

THE IMPACT OF FARMERS TO INVEST IN AGRICULTURE, CASE STUDY AREA OF KORÇA, ALBANIA

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ABSTRACT

The agricultural sector continues to play a crucial role for development, especially in low-income countries where the sector is large both in terms of aggregate income and total labor force (Dethier, 2011). FDI plays a positive role in the development of a country's economy through the flow of foreign capital and modern technologies in the sectors in which it is invested. This paper present the impacts of investments are also the agriculture invest in the farm of Korca City, because this influence in the opening of new jobs and reduction the unemployment. In the context of economies in transition to a market economy and awaiting wider economic integration, the expansion of international capital flows, the free movement of individuals, goods, and services, and the transfer of technologies. This research basically has the statistical processing of data collected in the Korça area through two real questionnaires. The main questionnaires I used are the questionnaire on farmers and the questionnaire on specialists, merchants and processing businesses. The data has been processed using the E-views program. This research highlight the willingness to invest in fruit production which depends on the gender and type of farm. eE hope that this research will serve young researchers for the future.

Keywords: Agriculture, willngness to pay, agriculture products, invest, Korça.

Introduction

The strategic position with access to the Adriatic and Ionian seas allows our country to have great opportunities to enter the markets of other European countries. The geographical proximity to other countries of the region enables the birth of trade relations and intensifies the performance of economic-financial transactions between them. Foreign direct investment is the investment that a company aims to make when it invests directly in the assets of a foreign country. They are the most important support pillar in a market economy. According (OECD, 2007) "Foreign direct investments reflect the objective of receiving a stable interest from a resident unit of an economy, that is, the direct investor, in a resident unit of another economy". Agriculture is one of the largest and most important sectors of the Albanian economy. The economic activity "agriculture, hunting and forests" is the main employer (44 %), being at the same time the second sector in terms of economic importance, in terms of added value (19 %). Agriculture is considered as the sector with the highest potential for economic growth, for this a stronger support is needed in this sector, it must be at the foundation of the new economic model that the country needs. With FDI we will understand the international movement of capital in which one country creates or expands a subsidiary in another country (Shore, 2017). For an investment to be considered an FDI, the parent company must own at least 10% of the common stock from its foreign subsidiaries (FMN, 2010). Foreign or domestic investments play an important role in the indicators of a country's development, influencing its economic, social, and political development, especially for developing countries, of which Albania is also a part. Today we

live in such an environment where galloping steps are being taken in the direction of economic growth, social welfare, technological developments as well as trade liberalization among an ever-increasing number of countries, which has also led to an increase in trade competition. An increase in foreign direct investments shows in a certain way what is the level of development of the country, and how open it is to regional and global markets which serve as key factors in Albania's progress and which were an incentive for further study details of the role of these investments in Albania which will be reflected in this study and details of the agriculture sector. FDI plays a positive role in the development of a country's economy through the flow of foreign capital and modern technologies in the sectors in which it is invested. Other impacts of investments are also at the macroeconomic level because they influence the opening of new jobs and thus the reduction of unemployment. In the context of economies in transition to a market economy and awaiting wider economic integration, the expansion of international capital flows, the free movement of individuals, goods, and services, and the transfer of technologies, FDI has been seen preferable for the benefit of the economy as a whole. But despite this, the role of foreign direct investment (FDI) in the economic development of a country has been widely debated and continues to be debated, accompanied by various opinions for and against it. Many countries have welcomed FDI, seeing it as an essential contributor to the development process and facilitating the entry of products into foreign markets. Evaluating them in a broad context of strategic reforms for economic restructuring and economic development, foreign direct investments are highly promoted by the governments of countries, including the Albanian government. The purpose of this research is not to give a theoretical treatment of FDI, but to focus more on the part of identifying the new sectors that can attract foreign investment.

Methodology

This research basically has the statistical processing of data collected in the Korça area through two real questionnaires.

The main questionnaires I used are the questionnaire on farmers and the questionnaire on specialists, merchants and processing businesses.

The first questionnaire: reflects the current situation of 150 farmers in the Korça area. The district of Korça is among the largest districts in the Republic of Albania. As part of the research, the questionnaires of the farmers of the areas: (Maliq, Vithkuq, Bulgarec, Drithas, Libonik, Lozhan, Mollas, Pirc, Pojan) were filled.

The second questionnaire: reflects the current situation of 150 specialists, traders, processing businesses in the Korça area, mainly in: (Korça, Maliq, Vithkuq, Bulgarec, Drithas, Libonik). Opinions and evaluations of business experts and various actors related to the promotion of FDI policies in the country. We provide these opinions and ratings through special questionnaires. The data has been processed using the E-views program.

Literature rivew

Agriculture is one of the most important economic sectors in Albania (Guri, 2015). *Agricultural Production Economics* is a revised edition of the textbook *Agricultural Production Economics* (Heady, Curtiss, & Dillon., 1960). One aspect of the agricultural sector performance which land fragmentation may impact is the agricultural production diversification (PavelCiaiana, 2018). The concept of a local product provides also several applications, such as the Community Supporting Agriculture (CSA), Short Food Supply Chains (SFCs), box scheme, "teikei" system, and roadside market among others (ELENA KOKTHI1, 2021). Although that agriculture plays the main role in economic growth, farmers are ready to pay more to invest in this sector. The WTP is the maximum amount that an individual agrees to pay for a product or service (Bozorg-Haddad, 2016).

Results of the study**Descriptive analyses**

Willingness to invest in the agricultural sector

Table 1: Willingness to invest in fruit by gender

Description	Gender		
	F	M	Grand Total
Willingness to invest in fruit by gender			
0	10	23	33
1	20	29	49
2	5	13	18
3	8	38	46
(blank)		1	1
Grand Total	43	104	147

Source : Survey with local residents of Korça Area.

The table above shows the result of gender. In this case we are talking about the gender of the farmer in the area of Korça. Since agriculture plays the main role in the economic development of the Korça area, therefore the main focus is on the farmer's investments for the future of agriculture. Men are more willing to invest in the fruit sector.

Table 2: Willingness to invest in fruit by education

Willingness to invest in fruit by education	PSchool	Mschool	U	Post-U	Grand Total
	0	5	21	6	
1	5	39	5		49
2	1	15	2		18
3	3	34	9		46
(blank)		1			1
Grand Total	14	110	22	1	147

Source : Survey with local residents of Korça Area.

The table above shows the result of farmers educations. The most of them are with middle school (110 respondents).

Table 3: Willingness to invest in fruit according to land size.

Description	Totally Land				
	2-12	12-22	22-32	32-42	Total
Willingness/Fruit(0-3)					
0	13	9	4	6	32
1	26	14	5	2	47
2	6	8	1	3	18
3	18	14	9	4	45
(blank)	1				
Grand Total	64	45	19	15	142

Source : Survey with local residents of Korça Area.

Table 4. Willingness to invest in fruit by type of farm.

Description	Type of Farm		
	Small	Large	Grand Total
Willingness (0-3)			
0	22	11	33
1	36	13	49
2	17	1	18
3	39	7	46
(blank)		1	1
Grand Total	114	33	147

Source : Survey with local residents of Korça Area

In Albania Exist more the type of small farms. 114 family farmers have small farms and 33 have large farms from 147 respondents.

Table 5: Willigness of fruit according to the current business situation.

Description	The actual business situation			
	T1	T2	T3	Grand Total
Willigness of fruit				
0	6	23	4	33
1	5	41	3	49
2		15	3	18
3	3	41	2	46
(blank)		1		1
Grand Total	14	121	12	147

Source : Survey with local residents of Korça Area

Table 6: Willigness in fruit according to the situation expectation for the business situation

Description	Situation after one year			Grand Total
	1	2	3	
Willigness of Fruit				
0		15	18	33
1	1	25	23	49
2		5	13	18
3		23	23	46
(blank)		1		1
Grand Total	1	69	77	147

Source : Survey with local residents of Korça Area

Table 7: Willingness in fruit according to perception on the current situation of the business climate

Description	Current situation of climate					Grand Total
	a	b	c	d	blank	
Willingness of fruit						
0	2	19	12			33
1	2	25	22			49
2		9	9			18
3	3	27	15	1		46
(blank)						
Grand Total	7	80	58	1		146

Source : Survey with local residents of Korça Area

Table 8: Willingness in fruit according to perception on barriers to selling

Description	Barriers of selling				Grand Total
	1-2	2-3	3-4	4-5	
Willingness					
0	1	20	12		33
1	16	23	9	1	49
2	7	8	3		18
3	13	14	16	3	46
(blank)		1			1
Grand Total	37	66	40	4	147

Source : Survey with local residents of Korça Area

Table 9: Willingness of fruit according to the perception of climate factors.

Willingness of fruit	0-0.6	0.6-1.2	1.2-1.8	1.8-2.4	Total
0	5	14	14	1	34
1	9	9	22	9	49
2		4	10	4	18
3	14	12	10	10	46
	28	39	56	24	147

Source : Survey with local residents of Korça Area

Table 10: Willingness in fruit according to the perception of the necessary improvements of the climate.

Willingness	deri 2.2	1.6-2.8	2.8-3.4	3.4-4.0	Over 4	Total
0	0	1	10	13	3	27
1	3	14	12	14	2	45
2	2	6	5	5	0	18
3	5	11	12	15	8	51
Total	10	32	39	47	13	141

Source : Survey with local residents of Korça Area

Table 11: Willingness in fruit according to perception on barriers to sale

Description	Barrieers of Sale				Grand Total
	1-2	2-3	3-4	4-5	
Willingness of fruit					
0	1	20	12		33
1	16	23	9	1	49
2	7	8	3		18
3	13	14	16	3	46
(blank)		1			1
Grand Total	37	66	40	4	147

Source : Survey with local residents of Korça Area

Willigness depends on the gender and type of farm.

Hypothesis 1: The willingness to invest in fruit production depends on the gender and type of farm, the age of the farmer, the distance from the market and the perception of the current state of the business climate, as well as the size of the owned land.

Table 12: Perception results of variable processing in E-views

Dependent Variable: Y				
Method: Least Squares				
Sample: 1 147				
Included observations: 146				
Excluded observations: 1				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.817302	0.252322	3.239121	0.0015
D1	0.410264	0.205476	1.996647	0.0478
D2	0.538743	0.226406	2.379547	0.0187
R-squared	0.060334	Mean dependent var		1.527397
Sum squared resid	182.6621	Schwarz criterion		3.164311
Durbin-Watson stat	1.364974	Prob(F-statistic)		0.011684

Source: Processing in E-Views by the author, using data from the questionnaire.

It is proved that men and specialized farms are more ready to invest

D1- Gender(Prob = 0.0478) < 0.05 shows that the gender is a strong and important variables which affects positively in willignes to invest of fruit. D2-Type of farms (Prob =0.0187) <0.05 affects positively in willigness to invest of fruit.

Willignes depends from Age

Dependent Variable: Y				
Method: Least Squares				
Sample: 1 147				
Included observations: 146				
Excluded observations: 1				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.211078	0.532714	-0.396230	0.6925
X7	0.034263	0.010339	3.313975	0.0012
R-squared	0.070862	Mean dependent var		1.527397
Adjusted R-squared	0.064410	S.D. dependent var		1.157853
S.E. of regression	1.119944	Akaike info criterion		3.078038
Sum squared resid	180.6154	Schwarz criterion		3.118909
Log likelihood	-222.6968	F-statistic		10.98243
Durbin-Watson stat	1.340414	Prob(F-statistic)		0.001164
				X7-Age

Source: Processing in E-Views by the author, using data from the questionnaire.

Age of farmers of the area of Korça is an important parameter (Prob =0.0012) <0.05, which affects positively in the investments of fruit.

Willigness depends on the distance

Dependent Variable: Y				
Method: Least Squares				
Sample: 1 147				
Included observations: 146				
Excluded observations: 1				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.195780	0.175642	6.808061	0.0000
X9	0.031116	0.013890	2.240082	0.0266
R-squared	0.033674	Mean dependent var		1.527397
Adjusted R-squared	0.026963	S.D. dependent var		1.157853
S.E. of regression	1.142137	Akaike info criterion		3.117283
Sum squared resid	187.8446	Schwarz criterion		3.158154
Log likelihood	-225.5616	F-statistic		5.017967
Durbin-Watson stat	1.300849	Prob(F-statistic)		0.026617

Source: Processing in E-Views by the author, using data from the questionnaire.

X9-Km Distance (Increases by 31%, Willingness to work increases the more the distance from the city increases).

Willigness depends on the distance

Dependent Variable: Y1				
Method: ML - Binary Logit				
Sample: 1 147				
Included observations: 146				
Excluded observations: 1				
Convergence achieved after 4 iterations				
Covariance matrix computed using second derivatives				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	-5.385125	1.349071	-3.991729	0.0001
D2	1.056802	0.473123	2.233676	0.0255
X7	0.072927	0.023169	3.147627	0.0016
X9	0.052147	0.026798	1.945976	0.0517
Mean dependent var	0.438356	S.D. dependent var		0.497894
S.E. of regression	0.468891	Akaike info criterion		1.285553
Sum squared resid	31.21992	Schwarz criterion		1.367295
Log likelihood	-89.84534	Hannan-Quinn criter.		1.318767
Restr. log likelihood	-100.0871	Avg. log likelihood		-0.615379
LR statistic (3 df)	20.48345	McFadden R-squared		0.102328
Probability(LR stat)	0.000135			
Obs with Dep=0	82	Total obs		146
Obs with Dep=1	64			

Source: Processing in E-Views by the author, using data from the questionnaire.

D2-TYPE OF FARM (Prob =0.0255) <0.05, X7-AGE (Prob =0.0016)<0.05, Affects positively in the infrastructure of farm.

X9-DISTANCE KM (Prob =0.05)=0.05

(the relationship between the variables is medium, 43.8% willingness to invest from residents is significantly more important for those who live far away).

Conclusions and Discussion

In this study, the economic and financial data of the area, the plans for strategic state investments, the current agricultural situation, the business climate, the efficiency of land use and the specific weight occupied by agriculture in the economy were taken into consideration. Also, the main data on which the research is based are the questionnaires for farmers, specialists, merchants and processing businesses distributed in the area of Korça and the corresponding municipalities, as well as the statistical processing of the data collected through two real questionnaires.

Both questionnaires are designed in such a way as to reflect the current situation in the agricultural sector, the readiness for investment, the business climate, the assessment of obstacles, factors and policies in favor of increasing the flow of FDI in the agricultural sector.

The main purpose of the survey is to identify the elements that need to be improved to encourage foreign direct investment in the study area. From the results of the survey, we note the current situation of the agricultural sector in the area of Korça as follows:

- There is a lack of benefit from grants or facilitating schemes for agriculture as a result of the lack of information and extensive advisory service. There has been very little help in horticulture, negligible in breeding and not at all in viticulture.
- The cases taken in the study deal with an area of 2757 dynym of agricultural land in use, of which approximately 1947.3 dynym is owned and 793 is rented.

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