COLLABORATION WITH WHOLESALE DISTRIBUTION AND ITS IMPORTANCE FOR SMALL FARMERS' COMPETITIVENESS

Ionica-Ionelia PALTAN (DIACONU)[1], Daniela VACARIU (PADURARU)[2]
[1] Ph.D. Student, Faculty of Agro-Food and Environmental Economics, The Bucharest University of Economic Studies, Mihail Moxa Street, no.5-7, 1st District, Bucharest, Romania, email: ionelia_d@yahoo.com,
[2] Ph.D. Student, Faculty of Agro-Food and Environmental Economics, The Bucharest University of Economic Studies, Mihail Moxa Street, no.5-7, 1st District, Bucharest, Romania, email: daniela.paduraru@wineconsulting.ro

Abstract
The changing role of actors involved in agrifood sector reflects the general evolution of the social-economic context where the abundance of resources was replaced by the abundance of products creating a tough competitive business environment. Increasing the efficiency of production process and the quality of agrifood products are of key importance for producers and in case of small farmers could restrain the access to local consumers. The paper explores how the involvement of wholesale distribution in production planning and crop management could contribute to improve the competitiveness of small farmers especially in case of vegetable producers who target the market of urban areas.
Keywords
small farmers, wholesale distribution, competitiveness, vegetable production, agronomist

Introduction

The European agriculture model resides on efficiency and customer-oriented approach, aiming to perform at the same time other public functions such as environment and land protection, the creation of more convenient living conditions for rural population.
The Common Agricultural Policy shift from direct subsidies to agriculture (the first pillar of the CAP) to the development of rural economy and the protection of the environment in an itegrated way (the second pillar of the CAP) (CAP, EU Comission, 2013).
Productivity is driven by technology, economy of scale and distance to market outlets. In turn, the farm size can influence productivity (for example, through economies of scale associated with larger production facilities); however, the type of production (eggs, cereals, vegetables, wine, organic food, free range chicken farms etc.), the soil, the climate and a number of other aspects are equally important.
The current state of development in rural areas requires the development and implementation of a strategy aimed at accelerating and facilitating the association process for small farmers. Thus, they will become themselves an important source of vegetable production and their collaboration with major commercial networks may represent for the population a source of fresher and more flavoursome local vegetables, with better quality standards.
Romania's accession to the EU in 2007 marked a new era in the agricultural economy and rural development of our country. This new phase is characterised by the commitment of the national and international commercial networks present in Romania (supermarkets, hypermarkets, cash & carry) to support medium and small vegetable producers in marketing their products. However, one of the extremely important intermediate phases before marketing is the agricultural production phase, which requires close monitoring of all steps in order to increase economic efficiency.
Thus, in the light of climate change, crop monitoring by a specialist in the field – the agronomist – is necessary in to carefully select sowing materials, track the development

phases and implement intervention measures for the timely and proper protection of plants in order to obtain high quality products.
The paper explores at what extent the involvement of wholesale distribution into collaborative relations with the small farms as producers of agrifood products. For this purpose there are revealed some elements regarding the quality of agrifood products and how they influence their marketability, production conditions that could hinder quality and possibility to control them. Finally, it is discussed the role of wholesale distributors who by technical and managerial support may have a favourable impact on crop management.

1. Agrifood quality importance

The concept of quality was defined by standard ISO 8402 as "the set of characteristics that allow a product/service to satisfy expressed and intrinsic needs". Based on this Boboc (2006) considers that quality should be analyzed by considering is as an expression of:

- Multiple characteristics instead of a single characteristic;
- Consumers needs and preferences.

Quality has three functions: technical, economic and social. The technical function is expressed by characteristics that are relevant for different processing stages (pulp firmness and consistency, water content, uniformity, color etc.); the economic function deals with the impact of quality on income, price, costs etc.; the social function relief how products quality has impact on consumers health and wellbeing, but also on the environment.
The quality of agrifood products is of great importance for population's diet, with an important impact to nutritional indicators, level of digestibility and general action on the human body, as well as for the economic and commercial activities in the area (Boboc, 2006).
To obtain quality products – in particular vegetables – their production from the sowing phase and up to the finished product should be closely monitored and, if necessary, interventions with the appropriate means should be performed in due time.
The vegetable production process involves several factors with direct action and impact on the final outcome, specifically vegetable quality.

2. Production determinants

These are environmental influences depending on the geographic location through climate changes (effects due to the global warming in recent years and to the higher frequency of acid rain), the cultivated surface and soil quality (fertility, presence of microorganisms and various specific biological representatives), pollution, loss of biodiversity, equipment and, last but not least, the education and experience of the human resource (Simota et al., 2014).
As a result of consumer trends deriving, among others, from the need for a healthy lifestyle, there is an increasing demand for agricultural products, especially vegetables, that can be consumed both fresh and (semi)prepared and come from a reliable source.
Thus, for the demand to meet the supply, it is necessary to involve and support small farmers at local/regional level, in addition to large farmers. At the individual level, in terms of the production surface often divided, the level of profitability would decrease, which is why these producers need to use the forms of associative organisation regulated by applicable legislation.
The small farmers that, due to the location of their farms, cannot adhere to larger groups of farmers but are eager to produce and become competitive may organise themselves in associations with fewer members but still able to increase their organisation, production and sales capacity. This renders possible the transition from subsistence farming to a form of efficient production with the goal of becoming more competitive and aimed at sustainable rural development by improving work efficiency and the farmers' quality of life.
In recent decades, in the context of the decline in rural life the rural exodus (especially of young people) no longer surprises anyone. Subsistence agricultural production, poverty,

limited and inadequate infrastructures, the lack of services and the absence of sustained educational and cultural activities are the main causes of village depopulation and rural environment degradation. At the same time, the trends in the labour market, the attractiveness of recent professions (IT, media etc.) have also generated unbalance in terms of secondary and higher education of human resources for agriculture (Popescu, 2013).
In order to achieve production processes and meet the objectives of obtaining quality agricultural products, farmers need seeds, fertilizers, machinery and fuel. In general, private companies or cooperatives owned by farmers have all these goods and equipment and make them available to farmers.
However, for small farmers all these aspects can represent a real challenge. Technical knowledge and awareness are required when choosing the seeding material and all the necessary tools and materials/machinery.
From urban population's part, there is a growing demand for fresh and tasty food, if possible from gardens' of small producers, in other words, "the peasants". Currently, most of the local small prodecers lack the packaging options and transport resources to fulfill the requests of the urban area population and most often their products are purchased and resold in markets by simple traders.

3. Role of wholesale distribution

According to the principles of quality management, any organization, including wholesale distributors is directly dependent on its suppliers. That is why it is necessary to establish a collaborative relation with all suppliers aiming to enhance the degree of satisfaction for the final consumer. Taking in account this aspect supposes (Boboc, 2006):

- Identification and selection of main suppliers;
- Finding a balance between short-term gains and long-term commitment in a manner that has mutual benefit for both supplier and wholesaler;
- Increasing the transparency in communicating various aspects related to production, storage, transportation, processing etc.;
- Good understanding of customer needs;
- Informing suppliers about the wholesalers plans;
- Rewarding the outcomes and progresses recorded by suppliers.

A harmonious relation between wholesalers and suppliers increase the capacity of both to create value added.
In this context, for the small farmers to produce in direct relation to consumer demand, we mainly need that producers benefit from technical and specialised advice (from agronomists) and advice on consumer trends. This is the actual intersection with wholesale distribution that can provide both technical advice, by offering spaces for product sorting and packaging, and crop structure pre-financing with the possibility to contract production in advance.
To ensure production quality and carefully monitoring, wholesale distributors can hire agronomists. Their role is to advise small producers throughout the production cycle, from the initial selection of seeds up to crop maturity and harvest (Rinchita, 2014).
It is also important to promote the cooperation of small local farmers with wholesale distributors as it provides the benefit of expert advice and thus contributes to sustainable local development (of producers and their community) and the consumption of local and quality vegetables with positive effects on the population and the economy.
Crops can be calibrated by observing consumer trends, for example through market research and the analysis of the sales statistics of commercial networks and the Ministry of Agriculture. The presence of the agronomist can provide advice for plant rotation, the proper use of plant protection and care substances etc. (Simota et al., 2014; Toncea and Alecu, 1999). In this way, the depletion of soil nutrients (by cultivating annually the same categories of plants) can be avoided, environmental protection can be ensured by eliminating the excessive

use of insecticides, fertilizers etc., and last but not least, the final product is of higher quality and healthier for the population.
The result of such collaboration will certainly be positive for all stakeholders and will have a positive impact on sustainable rural development while consumers will fully enjoy authentic and tasty Romanian products coming from a controlled and healthy growing medium.

Conclusions
The involvement of wholesale distribution and agronomists is absolutely necessary from the crop start-up phase. Production planning, monitoring and control under the supervision of a specialist can have a major impact not only on the finished product but on the environment as well by preserving soil quality and the existing biodiversity in that area and maintaining the natural balance, on the one hand. On the other hand, crop monitoring, the timely and correct dosage of plant protection substances, the analysis of plant maturity and advising farmers on the optimal harvest timing can only bring direct economic benefits for small farmers, as well as social benefits for the population which benefits herewith from quality products obtained after careful supervision of all stages of growth.
The involvement of wholesale distributors in the association of small farmers and the turning of the latter into economic operators will lead to the taxation of food products obtained in subsistence households and their transformation into farms with the status of economic operator.

Acknowledgement
This paper was co-financed from the European Social Fund, through the Sectorial Operational programme Human Resources Development 2007-2013, contract POSDRU/187/1.5/S/155463 "Supporting excellence in scientific interdisciplinary doctoral research in the economic, medical and social fields", coordinator The Bucharest University of Economic Studies

References
1. Boboc, D., 2006. *Quality management of agricultural products*, Bucharest, UES Publishing House
2. CAP, EU Comission, 2013, Agricultural Policy Perspectives Brief N°5* / December 2013, *Overview of CAP Reform 2014-2020*, http://ec.europa.eu/agriculture/policy-perspectives/policy-briefs/05_en.pdf
3. Popescu, G., 2013. *Old problems, new relations in agriculture*, Bucharest, Romanian Academy Publishing House
4. Rinchita, L.,2014. Technological phases' data for main vegetables crops, *Plants' health* (online version), http://www.sanatateaplantelor.ro/stiri/251-datele-fazelor-tehnologice-la-principalele-culturi-legumicole
5. Simota C., Dumitru S., Vizitiu O., Cotet, V., Ignat, P., Mateescu, E., Alexandru, D., Cofas, E., 2014. *Guide to good farming practices for mitigation of climate change impacts on agriculture*, Bucharest, ICPA Bucharest
6. Toncea, I., Alecu, I.N., 1999. Engineering of Agricultural Systems, Bucharest, Ceres Publishing House