

The development of cooperative organizations and ensuring their viability through the prism of the main guidelines of the new institutional theory

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ABSTRACT: The system of consumer cooperation should be considered as an open complex-dynamic system, integrated into the external institutional environment, which defines the boundaries and opportunities for its development. This occurs, on the one hand, by fixing the rules and norms of economic behavior, and, on the other, by transforming them with the consideration of the situation in society and the achievements of scientific and technological progress. Thus, the process of replacing some institutions with others takes place, as well as the conscious formation of a new institutional environment that contributes to the further development of the cooperative system. According to the authors, changes in the institutional environment caused by the need to form new institutional norms can have consequences that are not only undefined but also largely unpredictable, which leads to the emergence of a turbulent institutional environment. In the case of ineffective and ill-considered solutions, the process of disturbing influences intensifies, which leads to chaotic turbulent, random movement. The crisis state of a complex system under conditions of increasing nonlinearity leads to a loss of stability. During this period, the target of economic agents, including cooperative organizations, is to build up competitive advantages.

Key words: human resources, personnel policy in the system of consumer cooperation, quality of life of the population, consumer cooperation, regional base of labor reserve, regional system of consumer cooperation.

INTRODUCTION

In modern history, it is difficult to find a socio-economic organization that could be compared with cooperation in terms of pace and vastness of its distribution in the global economy, the number of participants, and survival in different socio-political and economic conditions. Cooperation was not a frozen institution; at all stages of its development, it reproduced a qualitatively new level of its organization, but retained in its basis traditional features: the dominant role of the individual, the ideas of collectivism, the presence of elements of direct democracy in governance, social values. Today, a

cooperative exists in various spheres of human life - in the field of marketing, supply, credit, and the provision of domestic services [Exploring the cooperative economy, report 2018). The effectiveness of cooperation in various fields of activity and its vitality is explained by the fact that it is based on the desire of people to satisfy their needs, improve living conditions and their financial situation. The cooperative basically proclaims and embodies those ideals and principles that humanity has long dreamed of (Russell, 2012).

Thus, we can confidently say that cooperative forms of management and administration are not temporary organizational forms caused by the need to solve intermediate tasks of socio-economic development, but full-fledged participants in market relations occupying those economic niches in a market economy where, due to objective conditions, it is impossible to get super-profits. These niches are vital for both certain segments of the population (in particular, small producers), and for society as a whole, since the elements of the market, the game of supply and demand can bankrupt the agricultural sector, thereby creating problems for the development of the entire economy, creating tension in social and political spheres. We can also add that cooperation is an important institution consolidating society and transforming the country's inhabitants into citizens with an active lifestyle (Hassan et al., 2019; Villalobos, 2018).

Academician A. A. Nikonov in his work "The Spiral of Centuries-Old Drama: Agricultural Science and Politics of Russia" wrote that "... cooperation is based on evolutionary tactics and ideology, and this is not a destructive, but a creative force. Its area of activity is economics. And it unites people of labor, physical and mental, including agricultural practice... The cooperative movement is a creative, protective movement" (Nikonov AA, 1995). It is no coincidence that 2012 was declared the International Year of Cooperatives by the United Nations Organization (UNO) in order to once again draw public attention to the cooperative movement and cooperative values.

METHODS

Of particular relevance in determining the social prospects for the development of cooperative organizations are the main guidelines of institutional theory, which is becoming more widespread in world and Russian economic science. The institutional direction, focusing on the study of economic and other social institutions in all their diversity and implementing an interdisciplinary approach to the analysis of economics, has, compared with the neoclassical direction, a more significant potential in studying the problems of the national economy. However, the institutional approach is good in combination with other methods and approaches. Otherwise, it only states the processes, but does not reveal their regular nature, does not answer the question "under what conditions is the transition of institutions from one society to another possible?". We believe that the system of consumer cooperation should be considered as an open complex-dynamic system integrated into the external institutional environment.

The boundaries and opportunities for the socio-economic development of consumer cooperation are formed by the institutional environment, which, on the one hand, strengthens the rules and norms of economic behavior, and on the other, transforms them according to the situation in society and the achievements of scientific and technological progress. Thus, the process of replacing some institutions with others occurs, as well as the conscious formation of a new institutional environment that contributes to the further development of the cooperative system. According to the authors, changes in the institutional environment caused by the need to formulate new

institutional norms can have consequences that are not only undetermined but also largely unpredictable, which leads to the emergence of a turbulent institutional environment. In the case of ineffective and ill-considered solutions, the process of disturbing influences intensifies, which leads to chaotic turbulent, random movement.

As applied to the cooperative sector of the economy, the turbulent institutional environment is characterized by the interconnection of factors affecting the subjects of consumer cooperation, such as complexity, variability, viscosity, mobility and uncertainty. These factors give rise to new disturbances, leading to a crisis state. The crisis state of a complex system under conditions of increasing nonlinearity leads to a loss of stability. During this period, the target of economic agents is to build up competitive advantages and voluntarily redistribute resources. But, unfortunately, in the field of cooperative relations, this theory has not yet found its wide application. Although the theoretical and methodological guidelines of institutional theory can give a new impetus to the study of the institutional environment, the analysis of financial and economic processes of economic systems that operate on cooperative principles.

MAIN PART

We believe that the system of consumer cooperation should be considered as an open complex-dynamic system that develops in an undefined socio-economic environment. The boundaries and possibilities of the socio-economic development of consumer cooperation are formed by the institutional environment, which is determined by the influence of external and internal factors of growth and development, systematized according to their intended purpose (Akkuzova et al, 2018; Ghazanfarpouret al, 2013). The institutional environment plays a key role in the positive development of the economy as a whole and the cooperative sector as part of it. Most often in the scientific literature we understand the institutional environment as a set of fundamental political, social and legal rules that form the basis for production, exchange and distribution (Bostaph S., 1978; Commons J.R., 1950; March J. G. and Olsen J. P., 1984; Peters G., 1999; Seckler D., 1975; Vanberg V., 1995; Kirdina S. G., 2000). Or, the institutional environment is the rules of the game that determine the context in which economic activity is carried out (Davis L., North D., 1971; Oxley J. E., 1999).

Summarizing the existing definitions, we can say that the institutional environment of the society (macroeconomic level) forms (or, conversely, does not form) a system of incentives for the efficient functioning of economic agents at the microeconomic level, establishes and regulates the institutional framework of economic agents (for our study, these are cooperative organization). In addition, according to O. Coppin: "the institutional environment favors innovation when it integrates:

- collective of actors;
- material, human, financial, and technological, information resources;
- know-how;
- "Relational capital" (Le capital relationnel) conducive to integration;
- the norms, rules and values that regulate the behavior of economic factors" (Coppin, O., 2002, p. 33).

The structural elements of the institutional environment are interconnected and interdependent institutions that take shape at a certain point in time in a given country. There are formal rules and informal relationships, internal and external, general and private, and others. For example, formal external rules include legislative acts, state and regional programs and concepts that regulate and stimulate the development of

agriculture and consumer cooperation, and others; and to the formal internal rules include the constituent documents of the cooperative, internal regulatory documents, etc. The role of enforcement mechanisms for these rules is played by such organizations as the Ministry of Agriculture of Russia, the Central Bank of Russia, the Fund for the Development of Rural Credit Cooperation and others.

The rules of economic behavior established by institutions do not meet the interests of various economic agents to the same extent, while violating accepted standards (both formal and informal) involves costs that exceed the costs of their implementation. As can be seen from Figure, the state through the system of legal norms determines the rules of the game and expresses its attitude to consumer societies (Morozova N. I., Tinyakova V.I., Makarova N. N., Kupryushina O.M., 2017; Morozova, N., 2016). Consumer societies adopt the state-relevant "rules of the game" in the system of industrial and economic relations. In this case, partnerships are established between consumer societies and the state.

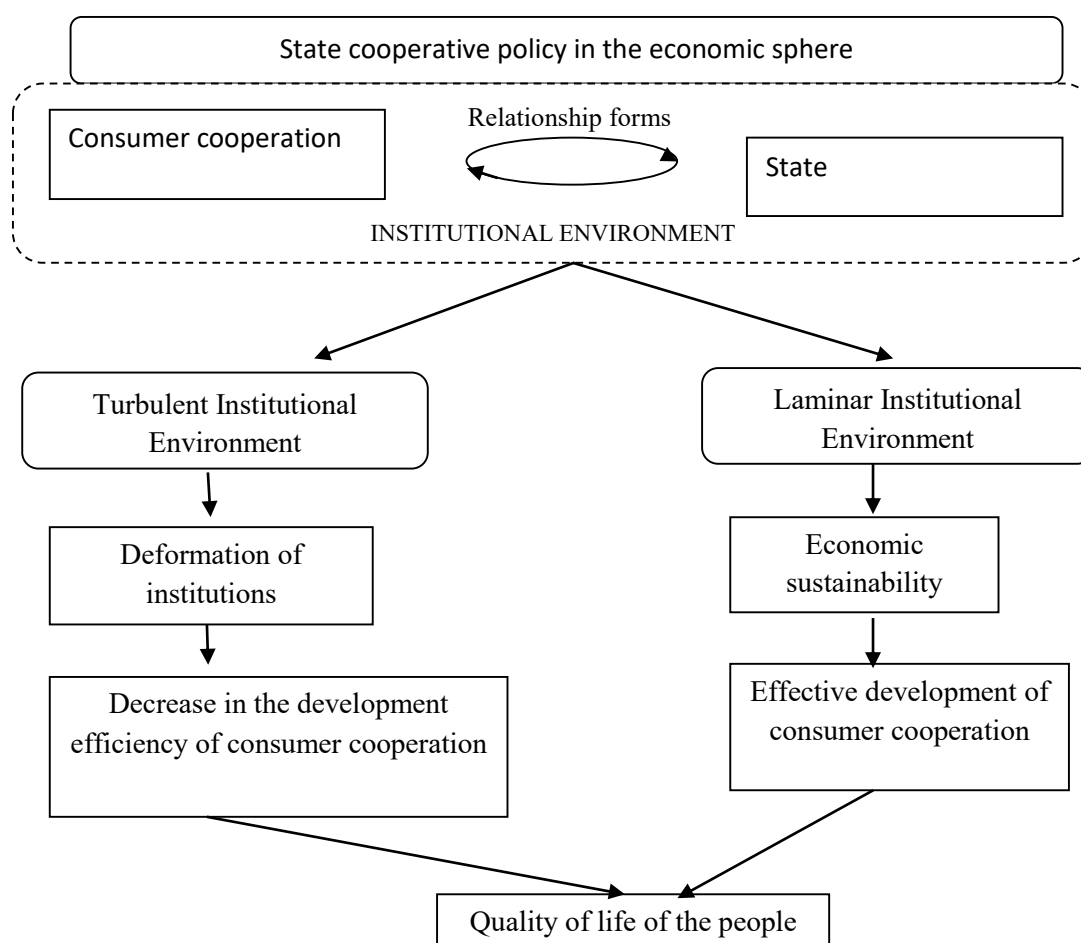


Figure - Model of the impact of the institutional environment on the development of the consumer cooperation system.

The institutional environment in which the “rules of the game” for each subject are clearly expressed and partnerships are established ensures the predictability of the results of the development of the system and brings stability into its activities. But in order to ensure the stability of consumer cooperatives, the institutional environment itself should change according to the situation in society and the achievements of

scientific and technological progress. Changes can occur both gradually, by means of small increments, and simultaneously, by means of fundamental transformations. In addition, changes may result from inconsistencies between institutions that have developed in different economic periods. A factor in the change of existing institutions is innovation, which creates new, creatively destroying the old. The “leading university” (in its role may be the Russian University of Cooperation) may become a generator of institutional changes, which can become a driver conducting and introducing innovative developments for subjects of consumer cooperation. Consumer cooperative organizations should invest in knowledge. This is necessary in order to survive and gain competitive advantages. The nature and direction of this knowledge depends on the mental constructs of the players, in our case, knowledge of the theory and practice of cooperation. A sufficiently high level of economic knowledge among experts-cooperators can lead to a gradual change in existing forms and types in the system of consumer cooperation.

The innovative development of the system of consumer cooperation should be considered as the long-term development of consumer cooperatives and consumer societies, the development of social and improvement of production infrastructure, carried out as a result of the creation and mastering of new technological cycles, the development of new products and the expansion of the range of services aimed at achieving an economic effect. And in order to stimulate the innovative development of the consumer cooperation system, specialists with a certain set of professional and personal competencies are needed. This will ensure the gradual development of cooperative organizations and maintain their stable position in the institutional environment. According to the authors, changes in the institutional environment caused by the need to form new institutional norms can have consequences that are “not only undefined, but also largely unpredictable” (North D., 1997; Williamson O. I., 1996), which leads to the emergence of a turbulent institutional environment. In the case of ineffective and ill-considered solutions, the process of disturbing influences intensifies, which leads to chaotic turbulent, random movement.

The issues of environmental turbulence are reflected in the study of I. Ansoff (I. Ansoff, 1989), who, creating a model of the external environment, identified five levels of turbulence - from the weakest and most easily predictable to the most inconsistent and unpredictable. For each of these levels, according to the scientist, a model of optimal behavior of the company can be developed, which will allow it to successfully develop. As applied to the cooperative sector of the economy, the turbulent institutional environment is characterized by the interconnection of factors affecting the subjects of consumer cooperation, such as complexity, variability, viscosity, mobility and uncertainty. These factors give rise to new disturbances, leading to a crisis state. The crisis state of a complex system under conditions of increasing nonlinearity leads to a loss of stability. During this period, the target of economic agents is to build up competitive advantages and voluntarily redistribute resources.

State support provides a positive impact on the performance of economic and social functions by consumer cooperation subjects, in which case the subjects “interact from the point of view of certain goals and certain actions”, and their quality can be identified through the terms “mutual assistance” and “trust” (T. Kotarbinsky, 1975; Alwahdani, 2019). The general level of transaction costs (at the macro level) or per unit of financial services rendered (at the micro level) serves as a criterion for the effective or ineffective functioning of the system. The high level of transaction costs, the emergence

of new institutions, and changes in government policy in relation to credit cooperation induce institutional changes that should lead to a new state of institutional balance.

In turn, the transition from one institutional state to another is also accompanied by transaction costs, the assessment of the level of which allows one to compare various options for possible changes. Thus, the consumer cooperation system, considered as an open complex-dynamic system integrated into the external institutional environment, on the one hand, strengthens the rules and norms of economic behavior, and on the other hand transforms them according to the situation in society and the achievements of scientific and technological progress. Thus, the process of replacing some institutions with others occurs, as well as the conscious formation of a new institutional environment that contributes to the further development of the cooperative system.

CONCLUSION

Consumer cooperation is extremely important in the economic development of rural areas and the improvement of the quality of life of the population in rural areas. The transformation and expansion of activities of cooperative organizations, as a rule, are accompanied by the appearance of additional jobs in rural areas and the replenishment of the family budget. In addition, the cooperative is also a means of overcoming poverty by improving the technical equipment of agricultural producers. Cooperation is based on the idea of the potential of small and medium-sized business owners, which contributes to the creation of a multi-layered agricultural economy and the provision of equal rights to farms of various forms of ownership. Cooperation can return to the country not only its traditional way of life, but also its traditional values, which include mutual assistance, mutual responsibility, solidarity, justice, social responsibility and care. These cooperative principles are not unique, but universal and are observed in various organizational and legal forms, but it is in consumer cooperation that a social setting is predefined, the material principle is connected with the moral; economic activity is subordinated to ethical ideas and values. The principles of cooperation can be developed but are impossible to be ignored or urged to be performed by force. This understanding is considered one of the pinnacles of the philosophy of cooperation. Unfortunately, these values are erased by the "industrial machine" of large cities, which negatively affects the social development of society.

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