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Collective action and farmers' marketing in post socialism at the crossroads. The case of Latvia.

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and challenges for rural Europe”**
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The scope of the research

the collective farmers' marketing initiatives in the context of post-soviet society

to explore critical factors that influence the development and sustainability of collective marketing initiatives

particular interest - social context of the farmers marketing initiatives development, considering also the role of the farmers' experience of the collectivity during the Soviet times

Plan of the presentation

theoretical aspects of the formation of cooperation

soviet heritage

two cases of the collective marketing initiatives that illustrate two different paths of collective marketing development

conclusions

Theoretical aspects

the concept of social capital (Coleman, 1988) has been widely used as one of the basic explanatory factors for economical success

“High stock of social capital increases individuals’ ability and willingness to cooperate, improves monitoring and enforcement of contracts, and results in less information asymmetry. Social capital therefore lowers transaction costs, fosters innovation and dissemination of technology and thus leads to better economic outcomes.” (Fidrmuc and Gërkhani, 2005)

Theoretical aspects

The norms constituting social capital are related to honesty, the keeping of commitments, reliable performance of duties, reciprocity, and the like. Social capital enhances trust between individuals, groups and institutions that in turn enables collective action and achievement of common goals (Tisenkopfs, et al, 2007)

Soviet heritage

low social capital and low level of trust in collective initiatives

experience related to collective action:

enforced collectivity (top-down approach)

degraded responsibility and lack of devotion

central planning aims more important than actual needs

regular short-comings in planning

Cases of farmers' marketing initiatives



Preili organic farmers network

2004 - two marketing cooperatives to market organic vegetables and fruits

2007 - stagnation stage

Cases of farmers' marketing initiatives

Latraps

established in 2000 in Zemgale region by 12 large farmers

markets (mainly export) rapeseed and crops

2007 - the largest cooperative society in Latvia with around 400 members

Two paths, what factors?



the cases show a success story and a failure of collective marketing initiatives

Important aspects

the size (farms' turnover, resources to invest, market power)

mode of production (extensive versus organic)

clearly set aims and strategy of the initiative involving thorough preparation period

research (market, cooperation)

Important aspects

professional management – (problem of distrust)

the benefit/s

involvement in decision making

identity building

readiness to take a risk (investment and probability to loose national market share) versus risk averse behaviour

Conclusions

Social capital is an important precondition for the start-up of a collective economic action

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economic capital

formalisation of relations

market conditions

Conclusions



interrelation between social and economic capital:

social capital is acknowledged as strengthening economic capital and vice versa

Conclusions

the experience of the enforced cooperation during Soviet period deteriorated cooperation culture and perception of cooperation

sustainable collectivity calls for changes in values and attitudes

Thank you for your attention

