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OPPORTUNITIES OF NETWORKING IN BULGARIAN AGRIFOOD SECTOR

Abstract:

The paper examines the opportunities of networking in agrifood sector in Bulgaria through the perspectives of the new program period 2014-2020 and the potential contribution to rural development. Key measures are discussed focusing on support and motivation for establishing groups and associations of agricultural producers. Some behavioral, organizational and managerial issues are considered in connection to the historical development of agrifood sector in the country and possible approaches and ways of putting into practice network initiatives. The study puts a special attention on the importance of marketing co-operations considering the peculiarities of land and production in the country and market opportunities providing examples of good practices and recommendations for future development. The investigation is oriented towards some key problems in management in agrifood enterprises in connection to contemporary challenges to operation in conditions of increasing law requirements on European and national level and expanding processes in globalization concerning different spheres of economic and social life.

Keywords:

networking, association, agriculture, food

JEL Classification: Q13

Introduction

Challenges before humanity in XXI century connected to climatic changes, insufficiency of resources, pollution of environment, dynamics in international business and uncertainty in economic and political sphere lead to a number of questions regarding sustainable development not only in the sense of „protecting nature for future generations” but also of development of steady in economic, ecological and social relation productions and first of all in internationally oriented knowledge-based economies- a difficult task which in fact includes different elements as: institutional environment for entrepreneurship encouragement, human resources, material and information structure, uniting link in which is the establishment of innovation systems on regional and national levels (Terziev & Arabska, 2014).

Agriculture is a main economic activity because of providing necessary food and products for human existence. It is a very specific sector being a subject of long historical development but in relation to quality and crucial stages it is distinguished by inertness and conservatism (Arabska, 2014). In contemporary conditions of general globalization agrifood production could not succeed to answer real needs and challenges. The agricultural and food sectors face a huge challenge to boost production without exceeding the world’s ecological boundaries. The changes that are needed should be realized and initiated not only by international communities and states but also by agricultural producers, processors and traders. The negative trend of strengthening its position as an unattractive branch should be scrutinized very concretely for a specific country or a region because of peculiarities in history, culture, traditions, mind and behavior.

Discussing challenges of globalization processes and food products’ quality and safety, some questions in connection to safe production and international trade are raised taking into account greater risks along with bigger advantages. The competition on international markets is bigger than ever before, as well as requirements regarding environmental protection and human health which impose higher investments and greater concerns. The problems are not only in satisfaction of consumers’ demand but of assuring standard of living of producers in rural areas, protection of traditions and culture (Arabska, 2014).

The need to recognize individual peculiarities in agricultural production, previous knowledge and experience, social and economic development, etc., along with the notion that training is a social process, effective interactive communications, combination of new technological decisions with management activities, lead to the integrated approach- interdisciplinary forms of training and scientific research and creation of knowledge for practice.

Research and innovation are hereby of crucial importance as sustainable intensification will largely depend upon the increase of productivity (instead of farming more land) (Vuylsteke & Gijseghem, 2012). Farmers must continuously adapt production and management systems in order to maintain and enhance the competitiveness and sustainability of their businesses. The development and implementation of innovations require both information and the farmers’ willingness to change daily work routines. Learning and knowledge transfer among farmers, technology developers, experts and university teams ensure the development and application of innovative ideas which are crucial for a sustainable growth in food (and non-food) production (Munchhausen & Haring, 2012).

Recently, the transition from traditional scientific approaches of creation and transfer of innovations by linear approaches (scientists create innovations, consultants transfer innovations to farmers) towards systematic approaches lead to the understanding that “innovation emerges from networks of actors as a social (and institutional) as well as a technical, nonlinear and interactive learning process (Koutsouris, 2012). The use of group processes to encourage innovation and to transfer best practice is relatively novel in the agricultural sector.

As already pointed out, systems of innovations approaches build on networks as social processes encouraging the sharing of knowledge and, notably, as preconditions for innovation. Such approaches, therefore, focus on processes (instead of the emphasis on structures) with knowledge conceived as being constructed through social interaction- i.e. not unproblematically transferred but instead continuously created and recreated. Thus particular attention is given to (social) coordination and networking (Koutsouris, 2012). Crucial factors for the application of innovations could be different: interactions on the macrolevel; entrepreneurship; innovation capacity; management. Social innovation is a complex and multidimensional concept that is used to indicate the social mechanisms, social objectives and/or societal scope of innovation. The social mechanisms of innovation refer to the fact that the development, diffusion and use of innovations always occur within the context of society and in interaction with social relations, practices and norms and values. Social innovation is often appointed as an essential part of agricultural and rural innovation (Bock, 2012).

European agriculture and rural areas are facing multiple socio-economic changes, including a transition from an agriculture-based to a service-based economy. This restructuring forces agricultural and rural actor-networks to reformulate their (self-) definitions. One reformulation prevailing both in policy and scientific circles focuses on the notion of multifunctional agriculture (MFA) (Dessein *et al.*, 2013). Agriculture in the 21st century will therefore be an extremely diverse industry driven by the twin concerns of raising rural incomes and ensuring long-term sustainability of its natural resource base. It will involve a diversity of economic activities that affect a far wider range of stakeholders than ever before, including consumers, farmers, government, industry, and the society at large. Farming will, therefore, have to be intertwined with information and communication technologies (ICTs) across the supply chain to attain targeted outcomes and impact (Rao, 2007) because knowledge is an increasingly significant factor of production in modern agriculture and (ICTs) can accelerate agricultural development by facilitating knowledge management. Successful international entrepreneurial firms which encompass high levels of international innovativeness and proactiveness behavior integrate Internet capabilities to a greater degree (Glavas & Mathews, 2013).

The study aims to examine the opportunities of networking in the Bulgarian agrifood sector as a traditional sector reflecting historical and cultural development of the region which is in a status of decrease throughout recent years but put in a number of priorities for future development in various strategic documents and now facing the challenges of globalization and international markets on one hand, and increasing requirements of the EU towards environmental protection and sustainability on the other, as well as of the notion to be the main economic driver in rural development overcoming the processes of depopulation and devastation in conditions of economic decline. The investigation is oriented towards networking because of the competitive advantages of volume and quality it provides and potentials for transfer of innovation,

knowledge and good practices exchange. Reviewing networking opportunities provided by the rural development program and behavioral, organizational and managerial aspects of networking initiatives, specifically interlinked to the development of modern information and communication technology (ICT), and some good examples and examined potentials, the paper makes a proposal for organization and management of networks in the agrifood sector.

Support to networking in Bulgarian rural development program 2014-2020

The issues connected to rural development are among the key goals in the policies and documents in the new program period on European and national level reflecting contemporary challenges and strategic priorities for achievement of intelligent, sustainable and inclusive growth. The EU rural development policy which is in compliance with Europe 2020 strategy and the Common agricultural policy determines three long-term strategic goals for the period 2014-2020: encouragement of the competitiveness of agriculture, sustainable use of natural resources and climate change mitigation and adaptation, and achievement of a rural economic and social development. The priorities are determined in the fields of encouragement of knowledge transfer and innovations in agriculture, raising competitiveness and innovativeness, food chains, risk management, ecosystems restoration and protection, effective use of resources, low-carbon economy, social inclusion, poverty reduction and economic growth in rural regions.

Elaborated in accordance to the EU policies and requirements, the Rural development program of the Republic of Bulgaria makes analyses and points out measures of achievement the goals. The program is focused on encouragement and development of agrifood sector in the country which is accepted as the alternative for rural development and overcoming identified problems and imbalances in economy, backwardness and depopulation. Key measures are targeted towards the following activities: knowledge transfer and provision of information; advisory services, investments, development of enterprises, main services in rural settlements, establishment of groups and organizations of producers, agroecology and climate, organic farming, direct payments, human attitude towards animals, eco-services, collaboration, risk management, and LEADER approach.

Among all the measure of establishment of groups and organizations (associations) of producers is paid special attention to because of the peculiarities of land (big fragmentation) and the need of improvement and stability in the functioning of food chains. It is targeted towards encouragement of cooperations between agricultural producers which will raise the competitiveness of agriculture and food industry. The measure is an expression of the attempts to foster networking as a mechanism of regulation in food chain expecting the groups and organization to contribute to increase in production and supply of produce of high quality according to the European standards and market requirements. The importance of "joint" marketing is underlined, especially in connection with the provision of access of small and medium-size enterprises to markets. The networking have potentials for getting stronger positions on the markets and better opportunities for sales, planning and decrease in production expenses, application of good agricultural and sustainable practice and innovation. The measure is envisaged to make contribution to the horizontal and vertical integration in the food chain and to stimulate competitive advantages based on

the quality and added value in products and innovation. The activities provide opportunities for visits, exchange of experience and trainings in wise use of natural resources, knowledge on environmental protection and climate change adaptation. One of the outcomes will be development of short supply chains and local markets which will in turn lead to decrease in logistics expenses, storage and transport, i.e. carbon dioxide emissions. Moreover, it is expected to foster innovations in waste and water management and sustainable production practices protecting environment.

However, the formulations and goals should be accomplished and this turns to be not so an easy tasks because of the big requirements towards agricultural producers when applying for support which is one of the key problems in principle for the rural development program. It is important to notice that the sectors of priority are animal breeding and fruit and vegetable production. The support is in the form of an annual payment of no more than 100000 euro per year and it is decreasing. On the other hand the support is linked to the annual produce of the group and organization (less than 10% of it).

Another relevant measures is based on the LEADER approach and territorial development. Community-led local development (CLLD) embraces integrated and intersectoral strategies for local development in correspondence to the characteristics of the concrete territory and developed on the basis of local needs and potentials. The priorities are connected to social inclusion and poverty reduction, integrated approaches towards environment, effectiveness of resources, risk management, cultural heritage, etc., transfer of innovations, encouragement of employment and mobility of labor force, increase in the competitiveness of local economy and opportunities for local business, incl. diversification of activities, improvements in quality of education and training. The goals are about development and encouragement of entrepreneurship and sustainable business, development of a dynamic living environment and improvement in life quality through establishment of horizontal and intersectoral partnerships and interactions for initiatives of common interest; development of practices and models of good management and participation of stakeholders in territorial development, marketing and trademarks on the basis of local potential and products. The support is provided for preparation activities, capacity development, networking aiming at elaboration and application of strategies for CLLD, implementation of operations in the strategies, collaboration, publicity and information, etc. The accent is on strategy development on the local level, the quality of the partnership and extent of consultations and inclusion of the stakeholders into the partnership and strategy development.

Both discussed measures are present in the previous program period 2007-2013 too but the expected results and effectiveness are not satisfied because in fact, they apply the measures of the rural development program on the local level and the lack of flexibility in the program is reflected in the full extent. In the new program documents (2014-2020) some changes are foreseen, especially concerning administrative burden and delay in procedures and still the program is a subject of improvements as an instrument functioning in uncertain economic conditions and in years of tremendous decrease in agricultural production in the country and restructuring in economy in conditions influenced both by the economic and financial crisis and the EU requirements.

The above discussions lead to the conclusion that the support which is expected for next few years will be specifically targeted and overloaded by significant requirements and there is a need of some new approaches and initiatives working on

the change in producers and consumers behavior which to be easily applied without additional weights in routine activities. Most often the problems in networking are explained by the lack of knowledge, motivation and trust in such initiatives in agricultural producers and the consequences from the transition period to the market economy and its influence on perceptions and behavior although the advantages of networking are commonly accepted as a whole and as needed for development of agriculture and food industry in the country, particularly in marketing (Arabska, 2012a). Moreover, agrifood sector, and particularly sustainable ecological and organic production, are among the thematic priorities in the Innovation strategy for smart specialization outlining the activities in the program period 2014-2020 and development goals for the country, along with technology and ICT.

Innovation aspects in networking initiatives

In contemporary globalizing world one of the most prominent and mutually connected goals, governments and international institutions have, are those of sustainable development, knowledge-based economy and transfer of innovation. The main characteristics of the changing world in XXIth century is the knowledge and knowledge-based economy- favorable economic and institutional environment, entrepreneurship development and management, information infrastructure, human resources and innovation systems.

The economic development of a country or a region is strictly linked to the innovation process. Organisation for economic cooperation and development considers four types of innovation (Rebelo & Muhr, 2012): product innovation (which involves a good or service that is new or significantly improved); process innovation (which involves a new or improved production or delivery method); marketing innovation (which involves a new marketing method, including significant changes in product design or packaging, product placement, product promotion or pricing); and organisational innovation (introducing a new method in the firm's business practices, workplace organisation or external relations).

Raising competitiveness could be reached not only through huge investments but also through creation and distribution of knowledge among stakeholders and networking. Those questions are of extreme importance for agricultural sector reflecting historical and cultural characteristics of a region and influencing the production structure, and especially of organic production combining traditions and innovations and 'engulfing' high production expenditures. In the process of its development agriculture has been forced to provide produce in enough quantities and at affordable prices which has imposed many unsustainable methods and many debates about ecological and social impacts of agricultural systems. The whole development leads to enormous growth in yields and decrease in production costs. On the other hand, agriculture uses resources that are accepted as enough- water and energy. World population growth and the processes of urbanization presume that the demands towards agriculture will increase. The need of establishment of a new connection between urban and rural areas is implemented in the concept of sustainable development. The implementation of the strategic goals of economic, social and ecological development should start by entrepreneurship encouragement in rural areas for development of agrarian and related activities. Entrepreneurship is one of the main drivers of economic growth, productiveness and innovations. Entrepreneurship and innovation networks are the main elements of innovations systems.

Considering entrepreneurial economy as an innovative knowledge-based economy, another important point deserving special attention when discussing entrepreneurship is innovation /novelty/ reform. In contemporary societies entrepreneurs are accepted as 'bearer' of innovations developing societies (Arabska, 2014). An entrepreneur searches for new knowledge, initiates, organizes and implements new activities. Innovations are connected to the optimal use of resources and hence sustainable development. The relation price- cost ('the formula of success') is about economic power of the producer and competitiveness of goods or services. Lowering production and distribution expenditures is one of the main tasks in agricultural production subject to innovations search. In that relation it is important to notice the opportunities of networking, making associations, cooperations, cooperatives etc. The decision of 'uniting' is viewed as part of the entrepreneurial activities and as a result of good entrepreneurial culture / behavior, especially regarding marketing cooperatives and associations of lobbying 'defending their members' rights'. The last one as part of the civil society development is very important in the processes of making policies, strategies and plans on different levels in connection to the creation of organizational, financial and law prerequisites for support of small and medium sized enterprises in rural regions for sustainable growth and fair trade (Arabska, 2012a).

Not the least is the significance of the so-called virtual entrepreneurship and using the Internet opportunities as a channel of reaching suitable categories of consumers- educated and with good incomes, using every day Internet for communications, information, work or purchase (Arabska, 2014). Of course, the main threats are the Internet deceptions that are growing and sometimes becoming even more innovative. So, the significance of the requirements to entrepreneurial ethics is growing- responsibilities: clients: safety, quality and quantity in correspondence to price; suppliers: correct payments; competitors: fair trade: employers: salary, training, social activities, etc. Contemporary entrepreneurs should be more wise and flexible than ever before, but also honest to customers and socially responsible (Arabska, 2014).

The link of sustainable development goals to the concept of corporate social responsibility (CSR) is underlined in the essence of the last to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Furthermore, CSR-focused businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. CSR is the deliberate inclusion of public interest into corporate decision-making (Pop *et al.*, 2011). A growing number of companies are involved in corporate social responsibility (hereafter CSR) as long-term business strategies (Jeong *et al.*, 2013). In the Green Book of EU, the corporate social responsibility is a major tool for creating new jobs and sustaining the economic development (Pop *et al.*, 2011). It is based on three fundamental concepts: the voluntary nature of the initiatives, awareness and attention to relations with the market and thus with consumers and, finally, the involvement of all stakeholders. This suggests that being socially responsible means paying greater attention to the environment, to employment and to responsible consumers (Viola *et al.*, 2013). The results of an investigation (Jeong *et al.*, 2013) reveal the following major findings: (1) CRM (cause-related marketing) leads to the greatest consumer intention to join the SNS brand page, followed by CS (cause sponsorship) and control; (2) CRM results in the greater intention to invite friends to the brand page than either CS or control; (3) such effects of CSR are mediated by the consumer expectancy to be seen as favorable; and (4)

the effect of CSR on the intention to join is moderated by the type of brand, but not the type of self-friend gender composition.

Thus, the need of sharing responsibilities between the stakeholders imposes the establishment of new innovation systems. 'Non-financial' goals have started to be put in the strategies on the level of organizations. The eco-marketing includes all activities involved in obtaining social acceptance of environmental ideas, the public and private conduct appropriate environmental requirements (Gheorghiu *et al.*, 2013). There should be established a technology development system that incorporates three elements (measurement of inputs in space and time, market-focused technology development and a self-teaching information system for farmers) and that could be used in rural development, primarily in the area of agricultural production (Fenyvesi & Szilvia, 2012).

Furthermore, when discussing the opportunities that networking provides for agrifood sector and rural development, the accent should be put on the use of ICT in establishing new forms of intersectoral networking in social networks sites (Dimitrov *et al.*, 2013). The role of networking in knowledge and innovation transfer is doubtless as is the case of information and communication technologies (ICTs) in contemporary world of globalization that is suffering of depletion of natural resources and disturbance of the balance in the nature.

The opportunities provided by both networking and ICTs should be used but the ways and models for these should be carefully investigated. Network actors have to define their roles, rules of interaction, goals of cooperation and means to achieve these goals. The process of networking is a new 'structuration' process among established institutional fields. Networks become a bridging ground for different institutions. Explicitly these combinations of fields' interconnectedness and the network form of organization make institutional innovations and consequent shifts towards more sustainable practices possible (Fadeeva, 2004).

ICTs are a range of technologies that integrate information technology devices like personal computers with communication technologies such as telephones and telecommunication networks. Both the range of the technologies and their convergence with conventional media is expanding all the time (Rao, 2007). Indeed, the growth of social media has been rapid and has resulted in the adoption of social networks to meet specific communities of interest (Mares & Torra, 2013). By now social networking (SN) has become part in the daily life of Internet users in many different ways. SN is not merely a platform to keep in contact with one's old school friends, but rather has become much more. There exists hundreds of subjects, thousands of networks, and millions of users. The exchange of information lies within the focal point of any social network (Taha, 2013).

Good practices in sustainable agriculture and networking opportunities

In discussions of sustainability pillars and the shift to sustainable agriculture, the attention is also paid to organic production concept and methods fully corresponds to the needs of entrepreneurial, knowledge-based and sustainable behavior (Arabska, 2014). Examining the opportunities for sustainable rural development, organic farming and tourism are put the accent as the main possible drivers of economics in rural regions in the most sustainable ways (Arabska, 2014). In years of increasing attention

to environmentally friendly practices, safe and healthy environment, the raise in organic agriculture activities (measured by organic areas, number of organic farmers, money spent on organic products, etc.) is very fast as is the demand of “clean” and preserved landscapes and villages for rest. Furthermore, organic production provide opportunities and presents good examples of networking and successful entrepreneurial strategies.

The diversification of agricultural producers’ activities including agritourism is an opportunity for stabilization of incomes and more. There are numerous benefits from the development of agritourism: it may strengthen local economy, create job opportunities and new businesses; develop and promote training and certification programs to introduce young people to agriculture and environment (Privitera, 2010). Organic agritourism is a branch with great potentials for development in future in connection to rural development. The evolution of tourists’ demand towards nature and its conservation, as well as social and cultural interactions imposes changes on tourist industry in relation to its competitiveness and sustainability. Organic farms offering additional services are a good example in development of sustainable (‘green’) local tourist products. There are many examples of that which put the consumers’ motivation as the main goal, especially networks using Internet opportunities which provide information and motivate consumers to search for ‘sustainable’ products and services and thus increase ‘sustainable’ demand. Very often organic production, wildlife and tourism are considered together and in connection to protection of environment for integrated rural development.

The possibilities for sustainable initiatives that combine organic farming and alternative tourism to achieve higher competitiveness of a region are examined and some implications on the creation of new forms of intersectoral networking partnership can only contribute more consumers to be informed and engaged in promoting the destination that will bring it economic as well as social benefits are presented (Shopova & Arabska, 2014). Good practice is illustrated on the example of the Eastern Rhodopes and recommendations are given for the continuation of sustainable initiatives.

The application of such innovative approaches adds value in new activities and contribute to sustainable development. They include new connections of agriculture with other sectors and mutual use of ‘waste’ products, new kinds of interactions with society and accountability. Special focus is put on capacity building through new approaches in education and training, new dimensions in the connection between science and business and the participation of local communities.

Networking in educational projects for innovations in organic farming and entrepreneurship encouragement - experience in training, motivation, knowledge transfer, entrepreneurship and networking, is a subject of many projects working on experiences and knowledge in the field of ecologic farm production, specifically in the relation and interaction with and between farmers in the training process using innovative methods and practices. Investigations of three different situations: absence of knowledge and motivation in farmers, young entrepreneurs and the continuity in farming in a family and a successful cluster were presented in a study outlining the importance of knowledge and motivation, entrepreneurship encouragement, the power of a cooperative and innovations (Arabska, 2012b). Some of the biggest problems for the farmers are identified as mainly financial and dependence of the support from the state and the EU, unwillingness to make clusters for production, processing or sales concluding on the the need of a close interaction with universities and students

placements in such farms concerning marketing, business planning in farms and transfer of new technologies and innovations, as well as the need of training which uses a different approach changing the way of thinking.

Instruments and approaches in organization and management of networks in agrifood sector

Cross-sectoral networks have become one of the common forms of collaboration in the area of environmental management and sustainable development. Recognized as a necessary step towards societal sustainable development, they expand the number of collaborative links of public and private organizations or stretch the boundaries of their collaborative constellations far beyond the conventional arrangements (Fadeeva, 2004). It is widely recognized that the Internet has been one of the most important tools for modern day international business (Glavas & Mathews, 2013). ICTs can become key enablers of the agri-food sector by making dynamic and real-time global level exchange of data, information and knowledge quick, interactive and easy throughout the agricultural value chain. Their effective deployment can lead to increased agricultural competitiveness through cuts in production and transaction costs, raising production efficiencies and farm incomes, conserving natural resources, and by providing more information, choice and value to stakeholders (Rao, 2007).

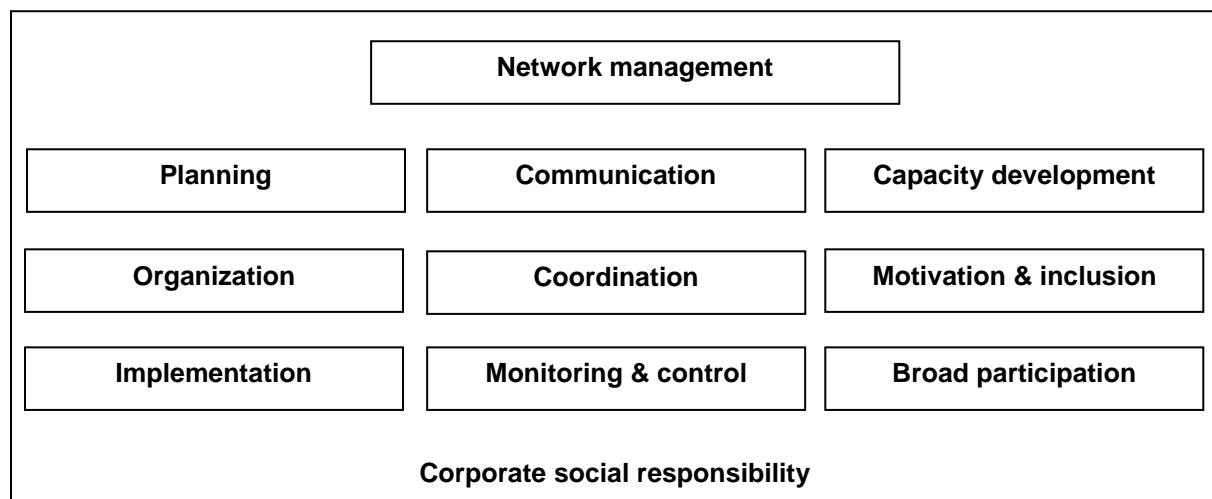
Within networks, the different actors do not exercise a formal authority over each other nor are they bounded by the contractual agreements generally present within the market domain. The restrictive pressure and dominance of specific institutional rules may become diluted when a network actor steps outside his/her own institutional field and engages in the networking process. Thus, the networks are forms of organizations that are relatively 'free', at least at the beginning, from many of the institutional rules that condition traditional organizational practices. The actors become engaged in the process of re-interpreting reality or, in other words, they become actively involved in the 'meaning-construction' process (Fadeeva, 2004). Within networks, the links between the actors are different than in a hierarchical organization or firm. The goals of sustainability networks are not always clear, boundaries of networks are not sharply defined, and the authority of one actor over another is weak. The process of change through the networking process is full of complex interactions that provide multiple feedbacks and unexpected interventions (Fadeeva, 2004). In the case of tourism business networks the 'public good' is commonly seen to represent a destination's policy making aimed at mitigating the potential negative impact of tourism processes and safeguarding 'livability' within a society (Lemmetynen & Go, 2009).

Therefore, it is very important to make as clear as possible the structure and the management of such networks. A study proposes a new approach in networking in organic agriculture and niche tourism having customers' motivation as a main target rather than joint production, marketing or other activities (Dimitrov *et al.*, 2013). A sustainable organic agriculture and niche tourism network could be an informal forum of individuals and organizations that have keen interest in giving relevant information, contributing to understanding and promoting sustainable practices, increasing cooperation and partnership, sharing of experiences and innovations, organizing events to promote rural regions, etc. The primary goal is not to present specific products / services of specific farms / companies but to provide enough information about sustainability and to motivate customers to search for such "sustainable" products and services. The direction is towards increasing "sustainable" demand

which is supposed to lead to increase in supply, i.e. sustainable rural development. A network on regional and national level would be more feasible (Dimitrov *et al.*, 2013). Such a network would be suitable for directing public attention to certain topics, as well as for dissemination of new knowledge, information, ideas for sustainable rural development. It could be initiated by associations of produce's or traders and universities and institutes. Establishment of own Internet portal is absolutely necessary as well as a representation in social media. This could be an informal organization relying on voluntary work and incomes (for maintaining the Internet portal, subscriptions, campaigns, participations, etc.) by different types of advertisements used in Internet. Its main objective is to provide sufficient and useful information in an attractable way in order to raise the motivation for 'sustainable living'. Such a network would really support both examined sectors and rural development as they do but using a different and more sustainable approach aiming at increase in community demand for sustainability if it is planned, structured and managed well. The model expands the notion of corporate social responsibility (CSR) to the society as an organization reflecting local culture and traditions, working for economic growth, social justice, and environmental protection and accountable for its actions as a whole (Dimitrov *et al.*, 2013).

Based on the above discussions current study proposes a model of organization and management of the networks in agrifood sector embracing various activities focused on capacity development, motivation and inclusion for a broad participation of different stakeholders (Fig.1). The network should apply the principles of CSR and make proper use of modern ICT for sharing of knowledge and encouraging cooperation, facilitating transfers of innovation and good practices and working on projects.

Figure 1: Network management in agrifood sector based on CSR



Source: Authors' own study

The model presents the main principles and is appropriate for application in various networking initiatives from narrow to broad scales as marketing or production cooperatives of agrifood enterprises, local initiatives for capacity building and/or sustainable development, etc. all experiencing responsibility to environment and people. The progress in ICT provides many opportunities to get out of the physical dimensions and the limitations of financing and are very useful, particularly social networks, when main objectives include significant changes in behavior and thinking of operators (producers, processors and traders) in agriculture and food industry and

consumers' behavior towards sustainable consumption and support to local produce and rural development.

Conclusion

The potentials of networking and the approaches of application in agrifood sector could not be simply determined but it is commonly accepted that networking provides significant competitive advantages and ways of knowledge development and innovation transfer as a whole, and in the particular cases of marketing cooperatives in agriculture it is viewed as an alternative for achievement of bigger added value. Nowadays, when sustainable rural development through encouragement of agriculture and connected industries is among the top priorities on European and national level and the problems of identification of the right framework are extensively discussed. Current study underlines the importance of the application of the concept of corporate social responsibility for the establishment, organization and management of networks in agriculture and food industry accenting the priorities and strategic activities in the field of sustainable economic, social and ecological development which are embedded in legislative requirements for environmental protection measures in all types of business activities and the need of overcoming social exclusion and reducing poverty in certain regions in the striving after a balanced regional development. There could be different kinds of network depending on the scope, aims and activities, or the level of operations but all of them need good management according to the principles of sustainability, accountability and a focus on capacity building and innovation.

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