

# World market demands transition process for agricultural cooperatives

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Agricultural and horticultural cooperatives in developing countries must undergo a transition to participate effectively in world trade. Better management and realistic objectives are integral to this transition. This is highlighted in the book 'Cooperatives, Economic Democratization and Rural Development', co-edited by Jos Bijman of Wageningen University.

Cooperatives are an important organisational form in agriculture and horticulture. In the supply chain, they play a role in collecting produce and providing services. Individual farmers uniting their efforts is seen as the most effective way to increase food security and reduce poverty.

## **World trade**

Many cooperatives, however, were established at a time when the market in their country was still protected. The organisations were embedded locally and were intertwined with the social and political reality. Now markets across the world have become more open, the quality demands for products have increased. 'The open market also demands a type of organisation other than cooperatives, if it still wishes to provide a decent income for its members,' says Jos Bijman, corporate researcher at Wageningen UR. 'When the government influences the market, you must lobby the government to bring about changes. When the market is free, you need to ensure you become a strong market player with sound marketing and financial management. This calls for a transition process which may differ in each country.'

## **Complex questions**

The book on cooperatives that Bijman compiled in collaboration with Agriterre, bundles the latest scientific knowledge on this topic through a multidisciplinary approach. Addressing a broad audience, it outlines all aspects of a cooperative, the importance of cooperatives for farmers and the role of cooperatives in the [supply chain](#). 'Policy staff and NGOs are often engaged in stimulating cooperatives. But if you do not look at the complex issues surrounding cooperatives, you could end up giving faulty recommendations. In addition, due to the changing environment in which they operate, cooperatives are increasingly becoming commercial organisations and, thus, not necessarily a solution to combating poverty

amongst the poorest,' says Bijman.

Using a series of international case studies from countries in Africa and Asia, the authors highlight topics such as inclusion and the impact on [rural development](#), the role of social capital, formal versus informal organisations, and democratic participation and membership relations.

## Education and training

One of the messages of this comprehensive book is that governments should give cooperatives more freedom. Due to the lack of freedom in India, for instance, farmers choose different kinds of production organisations to market their products. Furthermore, the capacities of the managers and administrators must be increased through education and training if the cooperatives are to become more of a business organisation. 'Also, cooperatives sometimes have the tendency to be too ambitious about their market capacities,' says Bijman. 'In Kenya every dairy cooperative wants to become a nationally known brand and process the milk themselves. But often it is better to first focus on increasing production and improving their own [market](#) position.'

**More information:** Cooperatives, Economic Democratization and Rural Development. [www.e-elgar.com/shop/cooperati...nd-rural-development](http://www.e-elgar.com/shop/cooperati...nd-rural-development)

Provided by Wageningen University

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