approach of Albanian farmers toward risk taking and innovative initiatives.

7.1. The imagine of cooperatives and their impact the development of this movement

As was discussed in the Chapters II and III, the development of cooperatives has been strongly impacted by the image of communism cooperatives. Whereas many eastern countries have gotten over this phenomenon, many other eastern and developing countries are still facing these challenges, we have taken Albania as the case for our study. Hagedorn (2004), as well as Theesfeld and Boevsky (2005) point out that it is rational to assume that the historical farming structure before socialist intervention and the ensuing changes during the transition process may have influenced the emergence and survival of new cooperatives.

In Albania, most of the dairy farmers operate on the subsistence level, i.e., about 60% of the total dairy farmers (AASF, 2019a). This includes the haziness of farmers' land ownership, which, after the communism, showed many discrepancies, creating confusions and lots of uncertainty about farmers' investments. As we have consistently mentioned in our different chapters, especially in Chapters IV and VI, the presence of very small and fragmented land parcels, the low level of lending to agriculture and the use of inputs, problems related to irrigation and drainage, insufficiency of agriculture mechanization, low labor productivity and thus high costs of labor, lack of transport and poor road infrastructure, and absence of security of energy resources, have a high impact on the development and encouragement of farmers in taking further responsibilities, such as being part of an association like cooperatives or innovation and risk-taking initiatives such as implementing new methods or technologies (investment in machineries, new varieties, etc.) on their farms (Sokoli and Doluschitz, 2019).

In Albania, the small farmers are more afraid to be part of a cooperative organization. This means that they use their land for their own consumption, and they are uncertain about being part of agricultural markets. Based on these very important and key factors, radical change / support is needed in many different aspects of the agricultural sector. Cooperatives, at least most of them, should be product-oriented, not capital-oriented, and this is something that still

needs to be taken into account in terms of the perception of farmers. The common interest is to maximize the return on the resources owned by the members. Different markets means members are heterogeneous. Farmers control not only fixed resources but also capital goods with higher rates of depreciation and turnover. New balances between solidarity, democracy and competition will appear. However, it is likely that a considerable time period is required before we turn towards including all seven cooperative principles: open and voluntary membership, democratic member control, autonomy and independence, education and trainings, concern for the community and members' economic participation as well as cooperation among cooperative organizations¹⁴ (Boyd, 1987).

By the time self-organized cooperative organizations were substituted by the collective ones, the progress and development of cooperatives was interrupted. As a matter of fact, that has had a great influence in the last thirty years of cooperative re-construction and promotion in Albania. Within these three decades, there have been low phases, blank phases and for the last decade, promoting a phase of cooperation, especially in the agricultural sector. This has also been adapted to the different socio-economic and political fluctuations in this transition post communism era, where the country is trying to find its own path to development.

Last but not least, it is important to point out the importance of trust (Auvermann et al. 2018), especially among farmers in developing countries such as Albania. In Albania, the trust people have for cooperatives is a work in progress, and there is still a lot of work to be done.

7.2. The role of governmental institutions in supporting cooperation and farmers' organizations

Governmental arrangements are especially important in the development of different movements in society. The cohesion within governmental policies and their implication plays a crucial role in implementation and development. In many countries, especially in developing countries, the gap between the proposal of a policy, the approval and the implementation takes time and often there are deviations in between. Whereas this might be understandable and explainable for policy makers and governmental bodies, for farmers it is just a malfunction or, in their words, "a promise kept". The Ministry of Agriculture (MARD) as well as other ministries which interact with it, like the Ministry of Tourism and the Environment (MTE), frequently supporting each other through efficient working mechanisms to achieve improved cross-sectoral and cross-departmental planning and implementation of strategies and support

¹⁴ www.ica.coop

programs.

For that reason, the role of the governmental institution is when reflecting on the farming situation, as it is the body which can approve and follow the implementation of the policies. The training of farmers on the established concept of cooperation may have a major impact. It is vital that the law is defined and approved by all institutions which have a direct and indirect impact on the implementation. Additional demonstration and assessment of the current laws on cooperative organization have to be shown and explained to farmers. As does the establishment of a cooperative as a good example of the main vehicle for improvement in the agriculture sector.

Taking this into account, several factors have an influence on cooperative development in Albania. Moreover, as shown in Chapter II, it is not and will not be only the bad image that cooperatives have on farmer's mentality, but the frequent support they receive from governmental institution to promote and adapt them to the adequate level of farmers. Absolutely, there have also been frequent changes on the law of cooperatives due to the conceptualization of cooperatives, these have made a difference and moved forward the whole concept of cooperation, especially on the farm level. Although, an especially important fact is that the laws have not been implemented according to the correct terms of approval from all the dependent institutions. Nevertheless, there has been disclosure within the process of the implementation of the policies provided by the laws. This is a process and there will be differences and similarities within the institutions involved.

7.3. The effect of local rules on the willingness of farmers to corporate through the mechanism of social capital, trust, and leadership

Different factors that influence the willingness of farmers to cooperate have been analyzed in this dissertation. The findings of the research follow the discussion in conformity with previous and similar studies. Our findings for farmers in the case of dairy production in Albania were analogous to Kola et al. (2014) and Skreli et al. (2011), who determined that social capital and leadership have a strong positive impact on cooperation. Taking into account earlier case studies from the apple sector (Skreli et al. 2011) and greenhouses (Kola et al. 2014), both with high importance in theory and practice.

In the case of dairy sector, this research aimed to assess the impact of local rules on cooperation rather than just focus on the impact of social capital and leadership. As shown in Chapter III, the results indicate that local rules, trust, and leadership skills are important determinants of

cooperation taken individually and in relation to their indirect impact on each other. The effect of local rules is impressive and illustrates a crucial contribution to the literature because it sheds light on the way local rules affect the willingness of farmers to cooperate, as shown in the mediation analysis demonstrated in Chapter III (table 6.). Accordingly, the results have shown the importance of the local rules for indirectly affecting cooperation. From the results, it appears that the main and most noteworthy mechanism of how local rules affect willingness to cooperate is by constructing social capital. The other two mechanisms do not show significant indirect effects. Local rules designed to better manage common-pool resources are expected to affect self-organization (Agrawal 2001, Ostrom 2009, Ostrom and Mc Ginhis 2014). Our study research was found that the direct effect of local rules on cooperation is negative. Still, its indirect effect through social capital, leadership, and trust in peers is positive for cooperation. It seems that the way local rules affect self-organization is through trust, social capital, and leadership. On the other hand, the overall effect of local rules is positive (though not significant). The finding is provocative and interesting – the mechanism of local rules translates into trust, social capital, and leadership and therefore, local rules affect collective action indirectly. This highlights that local rules as an individual factor might not have a strong a strong impact on the willingness of farmers to corporate but with social capital, trust and leadership it can influence farmers attitude.

For years, social capital has been examined and proved that it has a strong impact on collective action. Extensive research has been conducted for years by Olson (1965); Ostrom (from 1990 to 2009); White and Runge (1994); Agrawal (2001); Meinzen-Dick et al. (2002); Banszak (2008) and has continued to be approved over the years in many other different disciplines. Despite differences in their arguments and the role that social capital plays, their research has demonstrated that various forms of social capital contribute to successful collective action, almost always by raising trust among the actors. In the Albanian case, it has been studied in different groups that social capital is a very important factor used to provoke cooperation among farmers. As shown also in the results of Chapter III, social capital is a direct factor that has an influence on farmers' willingness to cooperate. However, what is most interesting is that social capital plays a particularly important role as a mediator to the willingness of farmers to cooperate for leadership, trust in peers, and local rules. Kahan (2005) emphasizes that most individuals are reciprocators. They tend to cooperate based on the willingness of others to contribute, saying this trust factor happens to be crucial.

It is important to emphasize that Albania is partly a post communism society and still a developing country, this is to underline that the consequences from this social group shows a common sensitivity for destructive leadership (Einarsen et al. 2007; Troisi and Guida, 2018) and a lack of confidence in collective action. It has been demonstrated over the years that effective and successful leadership has a positive impact in cooperative organization, especially in times of crises (Skreli et al. 2011; Kola et al. 2014). Developing good leadership in an organization involves continuous training and willing to embrace new approaches.

Furthermore, in the agricultural sector, education and further training are a core value from a different perspective. The relatively low level of education may indicate possible human capital stock on the farm. In our research, it is found that farmers in Albania do have a relatively low educational level. Farmers who have a high school diploma or higher educational degree tend to interact more with other farmers. This group of farmers is more open to new perspectives such as innovative technologies on their farms or a willingness to be part of a group and participate in an organization, as well as eagerness to receive further training. Similarly, the training offered by different projects has impacted some farmers' points of view. There is evidence that education, especially advanced education in agriculture, has a positive effect on participation (Skreli et al. 2011; Bernard and Spielman, 2009; Karli et al., 2006) as it has also emerged in our findings. Also, with the increase of the level of knowledge in the field of agriculture, they better understand the benefits they can get from collaborating with the farmers of their region and farmers with which they share the same values and interests in production.

Despite the socio-economic factors analyzed in this dissertation, the development of efficient and sustainable agriculture is almost impossible when the country (in our case farmers) faces uncertainties in land property and land usage rights. Consequently, Wiggins et al. (2015) stressed that any changes to land laws and related policy should always be undertaken with a high degree of local actor involvement.

7.4. The influence of contract farming in cooperation

In developing countries, like Albania, development of contracting is important for both sides, farmers, and the contractor – in our study the processor, to insure future market access and risk control. As we have examined in the cooperation aspect, trust is a significant and overly critical factor also in the binding relation in contract farming, due to the direct relation that farmers build through trust with the intermediary.

As seen in the results presented in Chapter V, contract farming is an encouraging approach to motivate farmers to be part of restructured markets and participate in value chains. Another particularly important asset that farmers benefit from by being part of contract farming is taking advantage of technical support and capacity building facilities. For instance, animal health in the perspective of dairy farmers group would regard vaccination type and time as well as the medication that might be used on the cow.

In both cases, in cooperation (Chapter II and III) and in contract farming (Chapter V), farmers who have made large investments in their farms did not show a higher likelihood to participate in such governmental arrangements, as per transaction cost economics theory.

Following the experiences of many other developing countries where contract farming has experienced mixed fortunes such as the case of Bangladesh, Latin America (in the case of Mexico), and Africa (in the case of Kenya), Albania is one of these cases. Through the contracting arrangements of farmers, it is feasible that they can be incorporated into dynamic markets, in terms of accessing credit, information, production factors, as well as diminishing transaction costs and enhancing technology transfer (Glover, 1984; Grosh, 1994; Key and Runsten, 1999). On the other hand, other researchers have warned about certain undesirable effects as intermediaries' power over contracting elements and market information (Wilson, 1986; Rickson and Burch, 1996; Bergum et al., 2013).

Despite the economic perspective of the contracting arrangements in the agriculture sector and the farming sector, there is a wider concept perceived by policy makers as a key element in the promotion of economic growth and the rural areas of development (Mwambi et al., 2016). Keco et al 2019, which states that empowering the phenomenon of contract farming in the Albania context means the development of a legal framework which will address the issues of contract farming. In combination with our findings, that would mean the reinforcement of trust between farmers and governmental institutions as well as the trust between farmers and intermediaries. This means that the legal framework would work as a referee but at the same time give support and protection to the actors involved in contacting. The policy makers' support by requiring that governmental mechanism to move on the development of rural areas is vital for the farmer encouragement in such governmental arrangements.

7.5. The approach of Albanian farmers toward risk taking and innovative initiatives.

Despite the fact that Albania is a small country and faces many challenges, as discussed in the previous sections, Albania is an important supplier of raw materials or half-finished products for many EU and US industries in different sectors (food and beverage industry, healthcare, cosmetics and perfumes, additives etc.); for instance, nearly $\frac{3}{4}$ of sage imported by USA comes from Albania, either directly or firstly bought by Turkey and after being processed sent to the USA (AASF, 2019b).

Taking this into account, the innovative activities and technologies grow into a necessity for farmers to embrace more activities through the supply chain on their own. For instance, the Albanian farmers sell their medical aromatic plants to Turkey to further process the products based on the required quality assurance that the international market demands. Adapting an innovative technology, even on a group level, is crucial for these farmers.

The same issue can be discussed regarding to production of apples (AASF, 2019b). Even though pre-harvesting is vital for the product quality, post-harvesting (pre-cooling, cooling, sorting, transport, packaging, labelling/branding) remains a challenge and crucial to the development of quality assurance, especially for the international market. The information on the requirements of these markets in terms of demanded product qualities and volumes remains a challenge for all actors of fruits value chain.

Furthermore, innovative initiatives is a process in itself that should be discussed and articulated to deliver the importance it brings in the development of the farm or in the farmers' organization (cooperatives), without leaving aside the impact it might have in the community (Dossa and Kaeufer, 2014; Bocken et al., 2013; Weltzien, 2011). In the agriculture sector, this might be more challenging due to several factors, such as different values farmers share which directly impact their motivation to join the innovative initiative (Bocken et al., 2013). Educational background is also especially important to embrace this phenomenon. As has been emphasized by Abdirahman et al. (2014), in the process of innovation there is a large mobilization of knowledge transfers, social networks and learning. Furthermore, in Chapter VI, we analyzed the different dairy value chain challenges related to production, transport, and in gaining and accessing the market. Basically, in our research much of the dairy farmers' skepticism and hesitation is driven by these challenges. Lack of milking, processing, and transportation infrastructure are critical factors which have a negative influence on the further

development of farmers and on the awareness of risk-taking. It can be argued that there are two main groups: farmers that see participation in an innovative market idea, as an opportunity and on the other side, farmers who view the change as a threat or risk for their farm. The first group which is willing to embrace innovation and change can be classified as more risk-taking group and the other group will delay their innovation and participation in the future developed markets meaning that they perceive the new technologies and varieties on their farm as a risk and threat (Boehlje and Bröring, 2011). This behavior has been explained by the model of Tolbert and Zucker (1983), by expanding the classic two-stage adoption/diffusion model. When the case is considered an opportunity, then gain is possible, when the case is treated as a threat, it indicates possibilities of loss and most probably a struggle to innovate. In the case of Albanian farmers, this is more difficult, as they are missing the institutional support from information and training.

As we can see, innovation and risk are strongly related and even though contrary, they are interlinked. Logically, looking beyond the actual farm status and adapting to the new technology and modern market becomes essential, this means that at one phase or the other, farmers will need to face and incorporate innovation and take the risk to adapt their production to the market and consumer. At this point, working in collective or becoming part of a cooperative facilitates the struggle and costs of adapting to the new “requirement” of the market. Although this might seem quite challenging, because it may involve knowledge of experts and specialists. Very often farmers lack the knowledge and experience necessary to cope with the risks and uncertainties of these new challenges. Farms, therefore, need to learn how to integrate innovation without putting the status of the farm at risk (Pandza et al., 2013; Schumacher et al., 2013). Given the historical background and changing regulations in Albanian farming systems, it takes more time for farmers to adapt and process the development when it comes to group movements and especially when it comes to trust among each other. This is a crucial reason why taking innovative steps such as adopting new technologies, trying new products, and adapting environmental approaches, means uncertainty and open dilemmas (Sutcliffe, 2011).

Innovation and risk-taking are two factors that are contrary but strongly related to each other. It is essential to know the background of the area to analyze the capability and the steps they can take into innovation. To understand the innovation environment, it is important to understand the social needs or the problems to be addressed (Bartlett, 2009; Chalmers and Balan, 2013; Edwards-Schachter et al., 2012).

8. Conclusions and Recommendation

Albania a country placed in a gifted geographical area of Europe, considering the Riviera and the very favorable weather conditions, is still struggling to find the right way to improve and promote the agriculture sector. As has been elaborated in further research and international resources, the agriculture sector is of great importance regarding socio-economic development, with 23% of GDP and 42% of the overall employment. Characterized by predominant small family farms, subsistence farming systems face many challenges to participate in the market and compete with the exported products coming from the neighboring countries. The farm structures are small and complex, with an average farm size of 1.2 ha, fragmented and land quality. Only 7% of the agricultural companies are owned by women who account for 48% of the agricultural workforce, but 87% are unpaid family laborers or informal workers (AASF, 2019c). From this perspective, it might be justified that this group of farmers might not be able to produce sufficient quantities and product quality in order to compete in the market. As we have demonstrated, there are very few formal alliances like cooperatives or in the form of producer groups. Agricultural diversity (e.g. agrobiodiversity, environmental services, landscape conservation, and direct marketing) is still not promoted and utilized sufficiently for income-generating opportunities.

In terms of cooperation, we analyze human and cultural values which take a long time to change and take on board. Like governance systems, changes in Albania, a post-communist society and a developing country should follow a cycle with peaks and lows to reach an equilibrium. That is to say: it is important to support the implementation of new policies and to elaborate and adapt them to the development after every phase. The factor of leadership improves the chances to develop cooperation. As demonstrated in the literature of Chapter II and III, leadership has been mostly analyzed for the positive effects, such as constructive, effective, and successful (Kelloway et al. 2006; Einarsen et al. 2007), whereas ineffective leadership reflects an absence of leadership (Einarsen et al. 2007; Asforth, 1994).

Motivating younger generations to stay and work in agriculture is vital at this point. The relatively low level of education may indicate possible human capital stock on the farm. In our research, it was found that farmers in Albania do have a relatively low educational level. Indeed, a higher educational level or further training provided from respective governmental

structures would increase the knowledge and most probably the willingness of farmers to approach new initiatives and movements, like cooperatives or contract farming.

As has been elaborated in this dissertation, the notion of cooperation might and should be one way to raise awareness of the benefits farmers gain by collaborating together in two very crucial moments that every farmer faces from time to time: opportunities and threats on their production, product processing, and access to the market. As has been emphasized by Abdirahman et al. (2014), in the process of innovation there is a large mobilization of knowledge transfers, social networks, and vocational training for farmers.

Another particularly important aspect to be considered would be the application and implementation of successful international programs from different projects provided by GIZ, IPARD and FAO. Several farms had the chance to gain experience and develop their farms because they have been part of these programs, but it is particularly important to continue the implementation after the project. These training sessions would strengthen compliance and implement national regulations to ensure compliance with plant and animal health, biosafety and biosecurity regulations, and the effective regulation of agrochemicals (Fréguin Gresh and Anseeuw, 2013). The development and continuation of these projects would be a good demonstration of successful cases, promoting and supporting these types of initiatives by including them in governmental supporting schemes in order to motivate and encourage the new generation to also be part of these initiatives as a promising upcoming field of investment.

Governmental initiatives interspersed with different associations, or preferably with just the farmers' associations in Albania, should work more closely to deliver the information required by dairy farmers and the professional training required by farmers. It is imperative for farmers to understand and realize the support of the governmental bodies as an important actor to regulate the relationship that exist between the farmers and intermediaries. The improvement of information and communication systems to meet the requirements of these markets in terms of demanded product qualities and volumes remains a challenge for all actors of agricultural value chain and might be very important in the development of policies.

Promoting cooperation is a long-term process that will generate much longer-lasting added value in human society.

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Declaration in lieu of an oath on independent work

according to Sec. 18(3) sentence 5 of the University of Hohenheim's Doctoral Regulations for the Faculties of Agricultural Sciences, Natural Sciences, and Business, Economics and Social Sciences

1. The dissertation submitted on the topic

"The potential of rural cooperatives development in Albania: challenges and benefits"

is work done independently by me.

2. I only used the sources and aids listed and did not make use of any impermissible assistance from third parties. In particular, I marked all content taken word-for-word or paraphrased from other works.
3. I did not use the assistance of a commercial doctoral placement or advising agency.
4. I am aware of the importance of the declaration in lieu of oath and the criminal consequences of false or incomplete declarations in lieu of oath.

I confirm that the declaration above is correct. I declare in lieu of oath that I have declared only the truth to the best of my knowledge and have not omitted anything.

HOHENHEIM, 08.12.2020

OLTA SOKOLI

Place, Date

Signature



Curriculum Vitae

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Personal skills and competences	<p>Mother tongue(s)</p> <p>Albanian</p> <p>English French German</p> <p>C1 – very good A2 - basic B1 – intermediate</p> <p>Computer Skills</p> <p>Microsoft Office package, SPSS, AMOS</p>

HOHENHEIM, 08.12.2020

OLTA SOKOLI



List of Publication in the Dissertation

Sokoli O., Doluschitz R. 2020. Is this the revival of cooperatives era in Albania? Journal of Co-operative Studies 2020 53(1) (*in printing*)

Sokoli O., Kapaj I., Doluschitz R. 2020. Determining Factors that Affect Farming in the Albanian Milk Sector. Int. J. Food System Dynamics 11 (3), 258-269. DOI: <http://dx.doi.org/10.18461/ijfsd.v11i3.53>

Sokoli O., Doluschitz R. (2019). Cooperative evolvement through political era/epoch: Albanian's case and comparisons. Ekonomika poljoprivrede, 66(1), 189-204.

List of Publication in process in the Dissertation

O. Sokoli, O. Xhozhi, D. Imami, E. Skreli, R. Doluschitz. 2020. The determinants of contract farming: Evidence from the milk sector in Albania. *Submitted*

O. Sokoli, O. Xhozhi, E. Skreli, D. Imami, R. Doluschitz. 2020. Are local rules the shadow factor in the development of cooperatives? Albanian case. World development perspective. *Major revisions*

Conferences presentation and participation

O. Sokoli, O. Xhoxhi, D. Imami, E. Skreli, R. Doluschitz. 2019. The determinants of contract farming: Evidence from the milk sector in Albania. 29. Jahrestagung der Österreichischen Gesellschaft für Agrarökonomie (ÖGA). Universität Innsbruck 19.-20. September 2019

Sokoli, O., Xhoxhi, O., Skreli, E., Imami, D. & Doluschitz R. 2018. Contract farming: Case of the milk sector in Albania, 2nd International Conference on Agriculture and Life Sciences.

Sokoli O. 2018. Cooperative potentials in Albania. World Food Day Colloquium, Cooperatives: essential for food security? University of Hohenheim October 16, 2018

Sokoli, O., Xhoxhi, O., Skreli, E., Imami, D. & Doluschitz R. 2018. What makes farmers (not to) cooperate in transition economies? – the case of dairy sector in Albania, ICA2018 Research Conference: “Cooperatives in a rapidly changing world: innovation in enterprise and community”, Wageningen 4 – 6 July 2018. S 135-136

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Sokoli O., Doluschitz R. 2016. ‘Situation of cooperatives in the Albanian agricultural sector’, 153 EAAE Seminar ‘New dimensions of market power and bargaining in the agri-food sector: organizations, policies and models’ Gaeta, Italy

Sokoli O., Musabelliu B., Doluschitz R., 2016 “The interaction and impact of government to promote and encourage cooperation in Albania”, Conference proceeding IGT-ICCS 2016 “Cooperative identity and growth”, Luzern, Switzerland

The farm questionnaire

serial number, ID				
Perfecture				
Village				
d d M M	year			
Interview Date	2	0	1	7

Time of the interview	h h m m
The time of completion of the interview	
The duration of the interview	

Full Name of interviewer

INTERVIEWER, READ THE FOLLOWING PARAGRAPH!

This is a research conducted by the University of Hohenheim, Germany and AUT. I would be happy to have an interview with you about dairy sector as your main activity in the farm. I assure you that the information that you will share with us will be treated confidential. You have the right to refuse or interrupt the interview at any time, or not answer any question specified.

Please feel free to ask any question you might have.

Thank you.

A.PYETJE FILTER

A1.Produkti kryesor	A1.1 Lope	1.Po 2.Jo	
Qumesht	A1.2 Bageti te imta	1.Po 2.Jo	

Nese nuk shet qumesht, **mbyllni intervisten.**

A1.3 Sa lope ke? _____ lope A1.4 A shet rregullisht qumesht? 1. Po 2. Jo

Shenim: ferma duhet te kete te pakten 2 lope qe prodhojne qumesht dhe duhet te shese qumesht rregullisht.

A2.A jeni i perfshire personalisht ne aktivitetet e fermes, perfshire prodhimin & shitjen e produktit kryesor?	1. Po 2.Jo. Nqs jo, mbyllni intervisten.	
---	--	--

Shenim per intervistuesin: Synimi duhet te jete qe te intervistohet drejtuesi i fermes, por se paku i intervistuari duhet te jete i perfshire ne aktivitet dhe vendimmarrjen e fermes.

SEKSIONI 1: TE DHENA SOCIO-DEMOGRAFIKE

B. TE DHENA SOCIO-DEMOGRAFIKE

B.1. Gjinia e te intervistuarit 1. M 2. F

B.2. Viti i lindjes (i te intervistuarit) _____

B3.2 A jeni ju drejtuesi i fermes? 1. Po 2. Jo

B.4.1 Sa persona jeni ne familje? _____ **B.4.2** Sa persona merren me blegtori? _____

B.5. Prej sa vitesh drejtuesi i fermes (apo kryefamiljari) eshte i angazhuar ne bujqesi? _____

B.6. Sa vite keni qe merreni me kultivimin e produktit kryesor ne fermen tuaj? _____

B.7. Punesimi kryesor i drejtuesit te fermes	B.8. Niveli arsimor i drejtuesit te fermes
1. I/e punesuar ne sektorin publik 2. I/e punesuar ne sektorin privat 3. I/e vetepunesuar ne sektor jo-bujqesar 4. I/e vetepunesuar ne sektorin bujqesar 5. Tjetër	1. Pa arsimim 2. Fillore/8 Vjeçar 3. Shkolle e mesme bujqesore 4. Shkolle e mesme e tjeter 5. Universitet

Shenim: nese personi i intervistuar nuk eshte drejtusi i fermes, serish pyetjes B7 dhe B8 duhet ti pergjigjet ne lidhje me kryefamiljarin

SEKSIONI 2: Profili i fermes

C7. Profili/struktura e fermes (duke perfshire si token ne pronesi edhe ate te marre me qera)

Siperfaqja e tokes	Dynam (2016-Aktuale)	Trendi ne krahasim me 2014 1-Ulje 2- Nuk ka ndryshim 3 -Rritje
C7.4 Drithera		
C7.5 Foragjere		
C7.5.1 Bar (jonxhe etj)		
C7.6 Mbjellje te tjera		
C7.7 Toke e paperdorur (djerre)		
C7.8 Totali		

BLEGTORI	<u>Krere</u>			
C7.9 Lope ne prodhim				
C7.9.1 Vica dhe meshqerra				
C7.10 Te imta				
E. Prodhimi i qumeshtit	C	D	E	G
Per vitin 2016?	Prodhimi total te gjithe lope/bageti (litra)	Rendimenti litra/krere	% e prodhimit e shitur	% e perdorur per përpunim ne ferme
E1.2 Qumesht				

E3. CMIMET E SHITJES DHE KOSTOT E PRODHIMIT PER VITIN 2016

E3.1 Me sa % jane rritur te ardhurat nga shitja e _____ krasuar me 2014? ____%

E3.2 Rendimenti I prodhimit te qumeshtit eshte_____ (1-ulur shume.....5-rritur shume)

E3.3 Sa I kenaqur je me fitimet qe gjeneron aktiviteti kryesor I fermes suaj. (1. S'jam Fare I kenaqur – 5. Jam shume I kenaqur)

E4. Fjalite e meposhtme jane ne lidhje me performances e fermes tuaj:

Shume e ulet	E ulet	Mesatare	E larte	Shume e larte
1	2	3	4	5
Te ardhura nga shitja e qumeshtit				
Kostot e prodhimit per produktin kryesor:				
Rendimenti I prodhimit I qumeshtit nga 2014 deri me sot eshte:				

E5. Fjalite e meposhtme jane ne lidhje me performances e fermes tuaj:

Nuk jam fare darkod	Nuk jam Dakord	As Dakord as jo Dakord	Jam Dakord	Jam Shume Dakord
1	2	3	4	5
Produkti qumeshtit I fermes sime shite me cmim te mire.				
Prodhimi I qumeshtit rezulton me kosto te larte:				
Biznesi I tregtimit te qumeshtit ka gjeneruar fitime te kenaqshme:				
Krasuar me feremeret e tjere ne zonen time, prodhimi I qumeshtit del me nje kosto me te ulte:				
Gjate 2014-2016 e kam permiresuar teknologjine e prodhimit qumeshtit:				

SEKSIONI3: kordinimi vertikal dhe kontraktimi

F. KANALET E SHPERNDARJES DHE KOORDINIMI VERTIKAL

F1. Cili eshte kanali/lloji i blerësit kryesor per produktin kryesor

Kanalet e shitjes	1-Grumbullues I pavarur 2-Grumbullues fabrike 3-Direkt fabrikes 4- Dergim ne familje 5-Dyqan 6-Tjetër _____
Bleresi kryesor	
Bleresi I dyte I rendesishem	

F1.1 Sa kohe _____ (muaj/vite) qe shet tek i njejti bleres?

F2. Duke shfrytezuar shkallen e meposhtme te vleresimit, tregoni sa i rendesishem eshte secili faktor ne lidhje me produktin kryesor. Sigurohuni qe te kete variacion real ne pergjigje– eviton qe te kete pergjigje te njejta duke bere pyetje shtese

E parendesishme	E parendesishme	E parendesishme	E parendesishme	E parendesishme
1	2	3	4	5
Sa e rendesishme eshte per ju?				
F2.1	Vendimi per ushqimin qe do te perdoren per lopet			
F2.2	Vendimi per rracen e lopeve qe bleni			
F2.3	Vendimi per cmimin e qumeshtit			
F2.4	Vendimi per ilacet dhe vaksinat qe do te perdoren per lopet			
F2.5	Vendimi mbi kohen e vaksinimit			
F2.6	Kushtet ne lidhje me pagesen (p.sh sa kohe mund te vonohet pagesa ose si do realizohet pagesa (p.sh. me keste apo e gjitha)			
F2.7	Vendimi per kushtet e kontratës/marredhenies me bleresin (p.sh. koha e pagese, menyra etj)			
F2.8	Vendimi per kohen se kur do te shitet prodhimi te bleresi			
F2.9	Vendimi per menyren si do te dorezohet qumeshti			
F2.10	Vendimi per vleren totale te pageses per qumeshtin nga bleresi			
F2.11	Menyren e ruajtjes se qumeshtit mbas mijeljes			
F2.12	Vendimi per investimet ne ferme ne infrastrukturre (tipi dhe organizimii stalles), investimev ne makineri			
F2.12	Vendimi per investimet ne enet dhe zinxhirin e ftohte per nje trajtim te pershtatshem te qumeshtit pas mijeljes			

F3. Ju lutem tregoni, sa dakord ose jo dakord jeni me secilen nga fjalite e me poshtme? (KONKURENCA)

Nuk jam fare darkod	Nuk jam Dokord	As Dakord as jo Dakord	Jam Dakord	Jam Shume Dakord
1	2	3	4	5
F3.1-IC	Ka pak bleres ku une mund te shes prodhimin tim			
F3.2-IC	Tregu i <u>qumeshtit</u> kontrollohet nga nje numer i vogel bleresish te medhenj			
F3.3-FC	Konkurrenca ne nivelin e blegtoreve per qumeshtin eshte e madhe (R)			
F3.4-FC	Tregu i <u>qumeshtit</u> kontrollohet nga nje numer i vogel fermash te medha			
F3.5-IC	Konkurrenca ne nivelin e bleresve eshte e vogel			
F3.6-FC	Ka shume fermere qe prodhojne <u>qumesht</u> (R)			

F4. Menyra kryesore e shitjes: 1. Direkt nga ferma 2. E transporton te bleresi/tregu 3. Grumbullohet nga kooperativa

F4.1. Nese 2 te F5, Sa kohë duhet për të transportuar produktin për te blerësi / tregu nga ferma juaj _____ minuta

F4.2 Sa baxho ka ne komunen tuaj? _____ Sa baxho mbledhin ne zonen tuaj? _____

F5. Fjalite e meposhtme jane ne lidhje me mundesine qe keni ju per te aksesuar/marre informacion ne lidhje me disa aspekte. Ju lutem tregoni nivelin e mundesis per te aksesuar informacionin sipas shkalle se me poshtme:

Shume e ulet	E ulet	Mesatare	E larte	Shume e larte
--------------	--------	----------	---------	---------------

1	2	3	4	5
F5.1. Sa mundesi/akses keni ju per te marre informacionin e nevojshme për të kuptuar nevojat e blerësit.				
F5.2. Sa mundesi/akses keni ju per te marre informacionin e nevojshme për të identifikuar mundësitet e tregut.				
F5.3. Sa mundesi/akses keni ju per te marre informacion në lidhje me cilësinë e produktit dhe standartet.				
F5.4. Sa mundesi/akses keni ju per te marre informacionin në lidhje me cmimet e produktit.				

F6. Duke perdorur shkallen e meposhte, ju lutem tregoni sa influence ka bleresi juaj kryesor mbi sejcilin nga elementet e me poshtem.

Nuk ka influence	Influence te vogel/kufizuar	Ka influence	Ka influence te madhe	Ka Influence Shume te madhe
1	2	3	4	5

Sa influence ka bleresi kryesor ne:

F6.1	Vendimi per ushqimin qe do te perdoren per lopet	
F6.2	Vendimi per rracen e lopeve qe bleni	
F6.3	Vendimi per cmimin e produktit	
F6.4	Vendimi per ilacet dhe vaksinat qe do te perdoren per lopet	
F6.5	Vendimi mbi kohen e vaksinimit	
F6.6	Kushtet ne lidhje me pagesen (p.sh sa kohe mund te vonohet pagesa ose si do realizohet pagesa (p.sh. me keste apo e gjitha)	
F6.7	Vendimi per kushtet e kontratës/marredhenies me bleresin (p.sh, koha e pagesese, menyra etj)	
F6.8	Kohen se kur duhet shitur produkti te bleresi	
F6.9	Menyren se si duhet derguar produkti te bleresi	
F6.10	Shumen totale te pageses qe do te kryej	
F6.11	Menyren e trajtimit te qumeshtit mbas mijeljes	
F6.11	Vendimi per investimet ne ferme ne infrastructure (tipi dhe organizimii stalles), investime ne makineri	
F6.12	Vendimi per investimet ne enet dhe zinxhirin e ftohte per nje trajtim te pershtashkme te qumeshtit pas mijeljes	

G.CILESIA E MARREDHENIES BIZNESIT DHE PERFORMANCE

G1. Fjalite e me poshtme jane ne lidhje me mardhenien e biznesit qe ju keni me bleresin tuaj kryesor. Ju lutem tregoni, sa dakord ose jo dakord jeni me secilen nga fjalite e me poshtme?

Nuk jam fare darkod	Nuk jam fare darkod	Nuk jam fare darkod	Nuk jam fare darkod	Nuk jam fare darkod
1	2	3	4	5

Sa influence ka bleresi kryesor ne:

G2-TR1	Une e besoj informacion qe bleresi me jep (p.sh mbi cmimet e tregut)	
G2-COM2	Une do te doja ta forcoja marredhien e biznesit me bleresin kryesor ne te ardhmen	

G2-CPB3	Une do te doja te kontraktohesha sepse mund te marr furnizim inputesh nga bleresi	
G2-TR2	Ne per gjithesi bleresi im kryesor nuk ndermerr veprime qe mund te demtojne biznesin tim	
G2-CPB4	Une do te doja te kontraktohesha sepse mund te marr kredi me lehtesi(ose garanci kredie)	
G2-SAT1	Une jam i kenaqur me korrektesine e pagesave te bleresit kryesor	
G2-TR3	Bleresi im kryesor nuk eshte gjithmon i singerte me mua (R)	
G2-SAT2	Une jam i kenaqur me informacionin e tregut te ofruar nga bleresi kryesor	
G2-COM7	Une nuk do te doja ta humbisja bleresin kryesor spespe kam investuar shume kohe dhe mund per krijimin e nje marredhenije te mire biznesi me ate.	
G2-CPB2	Une do te doja te kontraktohesha sepse mund te marr cmime me te mira	
G2-TR4	Une kam besim te bleresi im	

Sa influence ka bleresi kryesor ne:		
G2-CPB7	Une do te doja te kontraktohesha sepse mund te ndaj me bleresin risqet e tregut (luhatjet e cimimit)	
G2-SAT3	Une jam i kenaqur me cmimin e ofruar nga bleresi kryesor	
G2-CPB1	Une do te doja te kontraktohesha sepse mund te siguroj tregun (shitjen e prodhimit)	
G2-TR5	Premtimet e bera nga bleresi im jane te besueshme	
G2-COM1	Unë mendoj që marrëdhënia ime me blerësit kryesor do të vazhdojë për një kohë të gjatë	
G2-COM6	Une do ta kisha te lehte ta zevendesoja marredhenien e biznesit me bleresin kryesor	
G2-SAT4	Marredhenia e biznesit me bleresin kryesor me siguron fitime te kenaqshme	
G2-EF1	Marredhenia e biznesit me bleresin tim kryesor ka rritur shitjet	
G2-QU1	Marredhenia e biznesit me bleresin kryesor ka permiresuar cilesine e produkteve	
G2-QU2	Marredhenia e biznesit me bleresin kryesor ka permiresuar sigurine e produkteve	
G2-QU4	Marredhenia e biznesit me bleresin kryesor ka permiresuar teknologjine e kultivimit	
G2-CPB5	Une do te doja te kontraktohesha sepse mund marr informacion me te mire tregu	
G2-COM5	Une beje "gjithcka qe duhet" per te kenaqur kerkesat e bleresit kryesor	
G2-COM3	Besoj se ne afat te gjatë marrëdhënia me blerësin kryesor do të jetë fitimprurëse	
G2-CPB6	Une do te doja te kontraktohesha sepse mund marr me shume keshillime dhe trainime	

G3. Fjalite e me poshtme jane ne lidhje fleksibilitetin/tolerancen e marrdhenjes me bleresin tuaj kryesor.

Aspak fleksibel	Pak fleksibel	As fleksibel as te ngurta	Fleksibel	Shume fleksibel
1	2	3	4	5
Ju lutem tregoni, sa fleksibel/tolerant eshte bleresi juaj kryesor dhe sa fleksibel/tolerant jeni ju ne lidhje me?			Vleresimi per fleksibiliteti, nga ana:	
			Bleresit	Juaj si fermer
G3.1 Cmimin e shitjes				
G3.2 Standartet e qumeshtit (ose siguria ushqimore/cilesia: përqindja e yndyrës, mbetjet e vaksinave dhe antibiotikeve, ngarkesa bakteriale, era e qumeshtit % e ujit ne te)				
G3.3 Kohen e shitjes				
G3.4 Sasine e prodhimit te rene dakord				
G3.5 Kohen e pageses				

Note: Pyet per fleksibilitetin e bleresit ne fillim pastaj te fermerit

KONTRAKTIMI

G4. ASPEKTE TE TJERA TE KOORDINIMIT VERTIKAL – fokusojuni tek produkti kryesr dhe bleresi kryesor

G4.1. Kur i merrni parate?	1. Menjehere	2.Me vone _____dite
-----------------------------------	--------------	---------------------

H. STANDARTI ZHVILLIMI I KAPACITETEVE/ASISTENC TEKNIKE DHE SUBVENCIONIM

1. A realizoni zakonisht kontroll veterinar të lopëve?	1.Asnjehere_2.Rralle_3.Ndonjehere_4.Shpesh_5.Gjithmone_
2. A jeni ne dijeni efekteve ne prodhimin e bulmentit (kos, djathe) dhe ne shendetin e njeriut te mbetjes se vaksinave ne qumesht?	1.Aspak_2.Pak_3.Mesta tarisht_4.Shume_5.Plotesisht
3. A ju ka ofruar bleresi keshillim dhe trainimin e pershtatshem ne menyre qe jut e prodhoni produkte sipas standartit qe kerkohet?	1.Asnjehere_2.Rralle_3.Ndonjehere_4.Shpesh_5.Gjithmone_

Sekzioni4: Kooperimi horizontal

Gatishmeri per Kooperim

GK. Fjalitë e më poshtë lidhen me gatishmerine per te bashkepunuar

Ju lutem tregoni sa jeni dakord ose kundër me secilën nga fjalitë e mëposhtme?

Shumë kundër	Kundër	As kundër as dakord	Dakord	Shumë dakord
1	2	3	4	5
1. Jam i gatshëm të kontribuoj si pjesë e një grupei për pagesën e një specialist blegtorie: veteriner/zooveteriner (shendet i kafsheve ose për teknogjinë bujqësore)				
2. Jam i gatshëm të kontribuoj si pjesë e një grupei për të blerë e përdorur së bashku mekanikë bujqësore (traktor e agregate bujqësore, mjete transporti, etj.)				

3. Jam gati të tē paguaj pjesën time pér tē ngritur një grup pér blerjen inputeve (ushqim e lilace) e shitjen e produktit së bashku?	
4. Jam gati të behëm antar i çdo grapi ose kooperative bujqësore	
5. Nuk jam i gatshëm tē kooperoj me fermerë tē tjerë (është më e lehtë ti zgjidhësh problemet e byjqësisë individualisht duke përdorur lidhjet personale (R))	

• **Atributet socio ekonomike**

ks. Ju lutem përgjigjuni pyetjeve tē mëposhtme që kanë tē bejnë më bashkëpunimin mes fermerëve (kapitali social)

1.A merrni (keni marre) pjesë në ndonjë aktivitet tē përbashkët me fermerë te tjerë që lidhet me prodhimin bujqësor (mirëmbajtjen e kanaleve ujitëse, mirëmbajtje rruhësh rurale)?	1. Po 2. Jo
2. A shkon (keni shkuar) pér tē ndihmuar bashkëfshatarët në procese tē caktuara pune (psh në vjeljen e prodhimit, ruajtje te bagëstisë me radhë) dhe a vijë bashkëfshatarët pér tu ndihmuar ju?	1. Po 2. Jo
3. A jeni (keni qenë) pjesë e një grapi fermerësh që kanë paguar së bashku pér shërbimin e një specialist tē bujqësisë (psh pér mbrojtjen e bimëve, teknologjinë e prodhimit në përgjithësi)?	1. Po 2. Jo
4. A jeni (keni qenë) pjesë e një grapi fermerësh që kanë blerë dhe përdorue së bashku mekanikë bujqësore ose/mjete transporti?	1. Po 2. Jo
5. A jeni (ose a keni qene) ju antar i ndonjë shoqate te bashkelupnimit bujqësor (blerjen e përbashkët tē inputeve ose/dhe shitjen e përbashkët tē prodhimit)?	1. Po 2. Jo
6. A jeni antar i ndonjë grapi shoqëror ose shoqate (komitet prindërish, grup fetar, grup kulturor, etj.)	1. Po 2. Jo
7. Nëse 6 është 1.Po, sa aktiv e konsideroni veten në këtë shoqatë?	1=shume pasiv5=shume aktiv
8. Nëse 7 është 1.Po, sa aktiv e konsideroni veten në këtë shoqatë?	1=shume pasiv 5=shume aktiv
9. Nëse (6 ose 7) është 1.Po, Sa shpesh takoheni?	1=asnjehere..5=shpesh

KK. Fjalitë e më poshtme lidhen me mundësinë aktuale tē marrjes së shërbimeve (aktorët që konkurrojnë shërbimet që priten tē ofrohen nga grapi i fermerëve)

Ju lutem tregoni sa jeni dakord ose kundër me secilën nga fjalitë e mëposhtme

Shumë kundër	Kundër	As kundër as dakord	Dakord	Shumë dakord
1	2	3	4	5
1. Këshillat mbi teknologjinë i gjejmë pa kosto dhe me cilësi tē mirë nga spealistet e drejtorisë së bujqësosë (R)*				
2. Këshillat mbi teknologjinë i gjejmë me kosto tē ulët nga privatët (konsulentet privatë, tregtarët e inputeve, blerësit) (R)				
3. Keshillim mbi teknologjine eshte i disponueshem me cilesi te mire nga aktore private (konsulente privat, bleres) (R)				
4. Inputet bujqësore (farat/fidanat, plehrat kimike, pesticidet dhe herbicidet) i gjejme nga tregtarët me cmim tē mirë (R)				

5. Tregtaret e inputeve ofrojne zbritje cmimi per klientet e zakonshem (R)	
6. Inputet bujqësore (farat/fidanat, plehrat kimike, pesticidet dhe herbicidet) i gjëjme nga tregtarët me cilësi të mirë (R)	
7. Ne mund te shesim lethesisht prodhimin tek bleresit private (R)	
8. Bleresit private na i grumbullojne prodhimin me cmime te mira/te drejta ®	
9. Shërbimin e mekanikës bujqësore e ofrojnëprivatët me cmim te mirë (R)	
10. Shërbimin e mekanikës bujqësore e ofrojnëprivatët me cilesi te mirë (R)	

PK. Fjalitë e më poshtë lidhen me <u>përfitimet e kooperimit</u>				
Ju lutem tregoni sa jeni dakord ose kundër me secilën nga fjalitë e mëposhtme?				
Shumë kundër	Kundër	As kundër as dakord	Dakord	Shumë dakord
1	2	3	4	5
1. Nëse bashkohemi, ne mund të blejmë inputet (farat/fidanat, plehrat kimike, pesticidet dhe herbicidet, këshillat mbi teknologjine, ilacet) me kosto më të ulët				
2. Nëse blejmë dhe përdorim së bashku mekanikën bujqësore, shpenzimet do të janë më të ulta				
3. Nëse bashkohemi, ne mund të shesim produktin me çmim më të lartë se ai që na i blejnë sot				
4. Nëse bashkohemi, ne mund të reduktojme sasine e prodhimit qe prishet pas mijeljes				
5. Sigurimi i inputeve dhe shitja e produkteve ne grup do te reduktonte kostot e negocimit				

LD. Fjalitë e më poshtë lidhen me praninë e <u>leadershipit</u>				
Ju lutem tregoni sa jeni dakord ose kundër me secilën nga fjalitë e mëposhtme?				
Shumë kundër	Kundër	As kundër as dakord	Dakord	Shumë dakord
1	2	3	4	5
1. Ne fshatin tim/lagjen time, unë njoh njerëz të respektuar të cilëve ju besoj dhe të cilët mund të drejtojnë një grup fermerësh				
2. Ne fshatin tim/lagjen time, unë njoh të rinj të arsimuar ë cilëve ju besoj dhe të cilët mund të drejtojnë një grup fermerësh				
3. Ne fshatin tim/lagjen time është e vështirë ti besosh dikujt për drejtimin e një grupei; secili shikon interesin e vet (R)				

RC. Fjalitë e më poshtë lidhen me reciprocitet ndermjet individive				
Ju lutem tregoni sa shpesh ose orale keni ndervepruara me secilën nga situatat e mëposhtme?				
Shumë Rralle	Rralle	As rralle as shpesh	Shpesh	Shumë sheesh
1	2	3	4	5

Gjate vitit te fundit, a keni ndihmuar komshinjte ose bashkefshataret me aktivitetet e meposhtme:	
1. Keni degjuar problemet e tyre dhe keni shkembyer mendime me ta	
2. Keni ndihmuar ata ne punet e perditshme te fermes	
3. I keni huajtur atyre pajisje dhe vegla pune	
4. Jeni kujdesur per shtepine e tyre kur ata nuk kane qene te pranishem	
5. Jeni kujdesur per nje pjesetar te familjes se tyre	
6. I keni hujatur atyre para	
Gjate vitit te fundit, a jeni ndihmuar nga komshinjte ose bashkefshataret me aktivitetet e meposhtme:	
1. Ju kane degjuar problemet tuaja dhe keni shkembyer mendime me ta	
2. Ju kane ndihmuar ne punet e perditshme te fermes	
3. Ju kane huajtur pajisje dhe vegla pune	
4. Jane kujdesur per shtepine e tyre kur ata nuk kane qene te pranishem	
5. Jane kujdesur per nje pjesetar te familjes suaj	
6. Ju kane hujatur para	

RP. Fjalitë e më poshtë lidhen me perceptimin e reputacionit qe kane fermeret Ju lutem tregoni sa jeni dakord ose kundër me secilën nga fjalitë e mëposhtme?				
Shumë kundër	Kundër	As kundër as dakord	Dakord	Shumë dakord
1	2	3	4	5
1. Ata qe me njohin kane shume konsiderate per mua				
2. Une jam nje person me emer te mire				
3. Une kam respektin e bashkefshatareve te mi				
4. Une konsiderohem nga te tjeret si njeri i besueshem				
5. Une shikohem nga te tjeret si njeri i ndershem				
6. Une shikohem nga te tjeret si njeri qe i realizon gjerat, i shpie gjerat deri ne fund				
7. Une shikohem nga te tjeret si dikush qe jep rezultate				
8. Njerezit presin qe une te jap gjithnj rezultate te larta				
9. Njerezit e dine qe une do te jap gjithnj rezulatte te larta				
10. Njerezit presin qe une te bej vetem gjera me cilesi				
11. Une njihem nga te tjeret si dikush qe jep rezultatet me cilesine me te larta				
12. Nese njerezit duan qe gjerat te realizohen, ata do te ma kerkinin mua kete gje				

IN. Fjalitë e më poshtme lidhen me pershatjen me inovacionet Ju lutem tregoni sa jeni dakord ose kundër me secilën nga fjalitë e mëposhtme?				
Shumë kundër	Kundër	As kundër as dakord	Dakord	Shumë dakord
1	2	3	4	5

1. Jam i interesuar per informacionin me te fundit per teknologjine e marketingun e produktit	
2. Me pelqen te provoj teknologji te reja ne fermen time	
3. Nese prodhoj nje produkt me mire (% yndyre, lend e thate, etj), une jam i gatshem te kerkoi blerese te tjere	
4. Me pelqen te provoj varietet te reja ne fermen time per te plotesuar me mire kerkesen e bleresit	
5. Gjate 3 viteve te fundit, une kam ndryshuar teknologjine e prodhimit, duke mesuar nga fermere te tjere	
6. Gjate 3 viteve te fundit, une kam ndryshuar teknologjine e prodhimit, sepse me eshte sugjeruar nga bleresi	
7. Gjate 3 viteve te fundit, une kam ndryshuar tregun e shitjes/bleresin	

**OB. Fjalitë e më poshtë lidhen me objektivat qe kane fermeret
Ju lutem tregoni sa jeni dakord ose kundër me secilën nga fjalitë e mëposhtme?**

Shumë kundër	Kundër	As kundër as dakord	Dakord	Shumë dakord
1	2	3	4	5
1. Ne tre vitet qe vijne, une kam ndermend te shtoj aktivitetit (perpunim ne ferme, hapje dyqani ne qytet, etj)				
2. Ne tre vitet qe vijne, une kam ndermend te fut nje teknologji te re (rritje rendimenti quimeshti, ushqimi, permiresim cilesie) ne tre vitet qe vijne				
3. Ne tre vitet qe vijne, une kam ndermend te zgjaroj kontaktet me aktore te tjere ne zinxhire (baxhot, fabrikat, prodhuesit e ushqimit)				
4. Ne tre vitet qe vijne, (me kredi dhe kursimet e mia) une do te shtoj aktivitetin e prodhimit te quimeshit				

**PR. Fjalitë e më poshtë lidhen me proaktivitetin qe kane fermeret
Ju lutem tregoni sa jeni dakord ose kundër me secilën nga fjalitë e mëposhtme?**

Shumë kundër	Kundër	As kundër as dakord	Dakord	Shumë dakord
1	2	3	4	5
1. Une jam i gatshem te fut teknologji (te prodhimit te quimeshi) qe te tjeret nuk do ti benin				
2. Do te isha gati te nisjan praktika te reja te cilat fermeret e tjere nuk do t'i nisin				
3. Megjithese une kam rezultate shume te mire ne ferme, prapa ka gjera qe mund te permiresohen				
4. Une nuk kam frike te gaboj nese mesoj dicka nga nje teknologji e re qe fus (menyren e mbareshtimit, prodhimin e ushqimit, etj)				

**RS. Fjalitë e më poshtë lidhen me riskun e fermereve
Ju lutem tregoni sa jeni dakord ose kundër me secilën nga fjalitë e mëposhtme?**

Shumë kundër	Kundër	As kundër as dakord	Dakord	Shumë dakord
1	2	3	4	5

1. Une do te vazhdoj me varietetin aktual, dhe nuk do ta zevendesoj ate me varietete qe nuk njoh	
2. Une preferoj te mos e bej nje investim ne fermen time nese nuk di perfitimet qe do te vijne nga ky investim	
3. Une nuk kam ndermend ta zgjeroj fermern sepse nuk dua te kem kosto shtese	
4. Nese dikush me sugjeron per te futur varietete me rendeiment te larte ne fermen time, une do ta beja ate duke shpresuar per fitime me te larta	

BS. Fjalitë e mëposhtme lidhen me besim e fermerit Sa dakord jeni me fjalite e mëposhtme?				
Shumë kundër	Kundër	As kundër as dakord	Dakord	Shumë dakord
1	2	3	4	5
1. Ka fermere qe jane gati te me ndihmojne kur une kam nevoje per ta				
2. Njoh fermere qe profesionalisht jane shume te afte				
3. Shpesh une kam te vesh tire te parashikoj menyren se si mund te sillen fermeret				
4. Ka fermere qe me tregojne sekretet e tyre				
5. Njoh fermere qe dine te mbajne sekretet qe u tregoj				
6. Ka fermere qe nese premtojne dicka, ata e mbajne premtimin				
7. Ka fermere qe me degjojne dhe me qajne hallin				
8. Njoh fermere qe tregojne/mbrojne gjithnjte verteten				
9. Ka mjaftueshmerisht fermere qe me trajtojne ne menyre te drejte				
10. Ne komunitetin tim kam mjaft mjaft fermere besnike				
11. Ka fermere te cileve une ju besoj				

• **Sistemet e Qeverisies**

Si e klasifikoni sigurine e pronesise mbi token:	
Token e keni marre	1. Ne toke me ish pronare 2. Ne toke publike
A a pretendime nga pronare te tjera per token tuaj (per ndonje nga ngastrat)	1. Po 2. Jo
A a keni marre token ne kufinjte e vjeter	1. Po 2. Jo
Cfare dokumentesh keni	1. Nuk kam dokument 2. Certifikate nga komisioni i ndarjes se tokes 3. Certifikate e re pronesie

RL. Fjalitë e më poshtë lidhen me pranine dhe rendesine e rregullave lokal Ju lutem tregoni sa jeni dakord ose kundër me secilën nga fjalitë e mëposhtme?				
Shumë kundër	Kundër	As kundër as dakord	Dakord	Shumë dakord
1	2	3	4	5

P1. Ne komunitetin tone ka rregulla lokale lidhur me perdonimin e kullotave, pyjeve, ujrale, mirembajtjen e kanaleve ujites, trajtimin e pyjeve, etj.	
P2. Rregullat (nese ka) monitorohen rregullisht nga komuniteti	
P3. Nese rregullat e pranuara ne komunitet shkelen (mospjsemarrje ne mirembajtjen e kananele e rrugeve, demtimi i pyjeve, etj) ka nje sistem ndeshkimit te pranuar nga te gjithe (pleqesi, gjykimi i njerezve me infulence, etj.)	
R1. Rregullat lokale lidhur me perdonimin e kullotave, pyjeve, ujrale, mirembajtjen e kanaleve ujites, trajtimin e pyjeve, etj. per ne jane shume te rendesishme	
R2. Monitorimi i rregullave te mesiperme nga komuniteti per ne eshte i rendesishem	
R3. Rregullat e ndeshkimit nese shkelen rregullat e pranuara ne komunitet (mospjsemarrje ne mirembajtjen e kananele e rrugeve, demtimi i pyjeve,) per mua eshte shume i rendesishem	

• **Mjedisi ekonomik, politik dhe ligor**

KT. Fjalitë e më poshtë lidhen me kerkesen e tregut per produktin kryesor

Ju lutem tregoni sa luhatje ka per secilën nga fjalitë e mëposhtme?

Ulur shume	Ulur	Nuk ka ndryshim	Rritur	Rritur shume
1	2	3	4	5
1. Gjate 3 viteve te fundit, kerkesa e tregut per produktin e fermes (qumeshtin) eshte				
2. Gjate 3 viteve te fundit, kerkesa e tregut per produktin e perpunuar (djathin, bulmetin) eshte				
3. Gjate 3 viteve te fundit, kerkesa e tregut per ushqimin e blere te blegtorise (koncentrate, bar e jonxhe, etj.) eshte				

SK. Fjalitë e më poshtë lidhen me qendrueshmerine e kerkeses se tregut per produktin kryesor

Ju lutem tregoni sa e pa/qendrueshme per secilën nga fjalitë e mëposhtme?

Shume e paqendrueshme	E paqendrueshme	As e qendrueshme as e paqendrueshme	E qendrueshme	Shume e qendrueshme
1	2	3	4	5
1. Gjate 3 viteve te fundit, cmimi per produktin e fermes (qumeshtin) ka qene				
2. Gjate 3 viteve te fundit, cmimi per produktin e perpunuar (djathin, bulmetin) ka qene				
3. Gjate 3 viteve te fundit, kerkesa per sasine eproduktit te fermes (qumeshtit) ka qene				
4. Gjate 3 viteve te fundit, kerkesa per sasine per produktin e perpunuar (djathin, bulmetin)m ka qene				
5. Gjate 3 viteve te fundit, kerkesa per sasine e ushqimit te blere te blegtorise (koncentrate, bar e jonxhe, etj.) ka qene				

AT. Fjalitë e më poshtë lidhen me disponibilitetin dhe aksesin ne teknologji

Ju lutem tregoni sa jeni dakord ose kundër me secilën nga fjalitë e mëposhtme?

Shumë kundër	Kundër	As kundër as dakord	Dakord	Shumë dakord
1	2	3	4	5
D1.Teknologjia e prodhimit ne ferme: qumeshtit (inseminimi, te uhqyerit, pa vjelja) eshte e disponueshme - ka informacion dhe oferte tregu				
D2.Teknologjia e pasvjejles eshte e disponueshme - ka informacion dhe oferte tregu				
D3.Teknologjia e prodhimit ne ferme: ushqimit te blegtorese eshte e disponueshme -ka informacion dhe oferte tregu				
A1.Teknologjia e prodhimit ne ferme: qumeshtit (inseminimi, te uhqyerit, pa vjelja) eshte e aksesueshme - ka financim				
A2.Teknologjia e ruajtjes se qumshtit eshte e disponueshme - ka financim				
A3.Teknologjia e prodhimit ne ferme: ushqimit te blegtorese eshte e disponueshme - ka financim				

Sekzioni 5: TË ARDHURAT DHE PËRDORIMI I TYRE

S. STRUKTURA E TE ARDHURAVE VJETORE TE FAMILJES

Te ardhurat familjare vjetore - viti 2016	Pjesa në %
S1. Sa % e te ardhurave familjare vijne nga aktiviteti në fermë	
S2. Sa % te te ardhurave familjare vijne nga shitja e qumeshtit?	

Ju faleminderit!

A mund te me jepni emrin tuaj _____ (opcionale)

dhe telefonin: _____ (opcionale)

Vendi I kryerjes se intervistës _____