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Review

Producer Organizations in Greek rural regions: "The case of Imathia Prefecture - issues, trends and challenges for the future"

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Many studies in agriculture sector have indicated that agrifood cooperatives play a vital role in socioeconomic terms. By acting collectively, cooperative organizations can improve performance and enhance their contribution to local areas. In Greece, the Agricultural Co-operative is by far the most popular form of collective action, however, since "Producers Groups and Associations" is a rabidly increasing type of collective action in the Greek agri-food sector, the study is carried through the Fruit and Vegetable Producer Groups that are grouping Agricultural Cooperatives in Imathia Prefecture, that is one of the most important agriculture regions in Greece. The paper explores historical and cultural issues and focuses on trends and main challenges related to the socioeconomic impact of Producer Organizations on the Imathia rural community. By adopting the case study approach, the paper attempts to quantify their contribution to the economic situation of Imathia, by estimating their performance results in terms of members, annual production, employment, and sales. In Imathia Prefecture operate 23 Producers Groups. The underlying goal of this case study is to determine whether or not Producer Groups business/organisational model offer a promising option for farmers and rural communities in Imathia Prefecture. We argue that Producers Groups can have the potential for contributing to the regions economy related to the examined terms if they are reorganized into neo-institutional models.

Keywords: Producer groups business model, organizational culture, market orientation, rural development, Greece.

INTRODUCTION

The primary sector of the economy of Greece held and continues to occupy an important position as a sector of economic activity and as a factor in maintaining the social and economic cohesion of the Greek region.

Many studies in agri-food sector literature have indicated that by acting collectively, farmers can improve Performance and competitiveness of agricultural production (Lamprinopoulou et al., 2006). The cooperative form of business and the formal or informal types of rural organizations have received considerable attention from international Organizations and Institutions (e.g., World Bank, FAO, ILO, and COPA-COGECA), the European Commission, practitioners and academians as essential mechanisms for promoting rural development and sustainable rural livelihoods.

The contribution of collective action in fostering rural communities and economic development has received considerable attention in the literature (Brunori and Rossi, 2000; OECD, 1998) and a lot of work has focused on the use of agricultural cooperatives as a means for promoting local economic development (Bendick and Egan, 1995; Madane, 2002).

Abbreviations

UAC, Union of Agricultural Cooperatives; ASOP, Agricultural Coop. of Fruit and Vegetable (of EPISKOPI); AC, Agricultural Cooperatives; AACO, Association of Agricultural Cooperative Organizations; ASEPOP, Agricultural Coop. (of NAOUSSA) for the elaboration and sale of fruit and Vegetable products.

In Greece, the form of Agricultural Co-operative which is characterised by a large number of organisations on a small economic scale is by far the most popular form of collective action. There are over 6350 first-degree Agricultural Co-operatives and 114 Associations of Agricultural Cooperatives which list 746.812 members, totals which are amongst the highest in Europe (Ministry of rural development and food, 2009). However, "Producers Groups and Associations" is a rabidly increasing type of collective action in the Greek agri-food sector. In 2006, the EU-25 countries had 266 Producers Groups (PGs), 1.594 Producers Organizations (POs) and 20 Associations of POs in the fruit and vegetables sector (Agrosynergie, 2008). This type of organisation is defined by the EU Reg. 952/1997 (Council of EU, 1997) and is used during a transitional period in order to allow producers groups to meet the requirements for being recognised by the Fruit and Vegetable Producer Organizations (FVPO).

Producers Groups were established on the initiative of the producers themselves who are teaming up voluntarily with the aim to provide a common solution to shared problems that the producers face in an area. They corporate with existing cooperatives and, in many cases, they are formed by the most "active" members of the existing cooperatives (Vakoufaris, et. al., 2007).

In the Prefecture of Imathia agriculture predominates with a wide variety of crops and good prospects for growth. In 2006, 23 fruit and vegetable Producers Groups and Associations found to operate and the total amount of fruits and vegetables they traded in 2005 came up to approximately 287.300 tones, 26% (74.754 t.) of which were table peaches, 54,3% (156.044 t.) clingstones peaches, 9,6% (27.766 t.) other fruits and 8% (23.077 t.) vegetables (Laos, 2007).

This paper does not attempt to measure the total value of Producers Groups and Associations to either the local economy of Imathia or their members. Due to the lack of accurate data it attempts to focus on the main issues trends and challenges for the fruit and vegetable Producer Organizations and Associations performance and the prospect of these organizations to contribute to the socioeconomic development of Imathia through their establishment and operation.

The rest of the paper is organized as follows. The next section presents the main socioeconomic characteristics and developments in the study area. Section 3 presents the applied methodology, while in section 4, after a brief reference to the structure and functioning of Producers Groups in Greece, specific cultural and historical issues are identified and results of the performance of Producers Groups in Imathia Region are presented. Trends and challenges for the future are detected in section 5. The paper ends with the relevant conclusions.

Socio-economic structures of the study area

The Prefecture of Imathia attached administratively to the Region of Central Macedonia, today is divided in 3 municipalities and its capital is Veroia. The area it covers is 1701 square kilometres and according to the Hellenic statistical authority Census 2001, its population amounts to 144,172 inhabitants with a declining growth trend (www.statistics.gr/portal/ page/portal/ESYE). It borders with the prefecture of Pella in the north, with the prefecture of Pieria in the southeast, with the prefecture of Thessaloniki in the east and with the prefecture of Kozani in the southwest. Morphologically is divided into three sections: a) mountain 49, 85% (area 857 Km2), b) semi 5, 00% (area 85 Km2), c) flat 46,15% (area 767 Km2).

The agricultural land covers 69520 hectares in total bay the end of 2000 and according to the prefecture of Imathia the currently arable land covers an area of 70403,6 hectares, or 41% of the land. The 56000 ha of this land (80% of the arable land) are irrigated. There are approximately 19.500 farms in the region and 35% of the economically active population is employed in this farms. In the prefecture of Imathia arboriculture is a highly developed but not sufficiently diversified. Peach production (table and industry peaches) represents approximately 80% of the total area of the tree crops and covers almost half of the total production in the region (304,215 tons, a figure that is 48.6% of the total production). Three Protected Designation of Origin Products (PDO) which are, the peaches of Naoussa, the cherries of Rodohori and the apples of Rodohori (mountainous region of Vermion) are derived from the region (Stournaras, et. al., 2009) Table 1.

The Prefecture of Imathia is characterized, in terms of employment and main source of income, as agricultural with emphasis on intensive crops (fruits, beets, cotton, asparagus vegetables, etc.). The 66,9% of the population in Imathia Prefecture are from 15 to 64 years old (table 1) and the percentage of people employed in the primary sector is up to 27.1% of the employment (table 2), while according to data from the Department of Agriculture, the agricultural workforce by the end of 2010 was 24,450 people with a relatively high level of professional training.

The unemployment rate of the active population was 7,94 % by the end of 2009 (table 3).

The primary sector in Imathia Prefecture having GVA in primary sector 313,2 million euros , covers the 17% of the total Gross Value Added with an average annual growth rate of 7,4% from 2000 to 2007 (tables 4, 5), a rate which shows an important potentiality for the area.

The per capita Gross Domestic Product for Imathia Prefecture amounted to 13.7 thousand euros in 2005 and the region was classified at the 33rd place among

Table 1. Age structure in imathia (% people by age class, 2007)

% people aged (0-14 y.o.)	% people aged (15-64 y.o.)	% people aged (>=65 y.o.)
18,61	66,89	14,50

Source: RD_Report_2010_Regional_Tables

Table 2. Structure of employment in imathia (% Employment by branch, 2007, non-residents are excluded)

% Employment in Primary sector	% Employment in Secondary sector	% Employment in Tertiary sector
27,1	17,8	54,9

Source: RD_Report_2010_Regional_Tables

Table 3. Unemployment in Imathia, 2009

Unemployment rate (% active population) 2009	Unemployment rate (% active population) 2005- 2009
7,94	-12,53

Source: RD_Report_2010_Regional_Tables

Table 4. Structure of the economy in Imathia (% GVA by branch, 2007)

% GVA in Primary sector	% GVA in Secondary sector	% GVA in Tertiary sector
17,0	20,2	62,8

Source: RD_Report_2010_Regional_Tables

Table 5. Economic development of primary sector in imathia (2007)

Gross Value Added in primary sector (=A_B)	Share of primary sector (=A_B) in total GVA	Average annual growth rate (=A_B) 2000-2007
Million euros	%	%
313,2	17,02	7,4

Source: RD_Report_2010_Regional_Tables

the 52 prefectures of Greece. The primary sector, contributes 11.50 % to the Gross Domestic Product at regional level and 07% to the Gross Domestic Product of Greece at countrywide level.

The region of Imathia has the highest rate of specialization in northern Greece over the years which, given the prevalence of fruit growing in almost all sub-regions, is expected. The prevalence of the fruit growing in the area is due to the strong protection of industries by the Common Agricultural Policy and the appropriate soil conditions.

The main Comparative advantages of the region concerning the potential for growth in the agri-food sector are: (1) A variety of geophysical and soil conditions with abundant water resources (2) Proximity to the markets of the Balkans and Eastern Europe (3) Proximity to major road junctions, such as the Via Egnatia and Pathe, and to the port and airport of Thessaloniki (4) developed food processing sector, with substantial infrastructure at both facilities (sorting, refrigerators, storage, etc.) and mechanical equipment.

METHODOLOGY

There are different research and measurement methods to study the socio - economic impact on local communities that are produced by all farming systems, such as local area studies, social accounting models and other econometric models (krinke, 2002). Economists use different models to justify the contribution of cooperative organizations to the rural communities. The Case study

Table 6. Prosperity indexes of Imathia prefecture

		Prefecture of Imathia	Country average	Ranking in regard to 52 Prefectures
GDP per capita 1.000 euros	2004	13,7	19,3	33
Per capita saving deposits 1.000 euros	2005	6,5	12,2	44
Return per tax payer 1.000 euros	2005	10,5	13,7	40
Income tax per tax payer 1.000 euros	2005	0,53	1,22	47
Natural population growth / 1000 inhabitants	2005	0,8	0,2	13
Secondary education Students / 1000 inhabitants	2005	66	63	18
Elementary education students / 1000 inhabitants	2005	66	58	8

Source: "The Prefectures of Greece» copyright: www.economics.gr

Table 7. Structure of the GDP by sector of economic activity (year 2001) in Imathia prefecture

GDP of Imathia Prefecture (year 2001)	**9.860.,60**	**Contribution to GDP of Greece**	**1,1%**
Sector	**Region level**	**Countrywide level**	
Primary	11,50%	7,00%	
Secondary	27,10%	22,20%	
Tertiary	61,40%	70,80%	
Total	**100,0%**	**100,0%**	

Source: Central Secretariat of Macedonia – Thrace

approach which was adopted by Merret (2000) in Illinois found that Heartland Organic New Generation Cooperative has increased on-farm income for its members and may significantly increase its socioeconomic impact on Adair County in the near future. The North Dakota Input-Output Model which was used by Coon and Leistritz (2005) to analyze the economic contribution of cooperatives to the state found that direct expenditures by cooperatives result in higher levels of business activity, tax revenues, and employment. Zeuli et al (2003) based on the Social Accounting Matrix approach, found in their report that Agricultural marketing cooperatives provide a significant source of employment in Wisconsin's rural areas and considering the multiplier effect, these cooperative businesses generate additional jobs. They also found that the direct income that these cooperatives produce when cycled through the local economy increases significantly the income. The Input-Output analysis is one of the most commonly used methodology although its pprimary limitation is the inability to account for the unique relationship cooperatives may have with local economies (Zeuli and Deller, 2007). Even though this model could provide a method to measure the output, income, and employment impact of Producer Groups and Associations on the Imathia regional economy, the lack of data makes the use of such a method extremely difficult and expensive.

Since the POs in Greece do not have established a central coordination organization where we could collect data about their performance from and the Imathia Prefecture authorities do not calculate or publish updated local macroeconomic data and data for the agricultural sector and its different farming systems that might allow us to document quantitatively the linkages from the perspective of Producer organizations, we are restricted to choose to adopt the Case Study approach. Dada were collected and calculated by the author from the declarations made by the Producer Organizations in the Directorate of Agriculture of the Prefecture. Additional information was gathered from interviews with the Executives of the Directorate of Agriculture and POs Executives.

The Case Study method that we adopt, due to not lending itself to quantifying the magnitude of the impacts (particularly in terms of Euros), is focused on how and why the Producer groups and associations contribute to the socioeconomic development of the rural Prefecture of Imathia.

Producers groups and associations in imathia prefecture

Structure and activities of producer Groups

The Producers Organization first appeared in Greece during the decade from 1980 to 1990 and their institutional framework, is based on EU Regulations and

other relevant regulations and circulars of the Horticulture Directorate of the Greek Ministry of Agriculture. Producers Organization (PO) of Fruits and Vegetables are meant as a private entity, established on the initiative of the producers themselves, who are teaming up voluntarily, with a view to meet their common economic, social and spiritual needs and aspirations through a democratically controlled company owned equally by all members. Basic operating principles of POs are: the voluntary entry and exit for the members, the democratic control of the organization by its members, the financial contributions from members, the autonomy and independence of the organization, the training and continuous updating of its members, the promotion of the cooperation between POs to maximize common goals and aspirations and the development and promotion of sustainability in the communities the Pos belong based on a policy that is acceptable to their members.

Today, in EU, the boundaries for the establishment or recognition of POs are determined by each Member State. The minimum number of recognized Producers Organizations needed to identify an Association of Producers Organizations is five (5), and they are identified by the Degree Committee for the Recognition of the Directorates of Agriculture and Rural Development Directorate of the Prefectures and the Identification Commission on Secondary Addresses Agricultural development in the regions of the country, where the Association of Producer Organisations is established. The role of Producers Organizations is to make the technical means for sorting, storing, packaging and commercial management of production available to their members. Pos ensure that they provide their members with accounting and financial management and a billing system for the products (Ministry of Agriculture, 2004).

Cultural and Historical Issues

The culture of the population, the Greek Cooperative history and the natural resources that exist throughout Greece and especially in Imathia Prefecture, are instrumental in the economic development strategy for rural Regions.

The culture helps to shape the economic system of a society. In particular, the values that characterize Greek culture affect the ways Greek farmers organize, produce, standardize and offer their products to market. These values impact on the Greek farmer's strategic choices and their disposal to innovate and they further define what is considered cohesion, cooperation and competitiveness in the communities of Producers Groups.

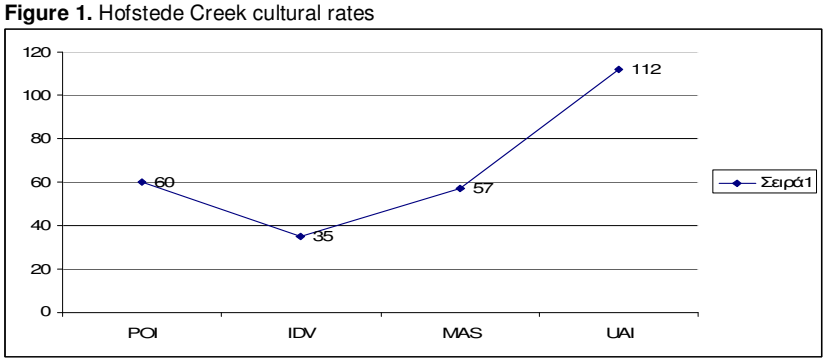
Hofstede's (1980) approach to value dimensions of national cultures gives an insight of four parameters on which cultures differ. These parameters are power distance, uncertainty avoidance, individualism - collectivism, and masculinity-femininity.

In his study, Hofstede (1984) found that the Greek society (figure 1) is a relatively high power-distance society (index 60) and it is also a society that cannot tolerate uncertainty with the highest index score of 112 on the Uncertainty Avoidance Index. Greece is additionally shown to be a collectivist society (index 35) with modest masculinity values (index 57). Power distance is "the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally". Uncertainty avoidance "deals with a society's tolerance for uncertainty and ambiguity". Individualism "on the one side versus its opposite, collectivism, that is the degree to which individuals are inte-grated into groups". Masculinity "versus its opposite, femininity, refers to the distribution of roles between the genders which is another fundamental issue for any society to which a range of solutions are found".

The organizational structure of enterprises affected by the dimensions of Power - Distance and Uncertainty Avoidance, and the dimensions of Individualism - Collectivism, and Masculinity - Femininity affect the behaviour of individuals within organizations. In high uncertainty avoidance countries people feel a strong need for consensus, tent to avoid risk and there is need for predictability. Hence, planning is important, group decisions are ideologically popular and there is lack of tolerance for deviant persons and ideas. In collectivist countries, people are very concerned about in-group members, share resources and are prepared to sacrifice personal interest for collective interests. The Greek society has been claimed to be a collectivist one, imbued with social considerations and its central concept is the in-group within which the appropriate behavior is characterized by co-operation, protection, and help (Triandis and Vassiliou, 1972). Ultimately the agricultural production co-operation in Greece will depend upon the social values of the members and their organizations.

The Co-operative movement has a long history in Greece and is still grounded today on the same basic and international principles developed during its emergence. A special feature of the institutional context which governs the operation of the agricultural co-operative is the establishment of a strong state presence in the sense of both granting privileges and exercising supervision. While trying to detect the cooperative movement's problems, it was found that Cooperatives in Greece were used by the governments both as means of exercising social policy and as means for the development and registration of their power in the rural sector. In order these purposes to be served, the financing, staffing and operation of cooperatives were based on criteria far from the financial and economic ones by which modern businesses operate and compete (Katarachia, 2009). It is apparent, with exceptions of course, that Co-operatives in Greece are lacking in organization , planning and

Figure 1. Hofstede Creek cultural rates



education and they seem to function mainly as simple intermediaries, serving the logic of transaction with the state. The economic, social and legal environment of cooperatives is changing, resulting in the fact that Co-operatives and POs in Greece are in need of transforming to adapt them to this new environment accordingly. Unfortunately, in Greece, it seems that their role still cannot be entirely divorced from wider historical, political and socio-economic considerations.

Since the traditional organizational model of agribusiness co-ops failed and taking into consideration Hofstede's findings about the Greek society, the community could seek new approaches and opportunities for community and economic development of the region, through the new philosophy of Producers' Organizations creation. The new model of Producers' Organization could be a useful tool which, including increased economic traffic, employment opportunities, support for essential community structures, and potential declines in out migration (Madane, 2002; Gordon, 2004) can be used in contributing to both the economic and social needs of the region.

The performance of fruit and vegetable Producers Groups in Imathias Prefecture.

The Producers Groups often have broad economic, social, demographic, and environmental impacts on the communities, in which they are located by challenging market power, providing unique products and services, offering income enhancement, keeping the local population and developing human capital.

From a local economic development perspective the operation of Producers Groups has multiple contributions in rural regions. They use local inputs that might be left unexploited and unused, enable job creation and thereby raise local incomes and generate regional taxes. They can also be a source of foreign exchange. PGs can stimulate employment, sales, and incomes which are key aspects for local development (Trechter and King, 2000). Results of surveys and studies by international organizations show that the economic contribution of the agricultural sector acts as a growth multiplier.

According, to ILO, "The impact of Cooperatives in providing income to rural populations creates additional employment through multiplier effects including enabling other rural enterprises to grow and in turn provide local jobs" (ILO, 2007). Especially in the employment, the loss of a job in agriculture generates the loss of four to five positions in the overall economy of a country (Union of Young farmers, 2005).

According to the data provided by the Department of Agriculture for 2006 and processed by the author it is apparent that in Imathia there typically 23 PGs with 15270 members and an estimated total production of 259.024.457 (Kgr) worth Euros 95,979,440 (Table 8). The 60% of the PGs declare that they accept collaboration with non members. PGs, according to their statement, appear to employ (Table 9) 306 people and 45 external partners in order to carry out their activities.

An important element in forming the Producers Groups in a region is the criteria by which the groups are formed. More specifically, if the linking element of groups is culture, or other non-economic factors, then the economic efficiency of the Producers Groups is not guaranteed. However, if the criteria used to form the groups are purely financial, then the economies of scale are especially likely to have a beneficial effect on the income of both the groups and in this wider region. It is evident, from the tables (8, 9, and 10) that the philosophy of creating producers groups was based on the admittedly ineffectual model of agricultural cooperatives.

This way, any Co-operative existing within communities - villages operates either singly or, in some cases, in cooperation with neighbouring Associations and, at the same time as a Producers Group in both cases. Over the years we can notice some changes in the number of producer groups. This phenomenon is mainly attributed to the fact that some of these groups stopped operating as they could not fulfil the criteria set by the law and others were merged to improve their revenue stream or their production.

The case of the merger in UPO ALME which has also the potential of processing the fruits in canned fruits is a typical example of a targeted merger. The A.C. of Meliki, A.C. of Mesi and the A.C. of Ammos "N. Apollon" merged

Table 8. Imathia Prefecture Producers Groups Members, Production, Value (2006)

A/A	Producer groups	Members	Non member's trading	Total Production (Kgr)	Value (Euro)
1	U.A.C.of Veroia and A.C.O. of Antigonidon, A.C. of Diavato peaches producers	2183	yes	34.965.607	9.283.823
2	U.A.C. of Naoussa and A.C. of Agelochori "N.AIAS"	1171	No	8.174.725	4.039.266
3	A.C. of Ammos "N. ALIAKMON"	623	yes	14.933.240	6.554.287
4	A.C. of Veroia "VENUS" and A.C. of Eirinoupoli "OMONOIA", A.C. of Vrissaki, A.C. of Eirinoupoli, A.C. of Marina, A.C.O. of Mandalo " H PROODOS", A.C. of Stavros, "Megas Alexandros", A.C. of Nissi, A.C. of Alexandria "Alexander", A.C. of Dendra "ARGISSA"	537	yes	30.583.124	10.133.255
5	A.C. Diavatou "AG. KONSTANTINOS" and individuals	387	yes	11.102.122	2.866.260
6	A.C. of Dovra "ZYGOS"	373	yes	10.246.731	4.001.230
7	A.C. of Episkopi Naoussa	302	yes	5.669.641	3.690.593
8	A.C.of Makrochori "PROODOS" and A.C. of Loutro peaches producers, A.C. of Makrochori	3581	No	20.099.396	5.590.688
9	A.C. of Meliki	861	yes	10.284.155	4.155.218
10	A.C. of Messi	412	yes	18.044.064	7.162.803
11	A.C. of Naoussa and individuals	726	yes	17.189.604	11.611.647
12	ASEPOP of Naoussa	667	yes	10.191.121	6.521.167
13	ASOP of Episkopi	315	yes	8.544.981	4.142.150
14	A.C.O. of Nissi	235	No	4.332.500	961.506
15	A.C.O. Agiou Georgiou "DIMITRA" and A.C. froutopigi	521	yes	5.744.786	2.922.431
16	A.A.C.O. "APOSTOLOU PAVLOU" and A.C.of Timios Prodromos, A.C. of P.Skilitsi, A.C. of Makrochori "VEROI", A.C. of Alexandria"Dimiourgia"				
17	A.A.C.O "KOMEX" and A.C. "N. Apollon"of Kouloura, A.C. of Kefalohori "AG.DIMITRIOS", A.C. of Xechasmeni, Association between Meliki's A.C. and environs.				
18	A.C. "VEROI"	409	yes	3.798.133	1.050.138
19	A.C. of Xechasmeni	376	yes	7.166.624	1.901.248
20	A.C. of Agelochori "N.AIAS"	304	No	5.091.534	1.527.103
21	A.C.O. of Kouloura "N.APOLLON"	314	No	7.979.727	2.153.816
22	A.A.C.O. of meliki and environs	420	No	5.183.242	1.552.946
23	A.A.C.O. "ESTIA"	553	No	19.699.400	3.968.865
	Total	**15270**		**259.024.457**	**95.979.440**

Source: Author's calculations based on: Data from Prefecture of Imathia

Table 9. Imathia Prefecture Producers group personnels (2006)

A/A	Producer groups	Clerical/ Managerial staff	Technical staff	Specialists Agronomist and Computer programmer	Seasonal personnel	External associates
1	U.A.C.of Veroia	22	7	4	10	1
2	U.A.C. of Naoussa	12			4	4
3	A.C. of Ammos "N.ALIAKMON"	4	2	3	7	2
4	A.C. of Veroia "VENUS"	22	11	7	25	
5	A.C.Diavatou "AG.KONSTANTINOS"	4		2	4	2
6	A.C. of Dovra "ZYGOS"	4		1	2	3
7	A.C. of Episkopi Naoussa	4	2	3	5	2
8	A.C. of Makrochori "PROODOS"					
9	A.C. of Meliki	5	3	2	6	1
10	A.C. of Messi	6	2	2	7	1
11	A.C. of Naoussa	10	7	1	6	1
12	ASEPOP of Naoussa	6	5		10	1
13	ASOP of Episkopi	2		2	3	3
14	A.C.O. of Nissi			1	4	2
15	A.C.O. Ag. Georgiou "DIMITRA"	3	1		8	4
16	A.A.C.O. "APOSTOLOU PAVLOU"					
17	A.A.C.O "KOMEX"					
18	A.C. "VEROI"	1			1	3
19	A.C. of Xechasmeni	2			2	4
20	A.C. of Agelochori "N.AIAS"	1			1	3
21	A.C.O. of Kouloura "N.APOLLON"	2		1	3	2
22	A.A.C.O. of meliki and environs	3	3	1	6	3
23	A.A.C.O. "ESTIA"	3			3	3
	Total	**116**	**43**	**30**	**117**	**45**

Table 10. Imathia Prefecture Producers Groups members and value (2007, 2008, 2009)

Producer group	Member	Value 2007	Producer group	Member	Value 2008	Producer group	Member	Value 2009
U.A.C.of Veroia	2183	8.378.159,44	U.A.C.of Veroia	2183	12.829.221,45	U.A.C.of Veroia	2183	6.276.277,22
U.A.C. of Naoussa	1176	4.166.521,32	U.A.C. of Naoussa	1176	2.842.309,77	U.A.C. of Naoussa	1176	2.333.829,00
A.C. Ammos "N.ALIAKMON	629	8.393,641,08	A.C. Ammos "N.ALIAKMON	629	9.730.858,26	A.C. Ammos "N.ALIAKMON	629	7.060.762,14
A.C. of Veroia "VENUS"	481	8.579.652,51	A.C. of Veroia "VENUS"	481	34.540.407,17	A.C. of Veroia "VENUS"	481	5.266.169,72
A.C. Diavatos "AG. KONSTANTINOS"	373	4.098.472,01	A.C. Diavatos "AG. KONSTANTINOS "	373	2.870.342,63	A.C. Diavatos "AG. KONSTANTINOS "	373	1.159.962,71
A.C. of Dovra "ZYGOS"	514	3.769.331,01	A.C. of Dovra "ZYGOS"	514	3.526.887,05	A.C. of Dovra "ZYGOS"	514	2.165.699,12
A.C. of Episkopi Naoussa	311	5.215.078,47	A.C. of Episkopi Naoussa	311	5.663.700,09	A.C. of Episkopi Naoussa	311	5.096.659,36
A.C. of Makrochori "PROODOS"	3522	6.492.177,77	A.C. of Makrochori "PROODOS"	3522	5.875.326,92	A.C. of Makrochori "PROODOS"	3522	3.190.292,90
A.C. of Meliki	856	5.690.651,47	A.C. of Meliki	856	6.800.524,89	A.C. of Meliki	856	5.618.289,81
A.C. of Messi	455	10.168.513,26	A.C. of Messi	455	10.441.025,30	A.C. of Messi	455	7.044.009,41
A.C. of Naoussa	733	13.159.890,86	A.C. of Naoussa	733	15.109.676,00	A.C. of Naoussa	733	10.983.560,31
ASEPOP of Naoussa	682	6.671.179,53	ASEPOP of Naoussa	682	8.196.422,34	ASEPOP of Naoussa	682	6.416.014,49
ASOP of Episkopi	351	5.810.684,21	ASOP of Episkopi	351	7.359.676,64	ASOP of Episkopi	351	4.634.686,01
A.C.O. Ag. Georgios "DIMITRA"	530	2.870.775,81	A.C.O. Ag. Georgios "DIMITRA"	530	2.604.048,33	A.C.O. Ag. Georgios "DIMITRA"	530	1.893.073,59
UPO "APOSTOLOU PAVLOU"	967	5.818.384,77	UPO "APOSTOLOU PAVLOU"	967	5.721.236,13	UPO "APOSTOLOU PAVLOU"	967	2.025.704,54
UPO "KOMEX"	874	6.330.395,52	UPO "KOMEX"	874	8.466.422,00	UPO "KOMEX"	874	5.643.220,15
			A.C. PEFLE "EPILEKTOS"	428	4.614.952,19	A.C. PEFLE "EPILEKTOS"	428	3.235.073,86
						UPO ALME	3	17.887.078,73
ΣΥΝΟΛΟ	**14637**	**105.613.509,1**	**ΣΥΝΟΛΟ**	**15065**	**147.193.037,17**	**ΣΥΝΟΛΟ**	**15068**	**97.930.363,16**

Source: Author's calculations based on: Data from Prefecture of Imathia

in the UPO ALME with the aim to submit joint Business Plans in accordance with the requirements defined by the Common organisation of the fruit and vegetable markets (COM) for the level of their funding. We also notice that, although there is no significant variation in the number of their members, Producers Groups in total present an annual increase in the total value from 2006 to 2008 with a significant decline in 2009 (table, 9 and 11) due to the

industry's inability to absorb the clingstones peaches.

Nevertheless, if someone tries a comparison between the number of members of each group and the corresponding values or production, noticeable differences can be found. Although we can see an attempt by some Producers Groups to develop into Unions of Producers Associations, the continuing fragmentation of the collective structures and the inefficient organization may weaken the ability of resistance to market pressures and thus their ability to serve the interests of all farmers they represent. This is exacerbated by the major structural problems of Greek agriculture which are the fragmented basis of agricultural production as there are producers cultivating small or very small areas not being able to produce competitive products or competitive varieties and the existence of disproportionately large profit for the industry or for the merchant-retailer of agricultural products compared to the profit earned by the farmer who produces. The relatively high number of Producers Groups has a result the fragmentation and ineffectiveness in taking the proper measures and actions, through their business plans for the development of the sector as well as ineffectiveness in coping with their problems and crises. The Producers Organizations in the region of Imathia by mobilizing mergers and synergies among them can become an important mechanism to increase the income of the region and therefore affect its economic growth.

TRENDS AND CHALLENGES

The globalization of the world economy, the opening of the markets, the removal of the protective systems, the increased competitiveness marks the current landscape.

The agricultural sector in Greece is experiencing a long and multifaceted crisis. The per capita GDP is the main factor of the development and prosperity level of a Region. The reduction in the contribution of agriculture to the GDP from 13% to 7% over the last 10 years is indicative of the situation. Today, the agricultural product of Greece as a percentage of GDP is lower than ever - less than 4% (table 11) - while there is rural depopulation, and a dramatic reduction in the farm income.

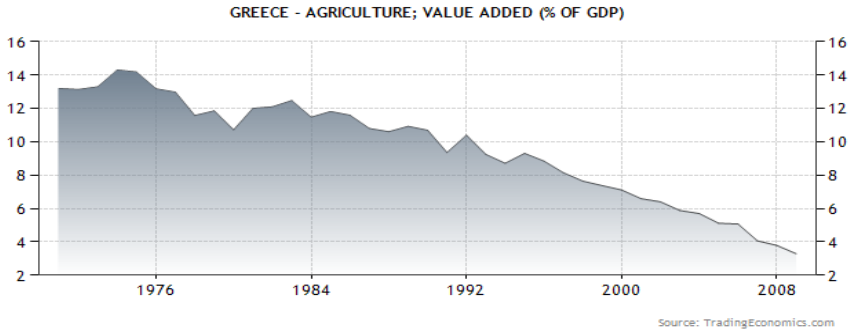
It must be noticed that although the contribution of agriculture to the country's main macroeconomic indicators is constantly declining during the last decades, it still plays a vital role in the Greek economy, accounting for roughly one fourth of all exports. In regions facing economic difficulties, collective action such as Producers Groups play an important role in rural economy, and their structure is ideal for enhancing employment and social cohesion. Also, as the agricultural regions have strong rural diversity as well as differential economic performance and dynamic growth, the role of Producers Organizations differ from one country to another. Especially, in the region of Central Macedonia, the small farm size and the relatively small quantities produced, the increased production costs, the age composition of the rural working population, the bureaucracy, the power of intermediaries and most of all the financial crisis are reasons that indicate the need for establishment of institutions of collective action by farmers and impose the role of Producers Groups operating as a link between the farmer and the market. The economic crisis, the reform of the Common Agricultural Policy as well as the need to focus on nutrition and food security, imposes the need of a new market oriented model of agricultural development in Greece. There is considerable agreement in the literature that, in general, a market orientation is a culture in which all the members of an organization are committed to the continuous creation of superior value for customers (e.g., Narver and Slater, 1990; Deshpande, Farley and Webster, 1993; Day, 1994) and it mainly consists of three behavioural components which are: customer orientation, competitor orientation and interfunctional coordination which have been proven to enhance organization performance.

In attempt to reorganized into neo- institutional models, POs has to change their organizational culture and attitudes to result into market oriented ways of thinking and acting (Aldas-Manzano, J.et al, 2005).The Producers Groups have to change their philosophy to a market orientation one and operate in the framework of the triptych Quality - Environment - Competition, that is expressed by the integrated crop management, the quality certification of products and, of course, the economy, in order ensure not only viable farms that produce agricultural products but also innovative and competitive ones.

The old forms of Cooperative Organization played a crucial role in the direction and the level of development of agriculture in the Greek regions. But now as the conditions have changed dramatically the need for a market driven reorientation of agriculture is vital. Today, as the interventionist role of the state has been reduced and there is no more potential for economic aid while, at the same time, the philosophy of the new CAP in the EU is reformed, the Organizations and their members have to adapt to the demands of the international competition and open markets. Assuming that the Greek agri-food sector is adapting to meet the new conditions of international competition, since the old forms of Agricultural Cooperatives and Associations have produced little and failed in their role, the current Producers Groups may be a basis for a new business start-up. The aim is to reach a critical mass that will bust the development of the agri-food sector in the future by encouraging the necessary adjustments and making an effort to continuously support the modernization of existent core producers' groups.

In order, to this goal to be achieved a new entrepreneurial orientation, which encompasses innovativeness , and risk taking (Lumpkin and Dess,

Table 11. Greece - Agriculture Value Added



Source: www.tradingeconomics.com/greece/indicators/

1996), is required to stimulate market orientation (Matsuno, et al. 2002) and a serious modern business structure of production, that will combine the produce of the primary product with the processing and consumption, is needed. Since a market orientation and entrepreneurial values should complement each other (Slater and Narver, 1995) this must be done by market oriented entrepreneurial Producers Organizations which, of course, acting as market institutions, should aim to reduce production costs planning and adjusting production to market requirements and to coordinate the offer of the members' production to the market including preparation for sale, centralization of sales and marketing of production.

The Producers Groups, in order to respond, to the challenge of openness, must, on the one hand, develop an overall economic environment conductive to these changes and on the other hand, to make, on their own, a series of internal restructuring and adjustments as:

- Increase of size through mergers
- Strategic partnerships for better exploitation of economies of scale
- Modernization of production methods
- Adoption of competitive strategies (e.g. product differentiation, advertising, R and D, reliable Distribution channels, production and management innovations).
- Training of persons engaged in production
- Training in new information -communication technologies
- Development of technology within the company
- Market surveys / campaigns in Greece and abroad
- Signs of origin and quality
- Growth-distribution centres

CONCLUSIONS

Although the contribution of agriculture to the country's main macroeconomic indicators is constantly declining during the last decades, it still plays a vital role in the Greek economy, society, and culture.

The values that characterize Greek culture affect the ways Greek farmers organize, produce, standardize and offer their products to the market. Greek society is characterized as a collectivist one imbued with social considerations and as a society that cannot tolerate uncertainty. Cultures which are characterized as high in avoidance of uncertainty focus on regulations and procedures governing the organization of activities...Thus, the participation of the producers of Greek regions in Cooperative Organizations - such as the Producers Groups in the case of Imathia Region - whose operation is governed by specific rules and processes, could be seen as an alternative way to reduce the current uncertainty which is a key feature anyway in agricultural production.

Farm families can benefit from Cooperative Organizations as their operation in the region helps increase the stability of the farming sector, improves their access to the markets for their products and strengthens the farmers' position in the agri-food chain. (ILO,2007).

In the case of the Greek regions, the necessity for new generation Producers Groups is much bigger than in the most European countries.

The increased necessity stems mainly from: (1) the deep economic crisis and its impact on the reduction of income and the increase in unemployment in the country and (2) the fact that small and scattered farms can not meet the requirements of the global, intensely competitive market of today. The crisis facing the agricultural production can be an opportunity for diversification and sustainable development of Producers Groups and their members with proper restructuring and reorientation. In order this to happen these groups have to better organize a business basis so that they can respond to changing conditions in international markets for agricultural products, to assemble the necessary capital for investments and benefit from the infrastructure and the continually improving technology. The successful operation of market oriented Producers Groups in Imathia region can enhance the preservation of the rural popu-

lation in the region and their income, affect the reduction of unemployment of the local population, provide additional income to non-mainly farmers, exploit the professionals of the region, stimulate the local market and to strengthen the cohesion of the community. Producers Groups in Imathia region, through their reorientation and reengineering, could support rural development and preserve the viability of the rural community by improving the general economic well-being and the living conditions of the approximately 15000 farmers and their families.

It is true that in the environment where the producers and their groups in Imathia are trying to survive now, they are more likely to succeed if they work together. They also have an obligation to demonstrate to society the way of teamwork and its benefits. Their success will depend on following the cooperation principles, participation, faith and strength which they will embrace their effort with.

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