

COMPLIANCE WITH RULES AND SANCTIONS IN PRODUCER GROUPS IN POLAND

by

Iлона Banaszak

**Institute for Forecasting, Slovak Academy of Sciences, Bratislava, Slovakia
and**

Volker Beckmann

**Institute for Environmental Management, Brandenburg University of
Technology Cottbus and the Division of Resource Economics, Humboldt
University of Berlin, Germany**

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Abstract

This paper examines the determinants of compliance with rules and imposing sanctions in Polish farmer cooperative organizations called producer groups. The main task performed by these groups is to organize joint sales of the output produced by individual farmers. Members of some groups broke the group rules and sold their output independently of the group without the group permission. The results show that the likelihood of unpermitted sales outside the group is significantly negatively affected by the price premium which members get for their output and positively affected by the group size. The likelihood of imposing sanctions on the farmers who broke the group rules is significantly negatively affected by the price premium and positively affected by having a long-term contract by the group. Price premium also negatively affects the severity of the imposed sanctions.

Keywords: cooperation, compliance, sanctions, producer groups, Poland.