

## SOCIAL-ECONOMIC PREMISES OF THE COOPERATIVE TRADE DEVELOPMENT

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The main social-economical prospects of the cooperative trade development are discussed in the article. The distinctive characteristics of the consumer cooperation trade on the modern development stage are formulated. The major characteristics of cooperative trade such as self-organization, system, circularity, adaptation, and localization are explained.

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The main action directions of the organization of consumer cooperation in order to secure a stable advancing progress of the consuming cooperation and the activity broadening and intensification, as well as gaining influence at socially-oriented food and non-food goods, the increase in authority and participating in the solution of social-economic problems and providing the country's safety in the area of food supplies are formulated by the concept of the consumer cooperation development in Russian Federation up to 2015.

The mission of consumer cooperation in Russia is to participate in the development of social infrastructure, first of all in the country, proving for a stable development of the country's consumer market by meeting the needs and proving social protection, the increase in the occupancy of the population that is involved into the activity and is served by the consumer cooperation, fortifying Russian safety in the area of food supplies<sup>1</sup>.

Trade is one of the main and traditional directions of the consumer cooperation activity. And consumer cooperation has experience of trading not only in Russia, but also in external trade.

Cooperative trade in former Soviet Union used to have monopoly state in the country. Thus by 1988 consumer cooperation united 60 million kolkhoz members, workers and village intellectuals. Even in the conditions of planned economy in the years of Soviet authority cooperators introduced additional markups, for example «guzhmarkup», and gained additional profit at these expenses<sup>2</sup>.

A typical peculiarity of the consumer cooperation and trade cooperation activity is the combination of economic and social functions. Dual social-economic nature of cooperation is its deep, main inner contradiction that leaves an imprint on its economic activity, social essence, and the possibility of its stable development.

Entrepreneurship in trade cooperation has its own peculiarities. First of all – entrepreneurship is a collective activity as it is carried out in the interest of shareholders, though not individually by them, but in the limits of cooperative structures.

The second peculiarity is that entrepreneurial activity is undergone mainly in the areas of circulation and consumption, and only partially in the production area.

The third one is that the main goal of the consumer cooperative entrepreneurship is not gaining profit.

However, this statement does not mean, that consumer cooperative does not care of its gaining. Quite the contrary, nowadays the cooperative orientation on profit as a market subject is the basis of its healthy competition. For consumer cooperative the profit is transformed into some overall economic benefit that is gained by its participants. That is why cooperative business profit is mainly used for the economic fortifying of consumer cooperation and has an expressed social direction. According to this we can outline the following characteristics of the consumer cooperation organization forms as socially-oriented economic subjects: the freedom of consumer's economic choice (open and accessible membership); fair distribution of the income which means that the profit gained by the cooperative are distributed in proportion to the level of cooperative services usage by its members-shareholders; special and original economic role of the production factors. Capitals, owned by cooperatives are actually accessory means, as the person of labour and meeting the people's needs take the prior place<sup>3</sup>.

Thus consumer and trade cooperation is one of the market economy's stabilizers. It support social balance and serves as a basis of organization-structure reformation of agrarian production. That is why the necessity of the trade cooperation in the development of the agrarian area is that first of all, it is, in fact, the alternative form of the agrarian economic area organization in interest of both producers and consumers and that can be used by both enterprises and households. Secondly, trade cooperation carries out some of the government's functions – social protection and therefore can expect governmental support in its social-economic activity. Thirdly, trade cooperation is a form of population's self-organisation, mutual support, collective nature, and straight unity of household and economic life areas. We can say that cooperative form best of all corresponds with the mentality of a villager, formed economic ways and traditions. Fourthly, the system of consumer cooperation is a formed structure and reliable partner for a real collaboration with agricultural complex in the area of various problems solution, among which the most prosperous are the development and national and local markets, first of all – village market. Consumer cooperation can actively integrate into the process of denaturalization

<sup>1</sup> The concept of the consumer cooperation development up to 2015.-

<sup>2</sup> Fain L.E. Domestic cooperation. Historical experience. – Ivanovo: Ivanovo State University, 2002. – 276 p.

<sup>3</sup> Belowusov V.I. The basics of applied economy and entrepreneurship: Textbook, Voronezh, Voronezh State University, 1998, 472 p.

of country population income through procurement system, opposite goods sale, commission sale, raw materials processing on giving basics.

Nowadays Russia legislation characterize trade cooperation as a system of consumer societies and their unions that were created in order to meet material or other needs of their participants. Therefore, it includes the following organization forms:

- Agricultural trade cooperatives that are involved into the area of buying, processing, and selling the agricultural production;

- Specialized trade cooperatives that build houses, garages, subsidiary enterprises, capital buildings, provide credits, household, consultative, agricultural, and other services for their participants;

- Consumer societies that carry out trade, procurement, productive, and other activity, including social nutrition;

- Consumer unions (region consumer union, provincial, republic, central unions);

- Economic unions, comradeship on trust, medical, education, and other institutions, as well as consumer societies that can participate in economy, cooperatives, comradeships.

Up to date the quality of the cooperative work is determined by the following indexes: self-organization, system, adaptation, cyclicity and localization. A characteristic of a self-organization is the main way to create cooperative formations of any kind. One's own initiative and funds that are voluntary combined between each other to solve their urgent problems are in the basis of self-organization. It is self-organization that allow us to mobilize and include non-used recourses into the economic turnover at the territorial, regional, and national level for the quickest solution of the economic and social problems of the shareholders and non-cooperative population. A.V. Chayanov, a popular theoretic and practitioner of Russian cooperation said that consumer cooperation begins with self-organization in the 1920-ies. He said that the main demands of the cooperative unions work are the necessary activity of the masses and the flexibility of their work organization, their ability to adapt and outstanding sensitiveness.

The characteristic of the consumer and trade cooperation system foresees that its organization forms (consumer societies and their unions) are linked to each other in a certain way, first of all, thanks to preservation of vertical authority and governance levels, communication channels and the mechanisms of the decision-making that gives us the opportunity to analyze the work of various consumer cooperation structure elements, for example, in the area of the goods production and service providing, total labour, realization of single development strategy etc.

The adaptation characteristic of the consumer and trade cooperation forms reflects the main trends in the cooperation development that provide for its stable functioning with a definite interaction

of its inner and outer existence conditions. And the key significance here is the study of its adaptive mechanism in relation with various conditions of economic activity. It is, first of all, in various organization forms that differently respond to the market situation. The question of the cooperative enterprises forms selection arose any time when the social-political environment changed. For example, in years of Great Patriotic War that was usage of different house-production forms (production of bread in peasant's ovens, fruit drying); in the period of command-administrative economy consumer cooperation bought agricultural production for contractual prices; nowadays such directions as cooperative production diversification and the restoration of forgotten goods delivery forms such as movable shops, the development of procurement activity, goods production mainly from local raw materials draw our attention. Secondly, the adaptation mechanism is a kind of «protective process» that can assimilate rational structures and elements of other market enterprises organization forms. Thirdly, independence and creativity of the cooperators, constant search for new solutions, variants of the enterprise profitability and effectiveness, their national and international solidarity, experience exchange and mutual support can provide for survival and reliability of consumer cooperativeness organization forms.

The circularity characteristic means that the consumer cooperation system is in general a locked trade-industrial circle. This circle provides for the turnover of goods and information flows within a single regional formation. It includes: procurement-processing-sale; production-processing-accompanying to the consumer.

The essence of the localization characteristic is that trade cooperation nowadays has a prior role of a local centre in supplying the village population. This circumstance provides for the solution of both consumers and producers economical, social, and other types of problems. Secondly, in contrary to the consumer goods market, the market of services, provided by consumer cooperation is characterized by a certain local borders of realization within a specific human settlement. And this also allows consumer cooperative structure to specify targets and goals of its trade-industrial circle development, puts it closer to the direct customer on a certain territory, and reveal social-economical peculiarities and abilities of the region.

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