

Role of Cooperative Sector to Strength Great Economic Companies in Guilan province, Iran

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Abstract: Lack of investment in infrastructure, constructive relationship between industrial and production centers with universities and educational institutions led to increase the rate of unemployment in the recent years. One of the best ways of providing job opportunities and sustainable development that some economists recommend, is investment and strengthening great economic companies. On this basis and with regard to resolve public officials, especially Cooperative Ministry Officials, to gain access to 25 percent share of the GNP, strengthening the cooperative enterprises, as the main goal of this study is essential. This study was conducted on documentary and survey method by using the questionnaire. Statistical population of this study was 1076 of active cooperatives in all economic sectors of the Guilan province. A total of 70 of them selected via random sampling technique. Findings indicated that factors could be promoted quality and strengthening economic agencies were into two categories: external factors (included: the government, structural changes, sources) and internal factors (included: software and hardware). Also there were several factors for small and medium size of cooperatives such as asset in circulation, equipment and industrial machinery, skilled manpower, bank loans and markets could be used to strength them.

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1. Introduction

Cooperation and cooperation – concentrated is a product of reconstruction and come from labor experiences and challenges in capital communities and its final goal is: involving all individuals in production process, sharing in ownership and instrument and obtain economical power.

Creating cooperative companies by government and providing subsidy to them, had been created less possibility for popular spontaneous movement to establish cooperative company. In spite of this, few consumption cooperative companies, assistance cooperative company, agricultural producer cooperatives and ... had been established before Islamic Republic and also after victory of Islamic republic of Iran some cooperatives include urban/rural cooperatives. In this line, in the present survey. with regard to Guilan economical and social requirement in order to reach to a regional stable development with comprehensive study of change trend and its economical texture on the base of available regional comparative advantage, we will deal with the study of full details and available strategies strengthening cooperative sectors for providing wide activities and managing grand economical agencies in this province to obtain statistical and operational results. Historically, due to weather and natural conditions, Guilan province had been considered as an agricultural center. The attitude of the officials of this province had been on development in agricultural dimension. So, the industrial development of this province enjoyed less attention. But, because of

Guilan agricultural land limitation and high population, agriculture has not enough capability for requiring all active persons of this province and today, its consequence is high unemployment rate and lacking suitable development in the province. The goal of this study is dealing with the ways and elements of strengthening grand economical agencies, with regard to Guilan regional comparative advantages. For this purpose, the following secondary goal considered:

- 1- To identify strengthening factors for grand economical agencies of cooperative sectors.
- 2- The way of aggregation manner and conversion small and middle units to grand economic units and strengthening cooperative sectors in the grand economic units.

2. Material and Methods

The method in this survey is measuring and attributive. Part of the study is investigating the previous carried out surveys which can remind it as an attributive method. Also in measuring method, it used from questionnaire tools aiming to collect information from Guilans' cooperatives and cooperative experts. After designing the questionnaire, they completed and then analyzed. It has been used from descriptive statics for describing and analyzing the information.

Research domain of temporal dimension includes 2006 and from spatial dimension includes Gulian, with subject of cooperative section and grand economical agencies. Statistical community of this research has been selected from active cooperatives in

the various economical sections. Out of total 1076 active cooperative units in Guilan, a number of 70 cooperative units include economical, service, productive, distributive, industrial, agricultural, ... in all township of Guilan, selected and evaluated. Information collecting tool has been questionnaire.

3. Results

In two recent decades, with regard to modern informatics technologies and internet communication networks, some changes had been occurred in capabilities of industrial units in the industrial structures of countries. Automation and designing in production methods, dominance of management philosophy, just – in – time (JIt) delivery and lean production, all had been involved in changing common constitutional structure. Progression trend in leading and successful units is not production vertical integration, but it is vertical separating and reinforcing horizontal communication. All of these changes were added to the importance of economical enterprise and created the technological capabilities of expert labor and developed management in it. In such a condition, these units are enable to response the needs of customers in quality, just – in – time delivery, and even planning and development.

In addition to above issues, the recent study of world bank indicates that industrial economical enterprise in developing countries have marked sensible effect on employment and national income, and in this regard have played important role in equal and distributed growth, while being competitive of these units is the best origin of reply to chronic problem of unemployment in the country.

Statistics indicate that about %68 of Guilan industrial units had been suffered from liquidity shortage in 2000 and about %46 of active and semi-active industrial units had restrictive problem in production as a result of obsolescence or machinery deficiency. At the same time, about %26 of industrial units had been suffered from sale dilemma of their own productive goods. According to Guilan industries and mines departments, in this year about 20 economical and industrial enterprise of this province had been suffered from several problems, because of some reasons such as mismanagement, machinery obsolescence, personnel inflation and lacking of liquidity, unsuitable transfer to private sections, labor deferred salary and lacking good sales or lacking economical justification. Out of above mentioned enterprise, 19 units are belong to private sector and more than 20 units are related to textile industries.

Table 1 – strengthening factors of Guilan small/ middle cooperatives based on priority (%)

Strengthening factors of cooperative companies	First	Second	3th	4th	5th	6th	7th	Total
Working capital	51	13	5	11	9	7	4	100
Industrial equipment and machinery	15	20	19	15	7	12	22	100
Skilled manpower	7	15	36	9	9	12	12	100
Sale market	10	19	12	20	9	23	7	100
Raw materials and resources	9	5	7	18	23	15	23	100
Increasing production and product quality level	8	16	9	7	19	31	10	100
Bank facilities	13	11	20	15	9	9	23	100

By studying table No. 1 we find that the respondents believe to questionnaire. There involved various elements for strengthening Guilan cooperatives and each of these elements have specified priority and rank. The first priority from respondents perspective for strengthening active cooperatives is working capital that 51% of respondents consider it as the first priority (Alipour and Doustar, 2008).

The second priority from respondents view is industrial equipments and machinery which %20 had been stated it. The third priority is skilled manpower which %36 of respondents selected it. 4th priority (with %20) from respondents' view is sale market. 5th priority from responders' view includes' raw material and resources by 23%.

Increasing production and product quality level is the 6th priority by 23% in the active small / middle cooperative companies of Guilan.

In this priorities we specified those elements which have key role and direct effect on strengthening the cooperative companies. According to the results of questionnaires, respondents who themselves have active cooperatives, consider the working capital as the most important factor in strengthening small/ middle cooperatives.

The reason for selecting this factor which include more than 50% of the first priority have the following points:

The most important problem and financial restrictions of cooperatives in production process and developing activities of enterprise in line with

strengthening and creating big economical enterprise is working capital. Because of main effectiveness which working capital has in production process and increasing the employment content and creating new job opportunity in broad activities of main economical enterprise, it is necessary to pay attention to this factor. Current conditions of Guilan active cooperatives indicate that working capital is the most important problem, because the created small/middle cooperatives in Guilan are based on few capitals of founders which have already been collected from their past deposits.

With regard to above mentioned subjects, it is recommend to create suitable context and investment to move towards economical activities especially new activities of economical units until new investors encourage to establish grand economical agencies with suitable financial possibilities (Alipour, 1999).

Respondents stated that industrial equipment and machinery is the second factor for strengthening the cooperatives. At first, it was predicted that above factor to be 6th or 7th priority but the respondents have not such a belief, because after working capital, the most important problem of Guilan active cooperatives is deficit of equipped industrial equipment and machinery. With regard to low working capital and deficit of cooperative liquidities, most of them have old and inefficient equipments. Even those enterprises which bought modern equipments lack required and international standards, so, there is needed to have full and standard equipments for creating big economical units.

Skilled manpower is the third factor of strengthening small and middle cooperatives. As a whole, according to specialty, most created cooperatives in the country level and especially in Guilan had not been created, that is, there is not professional individual based on common target for reaching to high social place, but most cooperative founders are lacking of required and academic specialty. In the carried out investigation, it is specified that many cooperative members are family and technological and professional skills are very weak. As a consequence, there is not an opportunity to develop and improve these cooperatives in current conditions, in other words, there is no possibility for their strengthening.

Always, skilled manpower associated with modern technological equipment and enough capital are considering as main elements, and lacking each of them faces strengthening with problem.

Respondents consider sale market as the fourth factor. It is not surprising that responders consider sale market as 4th priority after working capital, industrial equipment and machinery and skilled manpower.

Sale markets have important role in strengthening the capabilities. When producers are sure from their product methods and consider a suitable market for selling their products, they can produce better productions', in fact, a right sale market is a strengths point for producers. This market can be domestic or foreign. It is necessary for government to encourage cooperatives and provide suitable market or area for sale or export of their products. And if this issue is not proved, authorization is not possible.

The 5th strengthening priority for Guilan small and big cooperatives from responders' view is raw materials (Abbasi, 2005).

Essay accessing of raw materials can play effective role in strengthening of cooperatives. Cooperative Department must reach to this point that each cooperative, can not set up in Guilan province. For setting up an industrial cooperative its material should be investigated. If raw materials are not available, we must pay high cost for obtaining them, and the cooperatives will be faced with failure. Many cooperatives which had such a condition were bankrupt.

Increasing production level and products quality is the 6th priority for authorization Guilan small and middle cooperatives. It is necessary to increase production level and product qualities for having a suitable market, and this is possible with skilled manpower, raw materials and changes and suitable machineries. Indeed, if all factors are in a right condition, product qualities will be increased. Many of cooperatives' products are not in a right conditions and qualities and consumers prefer to use the other products.

The last priority from respondents' view for strengthening the cooperatives is bank facilities. Apparently, it must be after working capital for strengthening the cooperatives but the respondents who themselves are investors and involved in cooperatives, consider it as the last priority of strengthening the cooperatives, because they believe that if the other priorities are not provided, bank facilities not only cannot be useful but also will create enormous problems in paying back the facilities.

In general, with regard to analyzing table 1 and mentioned issues, two interior and foreign factors are considering for strengthening cooperative sectors in order to create Guilan grand economical agencies. Considering each of above factors required to national and regional developmental planning. The studies and results of questionnaires indicate that feasibility of two above process require fundamental reforms in organizing and national and regional planning, and accessing to the mentioned goal is related to apply a set of suitable strategies in government policy making area and structural changes due to regional advantages

and interior factors. So, in order to remove Guilan industrial developmental problems, the officials and Guilan executives must change the country officials perspectives about considering agriculture as a key issue for Guilan development, and establish Guilan development on the base of agricultural industry and extend Guilan industrial credit share to a required limit from the country total credit.

High growth rate of population in 80 s, deficit of infrastructural investment, lacking entrepreneurship morale and creativity in labor and cause to increase unemployment rate in the recent years and make the employment issue as an unavoidable necessity. Because of the main effectiveness that grand economical agencies have on production process increasing employment content, and creating new job opportunities, and economical development had been enjoyed certain importance and they draw most developed industrial and developing countries' attention include Iran to structural changes in line with strengthening the grand economical agencies (Mehranfar, 1999).

In our country, cooperative ministry along with the other related sectors are administrators of strengthening cooperative sectors for doing broad activities and managing grand economical agencies in line with the country policies. For this purpose, this survey has been investigated the factors which cause to strengthen cooperative sectors in order to do broad activities and managing grand economical agencies in Guilan province, and has been given priority between the above factors, due to the characteristics of cooperative sectors, and structural problem of available active small and grand economical agencies and it deals with scientific and functional strategies for creating manning and strengthening grand economical agencies in Guilan cooperative sectors (Dehghan, 1998).

4. Discussions

For reaching to the goals concerned with this research, the following recommendations are providing:

✱ Creating new industrial town and geographical distributing of them in all parts of the province, on one hand, can remove many problems which agreement in principle holders are facing with and, on the other hand, can prevent from scattering the industries and destroying Guilan agricultural land.

✱ Reducing numerous inquires from various public organization, facilitating and increasing credit duration of received inquiries in order to better encourage of people in productive and industrial investment.

✱ Banks and credit institutions must charge to eliminate inopportune problems in establishing productive units and give certain loan and facilities with low interest rate to industrial investors.

✱ Creating and extending Guilan communication ways with the country center and the other provinces and also Guilan communication with the country train network.

✱ Creating and establishing a committee or an institution in the province organized from office expert, and making centers including department of planning and management, department of industries and mines, agricultural department, environmental department, bank agency and credit security institution of the province, local government and university professors, ... in order to formulate Guilan development memorandum and following up the issues related to it and remove the problems of industrial investors in different areas.

✱ To create training period for agreement in principle holders in order to promoting their awareness level in the industrial group who had been received agreement in principle and to encourage them to invest and guide them in various steps of investment and production.

Recommendations in Bank system and facilities area

1) Supporting from investment in any possible form and eliminate bureaucracy barriers in paying facilities mechanism.

2) Exact study of economical, technical and financial justification of plans instead of concentrating on properties security out of the plan.

3) Proportionate of received facilities installments with cooperative companies.

4) Just – in – time pay of approver facilities for preventing of increasing the prices and of losing plan justification.

5) Executioning a set of rules and regulations which had been enacted under the little of licence for cooperative sectors.

6) To support and conduct active and successful cooperative plans in order to conduct development plans.

7) In case of restriction of assignment facility resources, giving to developmental plans in order to use of these resources.

8) To study of passive cooperative situations in order to activeness of them.

9) Promotion of cooperative culture among the members of cooperatives in order to observe the principles ruling on cooperatives companies.

10) To review and reform of work turn over work, to receive the facilities before any investment,

to appoint the situation of investment planning executives due to having economical, technical and financial justification plan.

11)

Recommendation in infrastructuring and creating grand economical agencies

Increasing the contract relationship between small and middle industries with grand industry and forming industrial clusters through:

1 – Helping to create nonpublic supportive institution.

2- Helping to promote quality management systems.

3- Helping the economical agencies to become familiar with each other and inform them about market conditions.

- For conducting mentioned strategies we required to take following policies

✱ Helping to create information network about small and middle agencies.

✱ Approving the rules concerned with contract part commitments of small, middle and grand economical agencies.

✱ Providing tax incentives to such an economical agencies which work and help each other.

✱ Attention of related officials to the results of strengthening factors of cooperative sectors in order to create grand economical agencies.

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