

FUNCTIONAL URBAN MARKETS AND PERI-URBAN AGRICULTURE: A PHOTOGRAPHIC PRESENTATION

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Abstract: Farmers in peri-urban areas despite the closeness to the city markets and important urban centers, paradoxically find it difficult to sell their agricultural products. Functioning of markets in urban areas is related with agricultural supply, affecting to the increase of income and potentially of social capital of farmers in peri-urban areas. Social capital and farmers' incomes can affect the functioning of markets in urban areas. The literature supports the influence between the functioning of markets and factors such as social capital and farmers' incomes. This study's objective is the potential impact testing of possible influence between social capital and income of farmers in the first largest peri-urban area in central Albania near Tirana (Kamza, Paskuqan) to the functioning of markets in capital city of Tirana. The results of the statistical model used suggest that while social capital has no impact, farmers' income has a significant impact to the functioning of the market. Incentives for contemporary market innovations and production standards would have a two fold effect: for the consumer protection and for increase of competitive advantages of peri-urban agricultural products and it fits with the integration process.

Keywords: functioning of markets, social capital, income, farmers, peri-urban agriculture, Albania.

Introduction

The concentration of the workforce toward urban areas has been increasing in recent decades. This has influenced the development of services and is understood as increasing social prosperity. However, the loss of the youths is associated with new consequences especially for the agrarian sector. Under the influence of this developmental trend, a worrying problem is identified not only in rural areas but also in peri-urban areas near cities with potential for agricultural development. Farmers in peri-urban areas despite the closeness to extensive metropolitan markets and important centers, paradoxically find it difficult to sell their agricultural products. Moreover, it is noted that this tendency develops as an influential process in both directions; on the one hand characterized by declining indicators of income and social capital in the peri-urban area and on the other hand with a aggravating effect on the functioning of markets as a result of the standards of the products offered.

Farmers in the main peri-urban area in the central region of Albania near the capital Tirana, typically face a decline in interest in agriculture and this has resulted in a decline in their production capabilities and income. These developments, also influenced by the employment pressure on urban services and the general European–global trends of youth displacement, have caused influential consequences also in terms of regional and sustainable development. Moreover, considering the overestimated role that social capital plays versus education in agricultural areas, the removal of younger people leads to the loss of accumulated skills and production techniques inherited from generations. Mutually, the decline in social capital stock and farmers' income on the one hand affect

the functioning of agri–markets, and on the other hand functional markets themselves are the drivers of agri–supply, affecting for the increase of farmers’ income and potentially of social capital.

Based on this argument, understanding the importance of developing peri-urban agriculture for engaging especially young people and creating wealth in a dynamic rural space that is as transformed and modernized as anywhere in Europe the functioning of city agricultural markets represents a complex and primary obligation. Moreover, the functioning of metropolitan city markets under the optics especially of standards and general rules; it deserves close scrutiny, considering EU regulations and trends regarding the country's obligations in the context of integration. In this context, increasing the stock of *social capital* and *income* performance of farmers in the main peri-urban area of Albania in the Tirana region includes a multi–effect spectrum on developmental factors impacting generally on the improvement and supply–demand adjustments and specifically on the *functioning of markets* and enhancing the rights and consumer safety in the capital city of Tirana.

The literature supports the importance of peri-urban areas in a broad economic–institutional–territorial developmental context, and specifically the influence between urban markets and factors such as social capital and farmers' incomes. Based on the understanding that urban societies partly depend on functions and services provided by surrounding peri-urban agriculture, a comprehensive understanding of peri-urban farming and its changes over time and space are increasingly required to inform sustainable management strategies¹. The initial premise is that markets are highly demanding areas of social interaction². Social capital is the resource available to actors as a function of their location in the structure of their social relations and we can distinguish conceptually among three dimensions of social structure: (1) market relations, (2) hierarchical relations, (3) social relations³. The relations between the market and social interactions appear to be two–sided and the modern economic theory emphasizes that even in advanced countries, the market needs supplementation (for efficiency) by nonmarket relations⁴. Market restructuring and support to supply chain development helped small farmers in linking to high–value markets (e.g. supermarkets) guaranteeing markets for farmer produce all–year round and maximizing income⁵. The opportunity for smallholders to raise their incomes increasingly depends on their ability to compete in the market; yet there are many failures in rural markets in developing countries that make it difficult for them to do this⁶. Supplying higher value markets such as supermarkets offers higher incomes for smallholder farmers but accessing and maintaining links to these markets requires significant upgrading in terms of product quality and business management⁷. Structural changes has leading to different levels of bargaining power and imbalances between actors in the chain and the abuse of such differences may lead to unfair trading practices and to strengthen the position of smaller farmers in the food supply chain the European Commission presented a proposal for a directive on unfair trading practices (2018)⁸.

¹ Duvernoy I., Zambon I, Sateriano A., Salvati L. (2018): Pictures from the other side of the fringe: Urban growth and peri–urban agriculture in a post–industrial city (Toulouse, France). *Journal of Rural Studies*, Elsevier.

² Beckert J. (2009): *The social order of markets*. Volume 38, Issue 3.

³ Adler S. P., Kwon W. S. (2002): *Social Capital: Prospects for a New Concept*. University of Southern California. *Academy of Management Review*, Vol. 27, No. 1.

⁴ Dasgupta P., Serageldin I. (1999): *Social Capital: A Multifaceted Perspective*. The World Bank, Washington D.C.

⁵ Weinberger K., Pichop N. G. (2009): *Marketing of African indigenous vegetables along urban and peri–urban supply chains in Sub–Saharan Africa*. *African Indigenous Vegetables in Urban Agriculture*. First published by Earthscan in the UK and USA in 2009.

⁶ Markelova H., Meinzen–Dick R., Hellin J., Dohrn S. (2009): *Collective action for smallholder market access*. *Food Policy*, Elsevier, Volume 34, Issue 1.

⁷ Kaganzi E., Ferris Sh., Barham J., Abenakyo A., Sanginga P., Njuki J. (2009): *Sustaining linkages to high value markets through collective action in Uganda*. *Food Policy*, Elsevier, Volume 34, Issue 1.

⁸ Kelly P. (2018): *Unfair trading practices in the food supply chain*. European Parliamentary Research Service. PE 625.172 September.

Objectives and hypotheses

The study objective is a measurement of possible influence between variables that are social capital and income of farmers in the first largest peri-urban area of Tirana in central Albania (Kamza and Paskuqan) to functioning of markets in the capital of Tirana.

The study hypotheses are:

- H1 — social capital in peri-urban area impacts for functioning of markets in the city;
- H2 — income decline in peri-urban area impacts for functioning of markets in the city.

The above variables are measured by perception of farmers’ of peri-urban area of Tirana in region of Kamza and Paskuqan and they are:

- Social capital;
- Income decline.

Measurement procedure

To achieve the objective of the paper questionnaires were tested in the study area (Kamza, Paskuqan), by interviewing more than 220 farmers’ by random choice procedure. The above variables are measured by scales (1–5). Interviewed farmers’ have been responded to the respective questions according to the categorizations (from strongly disagree...to strongly agree).

Based on data provided a statistical model was used. The significance of variables under review is presented in the following table (Table 1).

Table 1. The significance of variables.

Model 2: Heteroskedasticity–corrected, using observations 1–220 (n = 218)
Missing or incomplete observations dropped: 2

Dependent variable: Functioning of markets

	<i>Coefficient</i>	<i>Std. Error</i>	<i>t-ratio</i>	<i>p-value</i>	
const	2.65193	1.52986	1.7334	0.08445	*
Soc. Cap.	0.429754	0.50241	0.8554	0.39329	
Inc. Dec.	-0.523832	0.116077	-4.5128	0.00001	***

Statistics based on the weighted data:

Sum squared resid	336.6210	S.E. of regression	1.251271
R-squared	0.090336	Adjusted R-squared	0.081874
F(2, 215)	10.67547	P-value(F)	0.000038
Log-likelihood	-356.6850	Akaike criterion	719.3701
Schwarz criterion	729.5236	Hannan-Quinn	723.4712

Statistics based on the original data:

Mean dependent var	2.798165	S.D. dependent var	1.293584
Sum squared resid	342.8984	S.E. of regression	1.262884

Source: Data processed by authors.

Conclusions and discussions

The paper in line with the objective of the study analytically tests the potential impact of factors such as social capital and farmers' income in the peri-urban area (Kamza, Paskuqan) to the functioning of urban markets in the capital city of Tirana. The presentation provides a photographic

representation of the complex peri-urban problematic in the study area. The findings are with importance and it can help to provide further specification and generalization in a wider context of social developments encouraging also for further research by scholars and more attention by field specialists.

The peri-urban social capital, although positive, has no impact on the functioning of the market in the urban area. The lack of development of social capital (farmer groups, cooperatives, producer groups, etc.) during the transition (after the '90s) in Albania does not represent a finding and our study area is not a particular one. In the conditions of the permanent lack of social capital presence and in a complex and dynamic development environment in which farmers face a decline in income and leave agriculture, social capital in general does not have to be seen as a possibility. Trust between members is not an alternative, and the cascade effect of removal drives the contrary. This interpretation may be correct, referring to the fact that farmers have had practically no positive experience to consider a new attitude. Moreover, the situation of moving away from agriculture may not only relativize the importance that (theoretically) social capital has and the effects can have social, natural and institutional consequences, but understandably it can affect explicitly to the farm sustainability. If farms of a particular type and sector are not able to adapt to the dynamic economic, institutional and climate changes through adequate modernization in technology, product, and organization, their sustainability is low⁹. Summarizing, researchers and field agencies should consider carefully developments in rural areas in general and especially in peri-urban areas for the multiple importances they have over the urban areas with which they are confined. In conditions when the origin and nature of the implications has expanded, it should be considered that the consequences of these rapid developments may affect the sustainability of the farm and may extend beyond it, affecting labor mobility and demographics, and capital and savings, and natural resources, resulting in a number of national-level implications.

Income decline in the peri-urban region of agricultural producers, as was hypothesized affects to the functioning of market in the city area and this is an important finding. Income of farmers in peri-urban area, related to the realization of agricultural supply and this in our case also affects the functioning of the urban market. It should be considered that low-cost peri-urban agricultural supply is of great importance for the closeness to the urban market and its characteristics are strongly linked with demand attributes. A number of agricultural products from the peri-urban area under review are well-known preferences for consumers in the city of Tirana and this is an important advantage. Moreover, improving the supply chain of peri-urban farmers to the urban market contributes to both; on the one hand for the potential increase of their income and on the other hand for the functioning of market in the capital city of Tirana. In these context incentives for innovations of an contemporary market and specifications, training in particular on modern production standards would have a two-way effect: on the one hand for the food safety and consumer protection and on the other hand for the sustainability and increase of competitive advantages of peri-urban agricultural products; and this measure also may facilitates challenges during the integration process and may be life-long. Many farms in East Europe were not able to comply with the high EU standards and restrictions for product quality, safety, ecology, animal welfare etc. and ceased to exist or entered into "unsustainable" grey sector after the accession of countries to the European Union¹⁰. Lastly, results of such an approach would affect for bringing of the producer's figure with the consumer, by heightening and strengthened role of farmers in peri-urban area, and further for increasing their incomes and welfares by improving the functioning of market and increasing consumption in the city.

⁹ Bachev H., Ivanov B., Toteva D., Sokolova E. (2017): Evaluation of agrarian sustainability in Bulgaria. *Journal of Social and Administrative Sciences*. Volume 4, Issue 3, September.

¹⁰ Bachev H. (2016): What is Sustainability of Farms? *Journal of Economic and Social Thought*. Vol. 3, Issue 1, March.

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