

**ORGANIZATIONAL AND ECONOMIC ASPECTS OF AGRICULTURAL
COOPERATION DEVELOPMENT**

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Abstract: *The essence, principles, and necessity of development of agricultural cooperation are considered. The role and necessity of development of agricultural cooperation of commodity of producers are shown and especially in the sphere of marketing of produced products. The main provisions of the law of agricultural cooperatives are disclosed, as well as the main indicators for assessing the economic and social efficiency of agricultural cooperation and the functions of agricultural cooperation. The development of cooperation in the agriculture of West Kazakhstan, their number and main activities are analyzed. The main problems of the formation and development of cooperatives are revealed, as well as the factors that inhibit the development of cooperation in the agriculture of the country. Measures for further development of cooperation of various forms of agro-formations in agriculture are proposed. The main directions of improving the organizational and economic mechanism for the formation and development of cooperative structures in the agriculture of the country have been determined. The main organizational and economic instruments for improving the mechanism for the development of cooperation in agriculture were proposed, and the necessity of developing state and regional programs for the development of agricultural cooperation in the Republic, taking into account specific features of the regions, were motivated.*

Key words: *cooperation, cooperation principles, cooperation functions, agriculture, agricultural cooperation, agro-industrial complex, agricultural cooperative, efficiency of cooperation, problems of cooperation development, organizational economic mechanism, economic instruments, organizational measures, economic efficiency, social efficiency*

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Introduction

In the system of measures for further development of an agro-industrial complex of the Republic of Kazakhstan, the important place is taken by organizational and economic aspects of the development of the cooperation connecting personal, public and collective interests and creating conditions for the more effective functioning of agrarian and industrial complex and its main part which is agricultural sector. However, the actual state of development of cooperation demonstrates the existence of a set of problems where suspense is the result of the poor system of the state support of cooperation and acts as a factor of insufficient economic interest of agricultural producers in the process of cooperation.

Disaggregation of the majority of rural producers in the first years of market transformations and emergence on their basis of a set of small-scale country (farmer) and personal enterprises as main producers of agricultural production, in the conditions of weak state support have led to decrease in efficiency of branch.

It is necessary to provide material interest of rural producers in cooperation on the basis of the use of more perfect organizational and economic mechanism of cooperation in order to increase in

competitiveness of their products in the national and international markets for the further development of the agriculture in regions of the Republic of Kazakhstan. It is important, nowadays, in the conditions of the Eurasian Economic Union and WTO.

The specificity of a modern economic situation in the agro-industrial complex of the Republic of Kazakhstan assumes the necessity of an integrated approach to the solution of priority problems of sustainable development of production. The paramount value is gained not only by economic, but also organizational factors, where among the important place is taken by agricultural cooperation.

Material and methods of research

In modern economic literature, it is accepted to define cooperation as a process of voluntary combination of efforts and resources of the subjects interested in the achievement of the certain social and economic results which are possible for receiving or quicker to receive by group actions [1].

Scientific bases of the cooperative movement and cooperative business were created and developed by the several generations of scientists and expert cooperators of the different countries. Names of them, especially founders and popular writers of the cooperative theory are well-known such as (F. Owen, Sh. Fourier, F. Raiffeisen, N.G. Chernyshevsky, M.I. Tugan-Baranovsky, V.F. Totomiants, etc.). At different times basic researches of domestic, Russian and foreign scientists were devoted to problems of cooperation studying works: A.V. Chayanov, N.G. Chernyshevsky, N.D. Kondratyev, A.I. Antsyferov, N.P. Gibner, A.I. Chuprov etc. are devoted to questions of cooperation.

The basic principles and approaches to the solution of problems of formation and development of the system of integration and cooperation are considered in works of the Russian and Kazakhstan scientists: V.I. Arefyev, A.P. Makarenko, V.R. Boev, V.V. Miloserdov, I.M. Kulikov, I.A. Minakov, I.P. Glebov, S.B. Kovalenko, V.I. Nazarenko, A.V. Tkach, G.A. Petraneva, S.B. Ismuratov, G.A. Kaliyev, V.V. Grigoruk, G.R. Madiyev, G.A. Moldashev and others.

The methodical basis of a research was made by bases of the dialectic, historical and logical analysis, comparison and generalization, economical and statistical methods, the monographic and analytical and also system and structural and functional principles of a research.

Information and an empirical base have been made by documents and materials of public authorities, legislative, regulations; information and analytical and other scientific literature. The empirical base of a research was formed on the basis of data of the Agency of the Republic of Kazakhstan of statistics, materials of official collections organs of the West Kazakhstan region.

Results and its discussion

The analysis shows that domestic practice meets serious problems of the cooperative movement in the village, cooperative farm patterns constantly encounter legal, organizational and other obstacles in the formation and development. It causes the necessity of deepening of scientific research according to the analysis of the accumulated experience and on this basis of development of the practical directions in perspective development of different types of agricultural cooperatives, justification of organizational and economic, legal aspects, improvement of the legislative base and the mechanism of cooperative system in republic agriculture.

Those natural and economic conditions which allow to act as the large supplier of agricultural production on the internal and external markets are characterised of the West Kazakhstan region. Modern agriculture of the West Kazakhstan region use land resources on the area of 13907,3 thousand hectares of agricultural grounds that makes nearly 92% of the territory of the area (15019,3 thousand hectares). As a part of grounds of 518,4 thousand hectares or 4,4% are the shares of arable land 1224,6 thousand hectares or 8,8% for haymakings and 11025 thousand hectares or 79,2% of a pasture placed unevenly across the territory of the area

Agriculture, as well as other branches of the national economy, has conditions for creation and development of the cooperative enterprises. Natural factors of production in agriculture demand use of various economic communications, and cooperation can act as a form, the most suitable for the sphere of agricultural production.

In the Republic of Kazakhstan the defining legal basis development of agricultural cooperation are the Constitution articles of the Republic of Kazakhstan granting to citizens the right for association and implementation of different types joint activity, the Civil Code, laws, normative legal acts, government resolutions. According to them in agriculture various cooperatives in the sphere of production, service, sale, processing, crediting and insurance of agricultural activity will be created. Since January 1, 2016 the new Law of RK "About Agricultural Cooperatives" was adopted by Mazhilis of Parliament of RK on October 29, 2015.

According to the Law of RK "About Agricultural Cooperatives" the agricultural cooperative is the legal entity created on the basis of membership by voluntary merging of natural and (or) legal entities for implementation of joint production and (or) other economic activity for satisfaction of their social and economic needs for production, processing, sale, storage of agricultural production, production of an aquaculture (fish breeding), supply with means of production and material resources, crediting, water supply or other service of members of cooperative and also the associated members of cooperative [2].

The purpose of cooperatives is the creation of optimum conditions for rural producers in supply with their necessary material resources and the organizations of the guaranteed sales of products for the reproduction prices; granting the credits on the conditions considering features of agricultural production.

The economy of the West Kazakhstan region has industrial and agrarian focus. Today in the West Kazakhstan region 122 agricultural cooperatives are created, from table 1 it is visible that 2708 members participate in these cooperatives. The greatest number is created in Akzhayik district where there are 21 agricultural cooperatives [3].

Researches show that in agriculture of the West Kazakhstan region the number of the created and functioning agricultural cooperatives is insignificant, their further development depends on the solution of a complex of the available problems. First of all, is necessary the work on formation of an initiative of creation of agricultural cooperatives "from below", i.e from agricultural producers on a voluntary basis, with passing of a preparatory stage.

Table 1. Number of cooperatives in the West Kazakhstan region

Area	Active cooperatives	Members of cooperatives
Akzhayik	21	740
Bokeyorda	7	36
Burlinsky	2	66
Zhangala	9	253
Zhanibek	10	30
Zelenov	4	129
Kaztalovka	14	68
Karatobe	6	278
Syrym	19	326
Taskala	9	206
Terekti	10	163
Chingirlau	10	410
Uralsk	1	3
Total	122	2708

Agriculture is the most important branch of the region, including a well-developed livestock sector, therefore the agricultural cooperatives created are united in this direction. In region, 104 APC were created by breed conversion, 17 APC for fattening cattle, 1 APC for milk processing.

Agricultural cooperatives of West Kazakhstan region are provided with the necessary resources, the availability of land is 14967 hectares, the presence of 18313 cattle, 380 sheep.

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initiative of creation of agricultural cooperatives "from below", i.e from agricultural producers on a voluntary basis, with passing of a preparatory stage.

The economic effectiveness of cooperation is the result of organizational and planned measures to improve the technical level of production. The effectiveness of these measures is manifested, firstly, in the reduction of the cost of production due to the growth of labor productivity and, secondly, the reduction of conditionally constant expenses per unit of output. Both these areas of increasing production efficiency operate simultaneously.

The activities of cooperative enterprise, as an economic entity of the market, should be, first of all, cost-effective. Hence, the function of the agricultural cooperative for the implementation of entrepreneurial activity characterizes economic efficiency as an important criterion for the overall economic effectiveness of cooperation.

The cooperative as a public organization is able to solve the social problems of rural residents. It performs such important social functions as:

- ensures the elimination of social exclusion of its participants (unification of people, not capital);
- activates the principle of "one for all and all for one" (joint responsibility, assistance to each other through mutual benefit);
- promotes self-expression of the individual through the formation of an active life position, value orientations;
- ensures the exposure community through the principles of open membership, political, religious, racial neutrality;
- provides social protection, better living and working conditions, new job formation through the increase of hired personnel.

The importance of cooperatives in solving social problems requires an assessment of social efficiency.

Another important integral indicator characterizing the role and place of agricultural cooperatives in the region is the indicator of economic efficiency. This indicator allows us to assess the level of the maximum possible supply of people's food with food produced at the optimal unit costs of production, as well as determine the ecological safety of agricultural food products, the preservation of soil fertility and the reproduction of the environment [4].

The current state of the development of the cooperative movement in the agricultural sector of the country and its regions requires identifying potential opportunities for the development of agricultural cooperatives as one of the most important bases for solving the country's food security problem, increasing the export resources of the agrarian sector, developing rural infrastructure, and improving the welfare of rural residents.

The conducted research shows that the problems of formation and development of cooperatives in the West Kazakhstan region and in other regions of the republic. Therefore, in determining the directions for improving the organizational and economic mechanism for the formation and development of cooperative structures in the agricultural sector of the region, we have identified not only the main problems and prospects for the development of cooperation, the mechanism of state regulation and other factors that affect the further development of cooperation, but also the experience of development cooperative movement in agriculture of other countries.

The main organizational aspects are: the formation of an organizational system of multi-level rural cooperation in the region; the organization and conduct of audits of cooperatives by audit associations with subsidizing the costs of these services; association of agricultural producers in agricultural cooperatives; creation of to information and consulting service at the regional and district levels.

The main economic instruments for improving the mechanism for the development of cooperation in agriculture are as follows: the development of state and regional programs for the development of agricultural cooperation; distribution of a special tax regime for cooperatives without restrictions; improvement of lending to agricultural cooperatives; implementation of the principle of "one participant - one vote"; subsidizing the interest rate on loans, providing newly created and operating cooperatives.

In the republic, it is necessary to develop and to adopt a program for the development of agricultural cooperation in the Republic of Kazakhstan. The program should be aimed at the comprehensive development of legal, economic and organizational conditions for the effective functioning of agricultural cooperatives, ensuring the sustainable development of the cooperative sector, increasing its role in stabilizing the agroindustrial complex, protecting the economic interests of agricultural producers [5].

In addition to the republican program, each region should develop Regional programs for the development of agricultural cooperation, which take into account the specific characteristics of the region. Regional programs should include explanatory work on financial, organizational, production issues; to contain propaganda, consulting, information components that will render practical assistance to the created cooperatives.

Among such measures, the following may be allocated: the organization of wholesale and especially small wholesale markets and sites; ensuring the real equality of cooperatives in the use of existing forms of state support; ensuring the priority participation of cooperatives as socially-oriented units in the performance of the state order, especially local in the nature of production and consumption, while ensuring the proper combination of quality and price; organization of a balanced interaction between cooperatives and enterprises of other organizational and legal forms, both in terms of technological division of labor, and in ensuring equal competition for the sale of products (services); organization of training of personnel in the cooperative profile and assistance in training and retraining of personnel in special areas.

The share of peasant and farm economy in cooperatives in the Republic of Kazakhstan, according to official statistics, does not exceed 1.5%. Studies show that the main barriers hindering the process of cooperation include: the impossibility of distributing profits in agricultural co-operatives, created in the form of non-profit organizations; lack of measures of state support in the form of a special tax regime and preferential lending for rural consumers' cooperatives of water users and agricultural partnerships [5].

As it was noted earlier, the main producers of agricultural products in the republic are private households. So, according to official statistics, in 2013 the share of households accounted for about 52.7% of the gross output of agriculture: in livestock -78%, in crop production - 27%.

In private part-time farms, there are significant amounts of shadow turnover of cash and informal employment, which is due to imperfections in tax legislation, small-scale production, undeveloped trade and logistics infrastructure, which causes an increase in the number of small players on the market and an unjustified increase in the cost of production.

The analysis shows that domestic practice meets with serious problems of the cooperative movement in the countryside, cooperative forms of the economy are constantly encountering legal, organizational and other obstacles in their formation and development. This raises the need for deepening scientific research on the analysis of the accumulated experience and on this basis the development of practical directions for the prospective development of various types of agricultural cooperatives, the justification of organizational and economic, legal aspects, the improvement of the legislative framework and the mechanism of the cooperative system in the agriculture of the republic.

The development of effective mechanism for agricultural cooperation will facilitate the provision of stable channels for the sale of manufactured goods and logistics at the most reasonable prices of rural commodity producers, will enable agricultural enterprises to become part of a large-scale competitive business.

The system of rural cooperation in the country should be a multi-level cooperative system, with a clear delimitation of functions between individual elements and levels of management, accounting support, financial support of each link, training of personnel, interaction with public authorities, internal and external control, licensing.

Conclusions

Research shows that the development of agricultural cooperation is also one of the main ways to solve (overcome) the problem of "small- marketability ", as a consequence of the protracted

transition of the industry from extensive to intensive reproduction and one of the reasons for the existence of shadow sector in agriculture.

In the Republic of Kazakhstan, according to the Development Strategy until 2050, the agrarian sector is entrusted with large tasks related to increasing production volumes through the introduction of intensive technologies, which would not be fully re-equipped without the development of rural cooperation.

The problem also lies in the opaque activity of cooperatives, mutual distrust among members of the cooperative, excessive regulation of internal procedures, the inability to participate in production cooperatives of legal entities.

In agriculture, cooperation, as a special form of socio-economic activity, is the important component of economic transformation. It contributes to the establishment of market equilibrium and determines not only the form of economic management, but also the method of economic protection of agricultural producers. Cooperation, as the world experience certificated, should ensure coordination of activities of different spheres of the agro industrial complex in a single economic system, to regulate industrial connection and financial relations, to increase priorities of agricultural producers and to distribute profits to the industry.

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