

Structure and Function of Dutch Study Groups As a Farm Service Establishment

Through the Comparison with the Farmers' Group
Organizations of Japan Agricultural Cooperatives

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Outline

- I Introduction
- II Trends and current situations of Horticulture Growers
- III Organization and Activities of Study Groups
- IV Structure and Function of Study Groups
- V Conclusions

I Introduction Subject and approaches

- Dutch horticulture has won a competitive battle with EU countries, emerging South African countries.
- The driver for the competing power is the growth and development of horticulture growers, the study groups



I Introduction

Study Groups

- Autonomous organizations by growers
- Internally providing-type farm service establishments
- Dutch Study Groups \cong Japanese Group organizations
- Group organizations: the farmers' group organization of Japan Agricultural Cooperatives

I Introduction

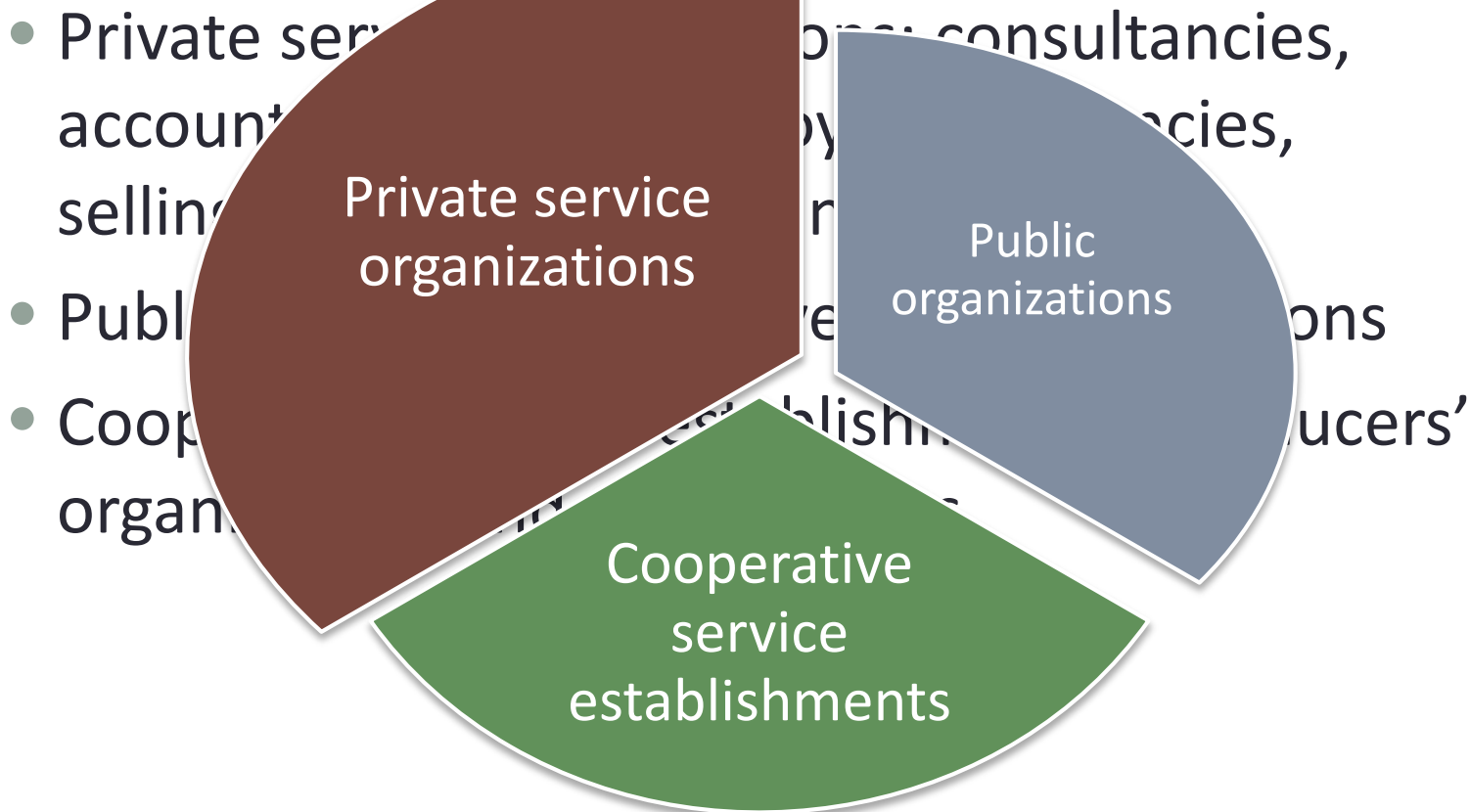
Subjects

- To clarify **the structure and function** of the study groups as a service establishment through comparison with the group organizations in Japan
- To discuss **the significance of today's** study groups contributing to the growth and development of growers.

I Introduction

Approaches

- **The study groups as a farm service establishment based upon the type of enterprise**



I Introduction

Study groups as cooperative service establishment

- The study groups organized by growers
- AS a financially self-sufficient cooperative service establishment
- The study groups provide services within their organization
- Internally providing-type service establishments

I Introduction

Comparative analysis of the study groups and group organizations

- The framework of the theory of industrial organization
- **The market structure** (S) of service enterprise as organizations of growers
- Kinds of services for growers as a **market conduct** (C)
- 3) the efficiency of internally providing services (or transaction of services) as **market performance** (P).

II Trends and current situations of Horticulture Growers

The horticulture sector

- Accounting for 40% of the total amount
- Horticulture is a sector as important as livestock.
- 6,018 million Euros of cut flowers and pot plants and 1,695 million Euros of vegetables accounted for about 90% of the total horticultural production volume (LEI, 2010)

II Trends and current situations of Horticulture Growers

The number of horticulture growers has greatly decreased.

Table 1 The Change of the Number of Growers of Vegetables and Cut flowers and Pot plants

	year	1990	1995	2000	2005	2006	2007	2008	2009	09/90
Vegetables	Greenhouse	4,222	3,612	2,644	1,958	1,843	1,708	1,570	1,463	0.35
	Open filed	2,503	2,006	1,459	1,081	1,123	1,053	1,038	977	0.39
	Others	520	346	239	174	169	147	140	120	0.23
Cut flowers and pot plants	Greenhouse	6,026	5,760	5,264	4,123	3,815	3,553	3,258	3,001	0.50
	Open filed	2,546	2,352	2,274	1,905	1,829	1,736	1,700	1,631	0.64
	Others	735	720	605	528	506	466	234	207	0.28

Sources : LEI (2008,2010)

II Trends and current situations of Horticulture Growers

The number of horticulture growers has greatly decrease.

- The average planted acreage per grower greatly increased from 79a in 1990 to 2.58ha in 2009.

Table2 The Greenhouse Vegetables Growers according to Planted Acreage

year	Growers according to planted acreage					Planted acreage ha (B)	Planted acreage per grower ha (B/A)
	Total (A)	~0.5 ha	0.5~1 ha	1~2ha	2ha~		
1990	5,652	2,286	1,744	1,292	330	4,453	0.79
1995	4,686	1,661	1,310	1,273	442	4,405	0.94
2000	3,433	1,098	822	914	599	4,201	1.22
2005	2,547	735	501	612	699	4,445	1.75
2006	2,400	683	456	572	689	4,548	1.90
2007	2,209	613	407	498	691	4,571	2.07
2008	2,022	547	362	417	696	4,647	2.44
2009	1,874	491	328	365	692	4,826	2.58

The demand of farm service by growers

- Shift from small-and-medium sized family-operated horticulture to large-sized entrepreneurial style
- To be large-sized in scale and facilities.
- Economies of scale under the severe competition
- The horticulture growers require services concerning their strategic matters



- The demands for the farm services such as technology, know-how and information that the growers really require for the research and development and the improvement of production technology

III Organization and Activities of Study Groups

- Study groups started at the turning point of Dutch horticulture in the 1960s
- Growers having the spirit of self-help and the same interests were organized based upon solidarity
- Approximately 60% of Dutch horticulture growers participate in study groups
- They are grouped by production item
- The study groups are independently managed
- Supported by LTO Groeiservice

III Organization and Activities of Study Groups

The activities of study groups

Table 3 The Activities of Study Groups

<p><Name of group> product item group product category</p>	<p>Fresh tomatoes Tomatoes greenhouse vegetables</p>	<p>Pot plants pot plants greenhouse flowers</p>
<p><Members of group> No. of members Regional distribution of members Management type of members</p>	<p>5 growers Bleiswijk district Entrepreneurial management</p>	<p>15 growers Whole of Netherlands Entrepreneurial management</p>



Source: Field survey

III Organization and Activities of Study Groups

The activities of study groups

<Name of group>	Fresh tomatoes	Pot plants
<Opening status of workshops>		
No. of times of workshops (a year)	About 48 times	10 times
Frequency	About once a week	About once every 5 weeks
Open hours	Around 15:00-	Irregular
Venue	Farms of each grower (hand down rule)	Farms of each grower
W/ or w/o one-year program	None	Approximate annual program
Main activities	<p>Upgrading of tomato cultivation techniques</p> <p>Various information exchange and counter measures for pests and disease control, chemicals mechanization and automatization, etc.</p> <p>Excursions</p>	<p>Various information exchange and counter measures concerning cultivation techniques</p> <p>Discussion on items as signed to LTO</p> <p>Excursions</p>

III Organization and Activities of Study Groups

The characteristics of study groups

- The study groups are growers' organizations based upon their cooperative spirit of self-help and solidarity.
- The study groups are autonomously managed by growers.
- The study group is an organization open to both the inside and outside.

IV Structure and Function of Study Groups

- Market structure (S); to focus on how the study groups and the group organizations are structured as service establishments,
- Market conduct (C) ; the kinds and contents of internally providing services for growers are organized
- Market performance (P); to focus on the economic significance that the efficiency of the transaction of services had, and the source of its economic efficiency

IV Structure and Function of Study Groups

Market structure (S)

- To be a functional group organized by loose and horizontal combination and solidarity of the members
- These functionalities concerning these services greatly work on the incentive of the members toward loose and horizontal combination and solidarity

	Study Groups	Group Organizations
Combination and solidarity of members	<ul style="list-style-type: none">• Horizontal and loose combination and solidarity (Freedom of entering and leaving)	<ul style="list-style-type: none">• Vertical and rigid combination and solidarity (No freedom of entering and leaving)
Incentive toward combination and solidarity of members	<ul style="list-style-type: none">• Functionality	<ul style="list-style-type: none">• Rationality

IV Structure and Function of Study Groups

Market conduct (C)

- The study groups are internally providing the services with contents concerning strategic matters for growers

	Study Groups	Group Organizations
Kinds of service	<ul style="list-style-type: none">• Services concerning strategic work (development and improvement of producing technology, development and improvement of production materials and factors of production)	<ul style="list-style-type: none">• Services concerning routine work (labor work of selection and packing, administrative work of sales, etc.)
Main phases of internally provided Services	<ul style="list-style-type: none">• Previous phase of production, phase of Production	<ul style="list-style-type: none">• Phase of production, phase of sales

IV Structure and Function of Study Groups

Market performance (P)

The efficiency of internal provision of services (transaction) like the above rests on the combination and mutual exploitation of shared resources by the members.

	Study Groups	Group Organizations
Efficiency of internal provision of services (transaction) and economic efficiency working there	<ul style="list-style-type: none">• Economies of combination combination of shared resources, mutual Exploitation	<ul style="list-style-type: none">• Economies of scale effective use of fixed factors of production in production and sales

V Conclusions

- Dutch horticulture growers are struggling for expanding scale under the severe market competition for survival.
- Facing the rising needs of farm services for strategic work concerning the growth and development of management
- The study groups are evaluated as an internally service providing establishment which are cooperative and relatively highly-compatible to these farm services.

V Conclusions

- The study groups have the function of internally providing the services concerning strategic work within the groups shows today's significance of the importance for the growth and development of horticulture management.

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Thank you for your attention

ご静聴ありがとうございました。

I Introduction

The significance of this study

- Only a few articles targeting the organizations of growers in the Netherlands
Bijman *et al.*, (2002, 2003)
- The comparison with the cases of other countries including Japan has not been made.