

Social Impact of Agricultural Cooperatives on the Rural Communities: Case study from Sumy Region, Ukraine

Introduction

Institutional studies and cooperative researchers consider cooperative development as the driver of the community development strategies. Cooperatives are discussed as significant mechanisms to gather the resources into one and contribute to whole community. Acknowledgement of importance of cooperatives in business is already revealed and known, but the social benefits are not yet well studied and credited (Zeuli K., Radel J., 2005). Developed countries are already benefiting from institutional development through establishment of cooperatives, as these institutions ensure accumulation of economic and social capitals. Compared to investment-owned firms, cooperative have more democratic approaches in their managerial process.

When discussing social impact of cooperatives, we should take into the consideration that cooperatives are democracy based institutions whose main principles and drivers are: equity, equality, solidarity, self-responsibility, honesty, openness, social responsibility and care for others (McNeal, 2010).

Trust based social interrelations within the cooperative are considered as positive to a cooperative and interaction outside the cooperative is also observed as a source of social capital. Informal norms and good relationship are pivot points of social interdependence within the community (Akahoshi, Binotto, 2016).

Research question

This paper is aimed to study the importance of cooperatives for the rural area and reveal the influence of social impact on communities' livelihood and community development. Research assesses the level of rural communities' awareness about the importance of cooperatives' contribution to society.

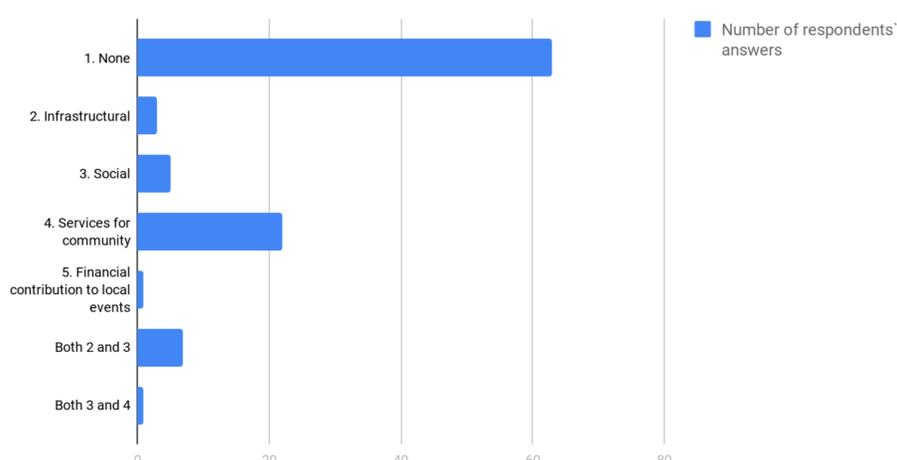
Research is targeted to study the reasons and problems affecting rural population's desire and motivation to participate in collective actions.

Main method

The attitude of the community towards the functioning of the cooperative is a methodological basis of the study, based on three indicators: age, education, and the location of citizens. The research was conducted from July 19 to July 21, 2018 in Sumy Oblast, Ukraine. The following villages were visited: Shtepivka, Vira, Shevchenkovo, Chernecha Sloboda and Tovsta. The data collection was carried out on the territory of 4 cooperatives ("Gardens of Sumy Region", "Sumy Region", "Dobrobut Shevchenkovo 2015", "World of Milk").

The data collection was carried out by means of a personal interview. In total 102 villagers had been interviewed with the help of semi-structured questionnaire.

Data processing was done using MS Office Excel software. The methods of research used statistical methods, correlation analysis and descriptive statistics.



Keywords

Cooperative, rural development, agriculture

Main results

Unity of small and middle sized farmers in villages observed showed that cooperation is an effective way of sharing resources like agricultural mechanization, land, skills and financial resources. Main products produced by cooperatives are wheat and other grains, maize, apples, milk. Farmer groups has contracts with local people and regional market players for selling their production. Members receive the relevant payment for their product.

The average age of our respondents was 48 years. Our respondents consisted of 60 woman and 42 men. 17 of 102 (16.7 %) respondents did not know the meaning of the word "cooperative". Local people were asked: "Are you interested in joining cooperative?" 56 of 102 respondents want to join some cooperatives. But In addition, 80 people would like to have more cooperatives in their local community.

Impact of cooperative on local community could also be evaluated through the projects that were realized in village. Most of interviewers (63 persons) said that in their community cooperatives did not realise any project (Figure 1).

It was not observed strong correlation between education level and the perception of the locals on the importance of a cooperative for the society, desire to have more cooperatives in local community and the perception of the locals on the importance of cooperative for social development etc.

Main conclusions

Average evaluation of importance of a cooperative for local community is 4 (points from 1 to 7) and 78.5 % would like to have more cooperatives in their local community. It means that society vision of cooperatives in rural area is rather positive. However, only 55 % of local inhabitants wanted to join the cooperatives.

Author

Alla Treus, PhD Student, Department of Economics, Entrepreneurship and Business Administration Sumy State University, UKRAINE a.treus@econ.sumdu.edu.ua

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