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## Role of Consumer's Cooperation in Arkhangelsk Region in Vital Activity of Rural Population



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### Abstract

The paper examined main development trends of consumer's cooperation in Arkhangelsk region and it's main role in rural regions infrastructure development. The emphasis was made on the social aspects of consumer's cooperation activity: supply

of goods and services to rural population, their employment and income increase.

**Keywords:** *social and economic development, infrastructure of rural region, consumer's cooperation, cooperative shareholders, economic operations, social mission, personal income.*

Among the main areas of the modern government's agricultural policy occupies a special place to ensure viability of the rural population in the context of the sustainable development of the rural areas, which refers to their stable socio-economic development, increase agricultural production, improve agricultural efficiency, achieving full employment of the rural population and improving their standard of living, the rational use of land<sup>1</sup>. According to the academician of the Russian Academy of Agriculture A. Petrikova, long-term policy objective for the sustainable development of rural areas - the formation of the village to the city socially equal living conditions, the optimization of the village of its national economic functions (production, demographic, socio-cultural, environmental, recreation, space and communications, social control of the territory). The medium-term objective of this policy - reducing rural poverty by providing income growth from agriculture, the expansion of non-agricultural employment, improve the access of the rural population to the services of the social and engineering infrastructure

Active participant in the socio-economic transformation in the field of agriculture and the development of the infrastructure in the rural areas speaks consumer cooperatives. Consumer cooperatives – is a non-profit organization, socially-oriented, which was based on the shareholder. According to the Law "On the consumer cooperatives (consumer societies and their unions) in the Russian Federation", consumer cooperation – is a system of consumer societies and their unions at various levels have been established to the satisfaction of the material and other needs of their members. To achieve these objectives, consumer cooperatives and carry out trade, manufacturing,

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<sup>1</sup> About the development of the the agriculture: Federal Law from 29.12.2006 № 264-FL.

procurement activities, provides various kinds of industrial and household services, and other activities not prohibited by law. The shareholders of the consumer cooperatives are eligible to participate in the economic activities of the cooperative organizations and cooperative receiving payments, to participate in the social and cultural life of the consumer society, as well as to education and management skills of cooperative organization.

In the Arkhangelsk region consumer cooperation is the Arkhangelsk Regional Union of Consumer Societies (Archangel region consumer union), in the area of which is located 2,244 communities, representing 56% of the total number of settlements in the region. The population served by the Archangel region consumer union in 2009 amounted to 237.2 thousand., Including the rural population - 185.7 thousand people., Or 55% of the total rural population of the region. The number of shareholders of the Archangel region consumer union - 42 thousand people. The structure of the Archangel oblpotrebsoyuza includes 120 entities, including the Nenets District Union of Consumer Societies, Belsky rajpotrebsoyuz, district, urban and rural consumer society, KNOW "Arkhangelsk Co-operative College." Developing a diversified economy and implementing social mission Archangel oblpotrebsoyuz remains virtually the only economic structure, with operations throughout the region, mostly in rural areas. Material and technical base of the Archangel oblpotrebsoyuza is an important part of social and economic infrastructure of the village. Consumer cooperation of the Arkhangelsk region has an extensive network of sales, procurement, production facilities. Thus, as of January 1, 2010 in the Arkhangelsk oblpotrebsoyuza operated 797 stores, including 476 stores, zagotpunktov, 89 catering companies, 212 plants for the production of consumer goods, priemozagotovitelnyh 27 points, 119 depots obschetovarnyh 18, 14 refrigerated warehouses. The total amount of activity in 2009 amounted to 5,008.5 million rubles., An increase as compared to 2002, in current prices by 3.4 times compared to 2008 - by 3.6% (Table 1). According to the rating assessment of Central Union of Russia, Arkhangelsk oblpotrebsoyuz for this indicator is on the 15th place among the 73 consumer associations Russia, moving from the 23 seats, which he held in 2002. It should be noted that the financial crisis has adversely affected the activities of consumer cooperatives in the region. In 2009, for the first time since 2002, there was a decrease in all parameters of the Archangel region consumer union in comparable prices (Table 1).

Table 1

**The key indicators of the economy activities of the Arkhangelsk regional consumer union in 2009**

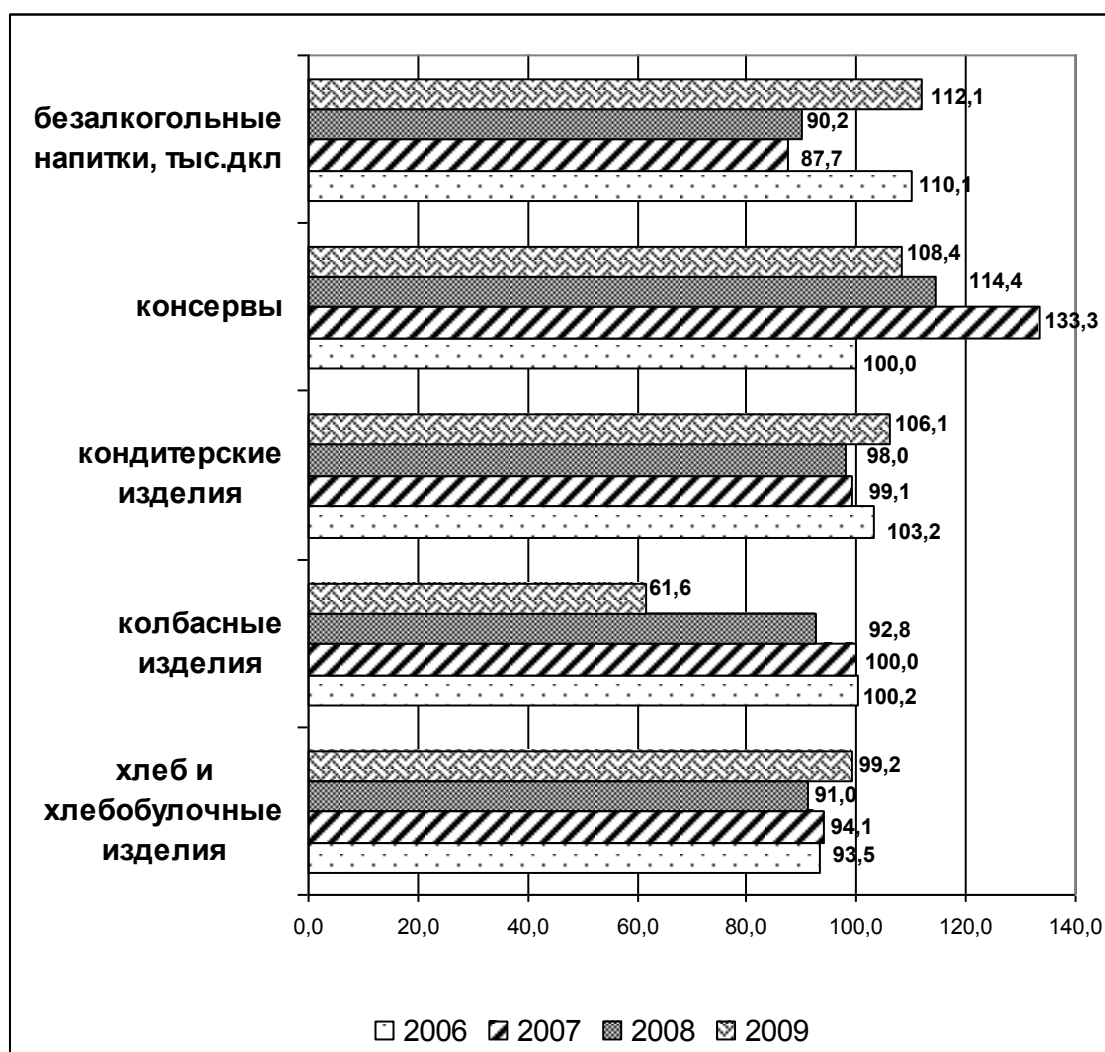
Indicators	2009 year			
	Summ, mln. rubles.	The growth rates (in current prices), %		The growth rate for 2008 (at constant prices) %
		2002	2008	
The total volume	5008,5	in 3,4	103,6	93,2
The retail turnover(including catering)	4026,4	in 3	106,6	95,8
including: turnover of catering	255,5	in 2,8	103,5	92,8
Industrial output	564,7	in 2,7	102,6	92,3
The volume of purchases of agricultural products and raw materials	347,6	in 2,4	97,4	87,6

Calculated according to the statistics department of the economy, finance, accounting, taxation, controls the Archangel regional consume union. The main indicators of the socio-economic activities of the consumer cooperatives Russia in 2009. - Moscow: Central Council of the Russian Federation, 2010.

The principal activity of the consumer cooperation is the sale of goods through the retail trade and catering enterprises, which share in the volume of aggregate activity, is 80.4%. Retail turnover, including catering for the year 2009 increased compared with 2002, at current prices in three paper, compared to 2008 - up 6.6% at constant prices decreased by 4.2% (Table . 1). The share of consumer cooperatives in the retail trade turnover of the enterprises operating in the rural areas is about 22%, and in some areas of over 50%. To improve service in 96 stores run by the method of self-193 - with non-stop and extended mode, 336 - on a continuous working week, 688 communities served by car shop. The turnover of catering Archangel oblpotrebsyuz in 2009 increased in comparison with 2002, in current prices by 2.8 times and amounted to 255.5 million rubles. Compared with 2008, the turnover of catering in current prices grew by 3.5% at constant prices - decreased by 7.2%. Promising areas should be considered an increase in the production of semi-finished products and food products on the basis of catering enterprises, expanding the range of bakery and confectionery products.

In order to meet the demand of villagers organizations of consumer cooperatives in the region are developing production activities. Industrial output in 2009 increased in the comparison with 2002, in current prices by 2.7 times, reaching 564.7 mln., Compared to 2008 - by 2.6%. According to this indicator, according to the rating assessment of the Central Union of Russia, Arkhangelsk oblpotrebsyuz ranked 9th among 73 Consumers Russia, moving from the 24 seats, which he held in 2002.

The annual rate of the growth of output of main products (Fig. 1) show a gradual decrease in the production of bread and bakery products, due to the growth of the rural incomes in the pre-crisis period and the change in consumption structure of rural residents. However, in 2009, reducing the production of bread and bakery products has slowed, there has been a growth in the production of the confectionery, canned food and non-alcoholic beverages. The negative impact of the financial and economic crisis affected the decrease in the production of sausages in 2008-2009. The volume of purchases of agricultural products and raw materials in the Arkhangelsk regional consume union increased in 2009, compared with 2002, at current prices, almost 2.4 times as compared to 2008 decreased by 2.6%. In 2009, the population bought 110 tons of meat, 149 tonnes of milk, 318 tons of potatoes, 121 tons of vegetables, 6.1 tons of the medicinal plants, etc.



Pic. 1. The annual rate of the growth of the volumes of the major products by Archangel regional consume union in 2006-2009.%. Compiled by the author at: Statistical materials of the management economics, finance, accounting, taxation, controls the Archangel regional consume union.

The purchases of the wild berries and mushrooms, medicinal raw materials and technology for the years 2005-2009. characterized by extreme volatility, as this type of activity depends primarily on productivity and the growth of competition in this market. The growth in the purchases of the wild berries, mushrooms, medicinal raw materials and technical Archangel regional consume union 2008 to 2005 increased respectively by 15.9%, 72.4% and 84.7%.

Purchase of the surplus agricultural products in the population, its processing and making available to consumers is of great strategic importance. Here reserves consumer cooperation is far from exhausted. For many rural people in the region proceeds from sales of farmsteads are the primary and often the only income. Each year, the number of donor and agricultural raw materials is from 8 to 10 thousand people, and the amount of additional income to the family budget from the sale of agricultural products and raw materials in 2009 amounted to 30.8 million rubles. In addition, the consumer cooperatives in the region assisting the villagers in sales of home work and crafts.

The activities of consumer associations and consumer unions, unlike other organizations, organizational forms have a strong social component, which is due to the peculiarities of the cooperative form of management. The social policy of the consumer cooperatives aimed, on the one hand, for the benefit of shareholders, the population served, on the other - for the benefit of employees of the system of consumer cooperatives. As a social institution, it is intended to form the goals of its social policy, taking into account the rules and regulations, traditions, culture and interests of the whole society. Consequently, the social policy of consumer cooperation consists of two main components:

a) providing a social measures in the accordance with the state (municipal) guarantees under Russian law to their employees;

b) the use of the economic and social resources in order to best meet the material and other needs of its members (shareholders) and all of the population served.

So, as the part of its social mission and employment co-operative organizations of the Arkhangelsk region in the period from 2003 to 2008 created 1,213 new jobs, 1,029 employees accepted the newly created jobs, 828 people involved in the execution of public works contracts with the Employment Service. Each year, the temporary and seasonal work on part-time work involved the order of 900-1000 people. Data on incomes received from organizations of the consumer cooperatives, are shown in Table 2.

Table 2

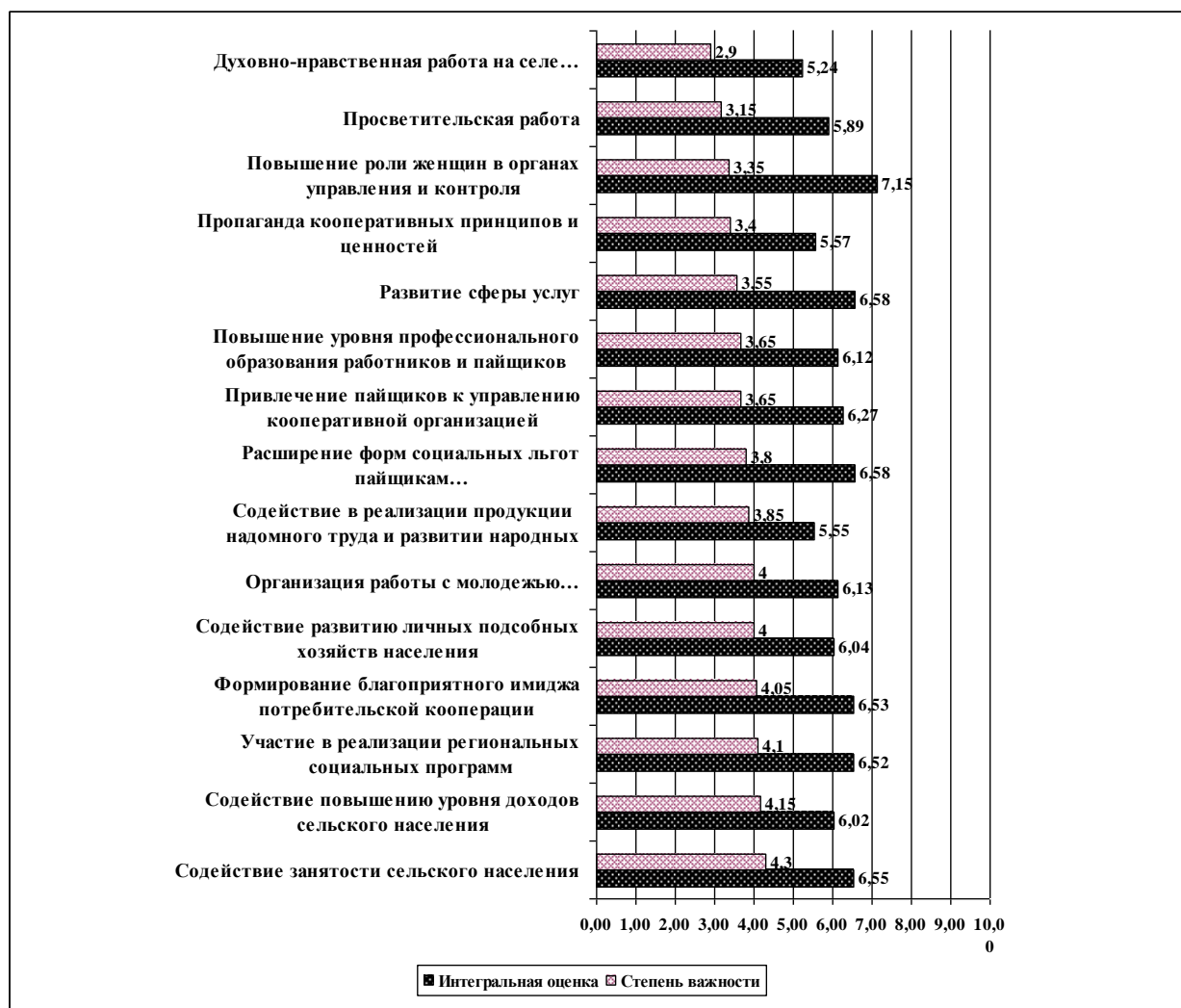
**Data about the incomes of the population, received from consumer organizations of the Cooperation of the Arkhangelsk region, in 2003–2008 years, thousands of the rubles.**

Indicators	2003 year	2004 year	2005 year	2006 year	2007 year	2008 year	Темпы роста (2008 г. к 2003г.), %, раз
Wages of employees of Consumer Cooperatives	304564	351876	478277	567685	622592	771807	In 2,5
Average wages, rub.	4774	4991	5990	7029	8045	10159	In 2
Cooperative payments for participation in the economic activities of Consumer Cooperatives	353	98	142	904	304	590	167,1
Population income from the sale of agricultural products and raw materials	34887	36971	34571	42030	37695	44210	126,7
Payments on borrowings	6385	7641	8968	8829	8841	8017	125,6
Total income received:	346189	396586	521958	619448	669432	824624	In 2,4 раза

Calculated from: The Statistical materials of the management economics, finance, accounting, taxation, controls the Archangel regional consumer union.

As can be seen from the table, income received from organizations of consumer co-operation of the Arkhangelsk region, tend to rise. In 2008, they increased by almost 2.4 times compared to 2003 and amounted to 824.6 million rubles. The largest share of income accounted for the salaries of employees of consumer cooperatives, in second place - income from the sale of agricultural products and raw materials in third place - payments on borrowings of the population. Over re-

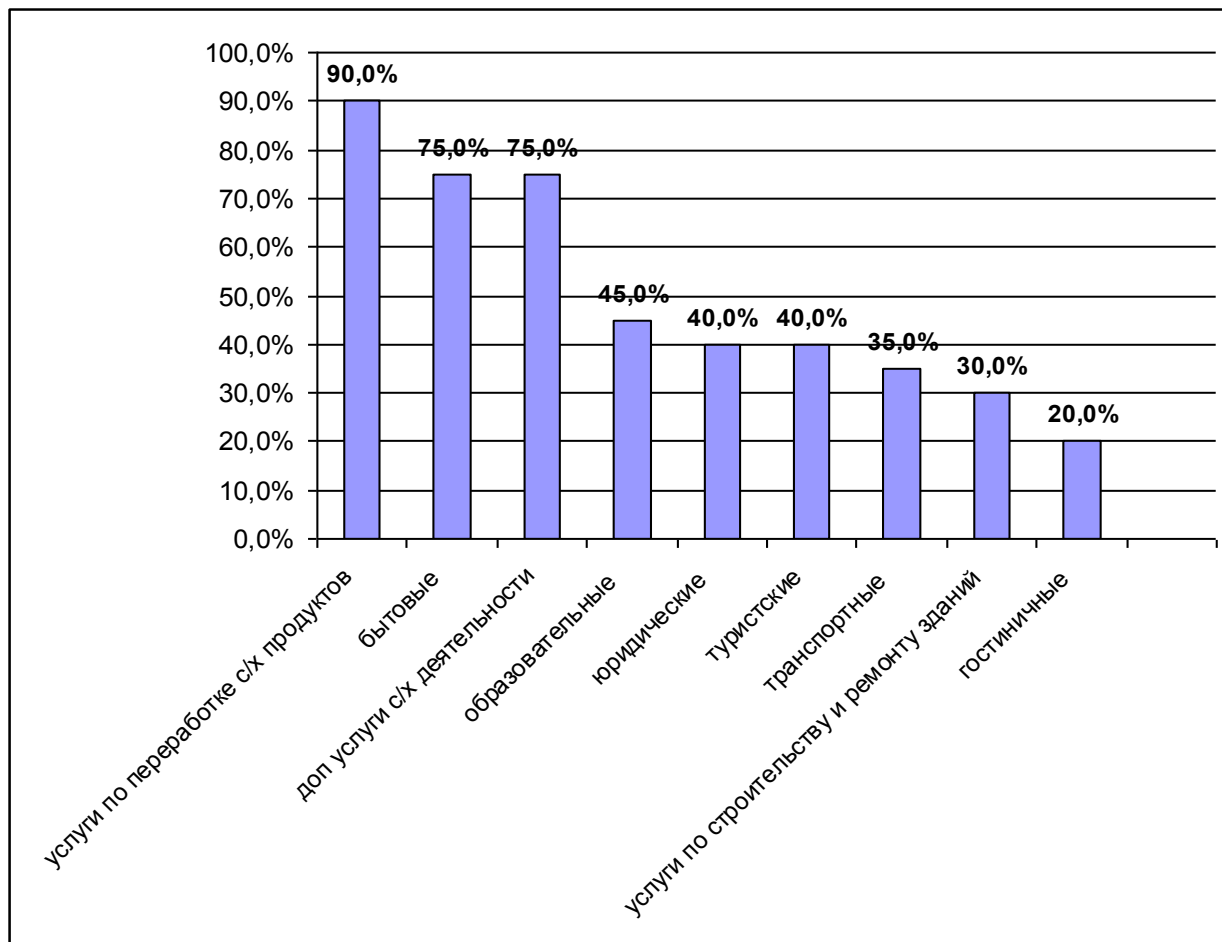
cent years, organizations of consumer cooperatives Arkhangelsk provide social support to shareholders and the public nekooperirovannomu: carry out the delivery of goods in the shops located in remote areas, implement bread below cost, contain planned unprofitable stores sell goods on credit, etc. In 2008 co-operative organization of the Arkhangelsk region to provide such support in the amount of 147.4 million rubles., which is 47.7 million rubles. more than 2003.



Pic. 2. The data of the expert estimation of the importance of the level of the realization of the separated directions of the social policy of the Arkhangelsk regional consumer union

The highest score given to the activities of co-operative organizations in the region in the following areas of the social policy, such as: increasing the role of women in the management and control - 7.15 points (integrated assessment with regard to the importance of this area on a scale), the development of the service industry - 6.58 points, expanding the forms of social benefits - 6.58 points, to facilitate employment of the rural population - 6.55 points, to create a favorable image of the consumer cooperatives as a socially-oriented systems - 6.53 points, participation in regional social programs - 6.52 points, attracting shareholders to the management of co-operative organization - 6.27 points; organization working with young people, the formation of human resources organization - 6.13 points. The analysis of expert opinion in relation to the services that are necessary to develop the organizations of consumer cooperatives Arkhangelsk region to the fullest

satisfaction of the population served, is shown in Fig. 3.



Pic. 3. The analysis of the expert opinion in the relation to the services that is necessary to develop the organizations of consumer cooperatives Arkhangelsk region in the long term.

As can be seen from Fig. 3, a priority for the rural population have services for the processing agricultural products and forest products, additional services of the agricultural activities (plowing land, provision of seedlings, saplings, sale of young cattle, poultry, etc.), household, educational, legal, tourist etc. Thus, carrying out business activities, consumer cooperation is working hard to address social problems in the country. In most villages, consumer cooperatives are the only organization providing reliable residents of goods and services. At the same time, under any social upheavals it does not leave them in the lurch, to provide assistance and support. This is an obvious manifestation of the principles and values of cooperation, foremost among which are justice, mutual aid and solidarity.

### Literature

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Doctor of Sociology, Professor*