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Overcoming the legacy of the past? Analyzing the modes of governance used by the Polish agricultural producer groups

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https://doi.org/10.17221/190/2014-AGRICECON

Citation: Beckmann V., Otto I.M., Tan T. (2015): Overcoming the legacy of the past? Analyzing the modes of governance used by the Polish agricultural producer groups. Agric. Econ. – Czech, 61: 222-233.

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The cooperative movement in Poland has a long but difficult history, which has caused farmers to have an aversion to cooperatives. Nonetheless, in the early 1990s, the first farmers' cooperative marketing organizations, which were called agricultural producer groups, appeared in the market. These groups are bottom-up, voluntary organizations the primary purpose of which is to jointly sell their members' output. In this paper, it is investigated why the new forms of governance, namely cooperative arrangements, were chosen, and we evaluate the implications of these choices on the market success of these groups. Empirical data were collected from 62 producer groups in one Polish province. We found that the groups were typically functioning as associations, unions, and limited liability companies. The factors that had an impact on the choices made were the number of members and the specific investment per member. Additionally, if the initial investment level was low, not only set-up and operational costs but also tax considerations played a role in the decision. Therefore, we argue that the new bottom-up cooperatives, which are theoretically suitable when the start-up capital is high or the number of members is large, will gradually be recognized and accepted in the market despite the fact that these cooperatives have a "bad reputation" caused by the socialist legacy. The new cooperative development trend confirms this argument.

Keywords:

co-operatives, governance, organizational choice, Poland, socialist legacy

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