



Review

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FARMER COOPERATIVES AS AN AGRICULTURAL INNOVATION SYSTEM FOR ORGANIZING AND CHANGING RURAL LAND USE FROM PEASANTRY TO COLLECTIVE ACTION AMONG VILLAGERS IN IRAN

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Abstract

The development of cooperation in agrarian sector is one of the most important areas of agro-economic reform. Cooperative is a multi-dimensional association, which creates macro- and micro-economic capacities in the country. Its success is explained by the improved economic and social environment. Cooperative ensures the offset sources of financial markets and contributes to macro-economic stabilization in the market in terms of product quality, safety, traceability and stable fiscal and monetary balance; halting migration, development of agricultural infrastructure, job creation, inculcation of firm and stable production factors, and introduction of the protected agro-ecological and biological productions and innovative technologies. The basis for sustainable and balanced development of agricultural production and processing enterprises consists in their mutual integration. Within the frames of agricultural cooperation, the use of vertical integration as a specific form is an objective necessity at that development stage of production relations, when the urgency of the organic relationship between agricultural production and processing enterprises grows particularly. Supporting the agro-industrial integration within the framework of agricultural cooperatives is possible through the creation of the infrastructure of the intensive primary production and processing enterprises. In this article, state Farmer cooperatives (FC) as an agricultural innovation system (AIS) for organizing and changing rural land use from peasantry to collective action among villagers in Iran.

Keywords: Farmer cooperatives, Innovation system, Rural, Land use, Collective action, Iran

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1. Introduction

Can there be a humane society without volunteers? Can there be a democratic society without voluntary action? Can there be a free society without voluntarism? I think

not. LEO PERLIS. As quoted in: (Seevers et al., 1997). The voluntary and non-profit sectors are increasingly viewed as central to the vitality and health of democratic societies (Castellini, 2014).

Nowadays, sociologists shifted more attention on cooperations as a way to help to reduce poverty, to increase employment, and to empower marginalized groups in developing countries (Samian et al., 2015).

The importance of social capital and access to information and credit for adaptation and social and economic vulnerability indicated how social networks within farming communities could be consolidated by founding institutions such as cooperatives and by encouraging cooperation among the farmers (Etemadi and Karami, 2016).

The development of cooperation in agrarian sector is one of the most important areas of agro-economic reform. Such a model of planning, management and control of entrepreneurial activities, as well as industrial relations characteristic of agricultural cooperatives, represents the basis for minimizing production risks and ensuring the sustainable development. Unless the effective measures are made in this regard, we will face serious problems that would have an adverse impact on the effectiveness of these measures and the planned systemic-synergistic effect. The development of country's agrarian sector largely depends on financial-economic stability of agricultural enterprises. The crisis situation faced by agricultural sectors in the current period further strengthens the financial support motivation for agrarian sector from both the State and international organizations and private sector. Funding of agrarian sector largely depends on a number of particular issues, among which the main one is the proper determination of funded entities and the types of funding that ensures, on the one hand, the purposeful channeling of financial and organizational resources, and on the other hand, significantly widens the circle of potential recipients of financial support. The countries with successful economies have chosen as priority of government support and funding the support for those organizations, which are functioning on the cooperative bases, since only through cooperation it is possible to combine two natures: property, which allows its owner for the freedom of choice and scaled up fabrication, which conditions, on the one hand, technical and economic advantages, and on the other hand, the authority and heft in commodity and financial markets (Koguashvili, 2016).

The results of different studies show that cooperatives in various forms have helpful social – economic development. Some positive effects cooperatives have in rural areas include the following: employment creation, increase rural incomes, participation in cooperative management process, access to credit and loans, development of training courses, prevent migration to cities, improve consumption patterns, development of literacy in the rural areas the coverage area, poverty reduction, sense of cooperation among users and

empowerment of individuals livelihoods. Some of the negative factors are lack of sufficient motivation for teamwork and uncoordinated combination of the members. For the transition from traditional agriculture to modern agriculture the essential steps required are implementing and developing transplant, convergence between farmers and producers and individual workers in the sector, moving toward the socialization of production and the operation of this section. At the present time, a significant number of formal and informal institutions are active in the agriculture sector and it is essential for them to determine the scope of such activities to increase their efficiency (Samian et al., 2015).

Cooperative is a multi-dimensional association, which creates macro- and micro-economic capacities in the country. Its success is explained by the improved economic and social environment. Cooperative ensures the offset sources of financial markets and contributes to macro-economic stabilization in the market in terms of product quality, safety, traceability and stable fiscal and monetary balance; halting migration, development of agricultural infrastructure, job creation, inculcation of firm and stable production factors, and introduction of the protected agro-ecological and biological productions and innovative technologies.

The basis for sustainable and balanced development of agricultural production and processing enterprises consists in their mutual integration. Within the frames of agricultural cooperation, the use of vertical integration as a specific form is an objective necessity at that development stage of production relations, when the urgency of the organic relationship between agricultural production and processing enterprises grows particularly. A model within the frames of agricultural cooperation, which is based on the principles of cooperation and vertical integration, will become a basis for creating a single cycle of primary agricultural production, processing and selling, wherein product costs keep rising at every economic level, and the population engaged in agricultural cooperation will get significantly increased incomes from the commercial market. For the purpose of increasing the incomes of every member of this type of economic system of cooperation is interested in producing more and higher quality products. It is actively involved in technical-technological improvement of the production processing processes, marketing of final products, and provides monitoring of a single cycle at every level of entrepreneurial activities. Such a business pattern, on the one hand, creates the basis for the creation of cooperation forms with the higher concentration level of agricultural production (second and third), but on the other hand, creates motivation for introducing the new effective elements in funding of agricultural enterprises.

Supporting the agro-industrial integration within the framework of agricultural cooperatives is possible through the creation of the infrastructure of the intensive primary production and processing enterprises. In addition, of utmost importance is to make it possible to replace the ineffective and inflexible form of typical bank commercial credit for agricultural sector by such financial instruments as a pledge of collateral, leasing, and soft credit. This form of financial relations is common in many countries with successful economies, and mostly is associated exactly with cooperative systems. In terms of security of investments, the management democratic principles and the prospect of the establishing a single production cycle within the framework of cooperation creates real condition of minimizing the entrepreneurial risks that is of utmost importance and attractive to the companies interested in "risk capital" investments. This paves the way to cooperatives for participation in "soft agro-credit" and other governmental and non-governmental programs (Koguashvili, 2016).

Agricultural cooperatives, represents the basis for minimizing production risks and eventually for sustainable viability, on the grounds that:

1. The object of credit collateral for guarantee is represented to a large extent by assets purchased through this credit itself;
2. Within the framework of cooperative, on the one hand, creating a single production cycle (value chain), wherein manufacturers of primary agricultural products will be interested in obtaining profits from the realization of final products;
3. Economic self-governance (self-repayment, self-regulation, self-control); characteristic of the cooperative systems;
4. Consulting, monitoring and auditing by giver of investment (collateral for guarantee, insurance product) and/or by the organization with the commensurate authority.

System solution of the mentioned issue will contribute to creating the necessary conditions for economic environment, scaling-up reproduction and formation of the competitive environment that eventually creates firm guarantees for the formation of strong cooperative development, regional socioeconomic development and for solving the food safety problems.

Inadequate understanding of fact that the development of cooperation in agrarian sector is an essential part of agro-economic reforms, and retraining from the adequate effective measures in this field and from sharing the rich experience of the countries with successful economies in this field, will cause serious problems that in turn would have an adverse impact on

the effectiveness of these measures and the planned systemic-synergistic effect (Koguashvili, 2016).

The launch of formal rural cooperatives in Iran dates back to inclusion of some articles in the Trade Law of 1924. In 1935, cooperatives initiated their formal activity in terms of corporation and registration and a rural cooperative society was established in Garmsar city in center of Iran. Agricultural cooperatives are a significant form of business enterprise. The role of agricultural cooperatives as a critical dimension of market structure in agriculture must periodically be assessed to determine the future viability of the cooperative form of business. Cooperatives provide a strong democratic medium to empower the people. Cooperatives have assets and qualities in areas, which cannot be claimed by other types of organizations. These include; self-initiative, sensitivity to local needs, reducing the need for public regulation.

In terms of rural cooperatives and rural development; the notion of participation has main impact on development of cooperatives. It can therefore be argued that the ultimate goal of participation is empowerment. Participation then is about power relations. The rural cooperative has worked in Iran After land reform in 1963. Today there are more than 10000 rural cooperative in Iran and 28 million individuals in rural areas are members of or derive benefits from agricultural cooperatives However, their ability of these cooperatives is limited and the Iran government is still not doing considering cooperatives as one of the development factors for rural area. (Golmohammadi, 2012).

Despite the overall policies of Iran that notified increasing the share of cooperative sector in the economy to 25%, it referred to the end of 2016, and the share of cooperative sector in the economy was only 4 percent (Table 1).

Table 1. Share of cooperative sector from GDP in IRAN (2005-2016).

Years	%
2005	3.67
2006	3.61
2007	3.43
2008	3.77
2009	3.82
2010	3.62
2016	3.98

(Statistical Center of Iran, 2016) and (Statistical and Information Department of the Governorship of the South Khorasan province, 2017).

The aims of the study are to study, recognize and define the roles and duties of the Farmer Cooperatives (FC) as an agricultural innovation system (AIS) for organizing

and changing rural land use from peasantry to collective action among villagers in Iran.

2. Essential triangle and Supply of inputs and marketing by cooperative

The essential triangle of production describes all the necessary elements required for production by the member-farmer in the multi-purpose cooperative. The triangle includes a number of functions. The first one is that of the agricultural production, and includes the factors of production such as land, labor, capital and entrepreneurship. To be able to produce, the farmer needs financing, and this is the second function. The interest rate in these cases is very high, and often, too high. Farmers struggling to produce in these difficult conditions, especially struggle to be able, to get enough money to be able to pay back debts, loans and credit, and to sustain their families throughout the year, and possibly to finance the next agricultural season. Generally, the poor farmer's efforts are unsuccessful. Alternatively, the farmer can join a savings and credit cooperative, where there are three types of credit available to him: long-term credit for investment in fixed assets of the farm, short-term credit to finance production, and short term credit to sustain the farmer and his family until income is received. This cooperative offers to members the ability to save money and to get a competitive rate of interest. At the same time, the member can also get credit at the lowest possible interest rate from his cooperative. The third function is the supply of inputs. The farmer needs the ability to purchase all the inputs he needs. In the traditional economic system, the farmer purchases inputs from a private trader, who is often, at the same time, the moneylender, and consequently the selling price of inputs is too high. Supply of inputs through the cooperative, which belongs to farmers, sells inputs to members at the lowest possible price. The fourth function is that of marketing. The traditional system of marketing is usually carried out by the middlemen, and in most cases the middlemen are also the moneylenders and the private traders, and in most cases, all of these functions are done by the same person. The middlemen close the essential triangle, and through marketing revenue the farmer is able to reimburse the loans provided to him. When farmers are organized in a marketing cooperative, which pay members the highest percentage of the price paid by the market, then the cooperative closes the essential triangle necessary for the production. It is important to note that the essential triangle of production is by nature always closed. It exists in most production processes, not necessarily just in cooperatives. The credit, the supply of inputs and the marketing are always necessary and those who wish to

produce are regularly in need of all of these three elements. The problem is clearly exposed in the case of poor agricultural producers who are in need of these three components. This poor farmer closes the triangle by relying on external bodies such as the moneylenders, the private traders and the middlemen, who are able to get the biggest part of what the poor farmer is supposed to have. The farmer should hold in his possession these three essential functions. What is important for the individual farmer is that he has alternatives. He may choose to be alone and then close the triangle by himself, when he has the financial means. Or, the alternative, the best option for the poor farmer, apparently, is to rely on the cooperative where he is a member-owner. The member-farmer, then, is able to devote his time and energy to working and producing. It is clear that the mechanism of the essential triangle presents an indicator in the life of any producers and any farmer-producers and contributes to whether the farmers will be successful in their efforts to be sufficiently profitable in their economic activities. It has a huge importance for many developmental projects in rural production and cooperative villages, when world experience shows a quite high rate of failure, which is an outcome of not taking these factors into consideration as an essential component of those developmental projects (Galor, 2014).

Factor of cooperation with other related institutions and environment played an important for the farmer cooperatives in order to increase commercialization aspect of their products. Effort to create added value, market and finance information access, and shareholding are among elements that are most prioritized by farmers groups. When the cooperatives able to be independent commercially to produce and distribute their products, efficiency that is achieved will become a provision to be paid to farmers. It is necessary to formulate appropriate policy that would enhance smallholders' skills and bargaining power. Policies have to be geared towards creating an enabling environment in which smallholders could access and compete in fully functioning and efficient markets, both for internal consumption and export. The ownership program should be induced to help farmer in reducing their risk for expenses in managing their business (Yuliando et al., 2015).

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3. Entrepreneurship in Agricultural Cooperatives of Iran

T. The decision by the United Nations to declare 2012 as the International Year of Cooperatives will increase the global focus on cooperatives. The UN points to the role of cooperatives, of many kinds, in promoting participation in the economic and social development of all people. Cooperatives provide the opportunity for poor people to raise their incomes; they are democracies empowering people to own their own solutions; they increase security for the members; and they contribute directly and indirectly to primary education for children, gender equality and reducing child mortality. Agriculture and rural cooperatives are generally considered as a tool for rural development (Golmohammadi, 2012).

Nowadays, entrepreneurship is considered as the engine of economic and cultural development of society. Entrepreneurial organization can provide an environment in which all members can participate in entrepreneurial affairs. According to 44th principle of the constitution, a special place is given to the cooperative sector in all sectors including agriculture. Policies of the Iranian constitution have been given a special place as part of cooperation in various sectors including agriculture.

If cooperative sector wants to achieve objectives stated in the Constitution, it is necessary to increase the quality of cooperative, entrepreneurship education. Development of entrepreneurial culture and support entrepreneurs and create employment seems necessary

for improvement. In the agriculture sector, which it is interpreted as a development center considering it can be helpful. According to 44th principle of the constitution, a special place is given to the cooperative sector in all sectors including agriculture.

Factors that influencing the entrepreneurship in Iran's agricultural cooperatives were categorized into eight groups, namely psychological/cognitive, education, economical, organizational, financial, personal characteristics, regulatory and social.

Evaluating participation level of farm women in entrepreneurship activities under self-help groups in India showed that trainings attended, mass media exposure, and socioeconomic status had significant effect on women participation in entrepreneurial activities of self-help groups. Further, entrepreneurial behavior of women had highly significant association with their participation, which was accounted to the fact that women with high entrepreneurial behavior may be economically motivated.

Factors that affecting entrepreneurship strengthening cooperatives in Iran including compliance of entrepreneurship and employment laws by government agencies, which developed and delivered with aim to support cooperatives should be emphasis. Also, providing public and specialized training for managers and members of agricultural cooperatives is recommended (Rajaei et al., 2009).

4. Participation in Agricultural Cooperatives of Iran

The concept of partnership is based on participation including the process that increases people's awareness and members of the technical and general knowledge. International levels of participation are the special attention of many international organizations (UN Food and Agriculture, the International Fund for Agricultural Development, UNESCO, etc.). With the participation of cooperatives in the division of the scientific and practical work to find. The guidelines take effect on reducing poverty, hunger and unemployment in the form of participation in the unions. The cooperatives not only could influence on the institutional structure but also affect economic institution that can create profound connections and influence human relations. Cooperatives from their inception in the mid-nineteenth century when presented with a positive performance could spread throughout the world. Every 6 people in the world and in every 4 people have some form of cooperative membership. Nowadays, with economic developments, social and cultural circumstances in the global community to create cooperatives have been able to experience new approaches. The new challenges of

today's cooperatives on the one hand and the adherence to sustainability principles in the other hand were approved by the International Cooperative Alliance (ICA), and accept the terms of the global economy. Regarding the old and new formats, the increasing power of multinationals and communities faces crisis point. It was shown that cooperative leads to one of the most civilized communities and activities, needs, health, housing and financial services. Cooperatives were determined by details in terms of quality and quantity of education and the rights of employees to support. Article 44 of the constitution of the country's economic activities is divided into three major public and private unions. After the Islamic Revolution in the participation of political activities, found a significant increase in the economic success was in a large portion of society, while today's economic participation has become a historical necessity (Samian et al., 2015).

5. Successful Agricultural Cooperatives

Many developed countries such as England, France, Germany and the United States largely depend on incomes earned through rural cooperatives. The agriculture and rural cooperatives in Iran in the recent years have diversified themselves into various areas of socio-economic activities. The failure of the government sector and various limitations of the private sector have compelled the policy-makers to pin their faiths on the cooperative system (Golmohammadi, 2012). In the findings of a research in Iran, it showed that education, good communication, gross income, farm size, and technology play important roles in determining the probability of farmers joining agricultural cooperatives (Khalkheili and Zamani, 2009).

In India, where cooperatives are found almost everywhere, cooperative villages are practically villages where there exist cooperatives organizing, generally, part of the people who are living and are working at the village level.

The cooperative villages in Japan and South Korea are different than this model. Japan is in fact a country which has cooperatives within its villages. When dealing with cooperative villages, we know well about the utopian community villages in the USA during the nineteenth century which contained cooperative elements in their structure. There were also some attempts to create utopian cooperative villages by Finnish settlers in the USA during the 20th century.

5.1. The Cooperative Village

The cooperative village exists in many countries around the world. It exists with different structures and different levels of success. It is composed practically, of a village on the one side and cooperative(s) on the other side. To

describe the situation better let's assume we have a village in a given rural area, which could be in any part of the world. The relations between the two organs, the cooperative and the village, can have the following possibilities. Examples of this situation can be found in Iran and in Korea. This can be described as followed. In a village we may have the part that the inhabitants may decide to establish, for example, a consumer's cooperative. Only a part of the inhabitants in this village, has joined this cooperative. We may develop the idea, and describe a village where, beside the consumers cooperative, part of the inhabitants have decided to establish a craftsmen cooperative and another group of inhabitants have decided to establish an agricultural production cooperative. We have now a situation where in one village we have 3 different cooperatives, and in each cooperative we have a separate group of inhabitants, while part of the inhabitants of this village is not in any cooperative. This situation can be found in Vietnam (Galor, 2014).

5.2. The Cooperatives in Brazil

Cooperative societies are societies of people, with their own legal constitution, to provide services to their members. Their legal situation is currently defined by Law 5.764, enacted on 16 December, 1971.

Current agricultural cooperativism "is a form of organization for farming and the coordination of agricultural systems," and that, through agricultural cooperativism, members seek to participate in a competitive market by uniting their production units.

Thus, for those involved in Brazilian agribusiness, cooperatives function as organizations that help to form and coordinate the primary sector and act as intermediaries in the relationship between production and sale.

Cooperatives, with their unique characteristics, constitute the only sector of the economy whose doctrine emphasizes the balance between the economic and the social. This is their first challenge in the face of globalization, as efficiency and competitiveness are required. This means improved management, reduced costs and differential treatment for members according to size, efficiency and reciprocity. The capital structure of agricultural cooperatives in Brazil complies with Law 5.764/71, which in its first article defines cooperative organizations as civilian societies of people rather than capital. Thus, their capital is composed of shares, with a limited number for each member, and this value may be proportional. Shares cannot be used by third parties who are not members of the society. At the end of the fiscal year, any surplus may be shared according to the activities of each member (this is known as a cooperative act), when deliberated and authorized by the Ordinary General Assembly (OGA) of the cooperative. In Brazil there are 6603 cooperatives, with over eleven million

members and approximately 321,000 employees. Farming and transport, respectively, account for 23.1% and 16.5% of the total number of cooperatives, followed by credit, with 15.9%, and labor unions, with 14.7% (Machinski et al., 2016).

6. Agricultural Cooperatives for an Innovative Economy in Iran

One of the prerequisites for an innovative economy is the presence of firms with advanced technological capabilities. The companies in general, but the leader enterprises in particular, in the industrially developed economies, have accumulated great amounts of formal and tacit technical knowledge. In contrast, firms in the developing countries do not possess the technological capabilities to produce many manufactured goods let alone to be innovative and globally competitive. To assist the firms to overcome their latecomer status and help them to become competitive in the global markets many governments in the developing countries invest heavily in creating the necessary conditions for industrial growth and technological capability building. However, in spite of active involvements in science and education infrastructure investments, many of these governments play a passive role in promoting technological learning of the domestic firms. The passive participation of these states in the industrial development is often manifested by merely supplying the tools to be used by private and public enterprises for technological capability building. The mere provision of the tools such as adopting science and technology (SandT) development policy, fiscal policy, and financial assistance policy to promote technological learning, has proved to be inadequate for technological capability building of latecomer enterprises in many developing countries.

Technological learning requires initiative and active engagement of the entrepreneurs. However, mostly due to the small size of many enterprises in developing countries, entrepreneurs do not have the necessary resources to devote to technological learning and RandD. For example, the data show that 70% of manufacturing establishments in Iran employ 10 - 49 workers and 14.3% employ between 50 and 99 employees.

The companies with fewer than 100 employees are considered small or micro enterprises in many industrialized economies. The attitude of the executives of latecomer firms in many developing countries regarding RandD investment is well represented by the chaff of executives of small and medium - sized Chinese firms who proclaim "Not to invest in innovation is waiting to be killed, but engaging in innovation is seeking to be killed". In such an environment, the government should fill the gap by acting as an entrepreneur. The industrial policy states of Europe and Asia have assumed

such a role and have succeeded in assisting some of the domestic firms to become innovative and globally competitive (Soofi, 2016).

7. Agricultural Cooperatives for Mitigating The Risks of Agribusiness

In farming activities, such as planting crops and raising animals, risks are a serious factor. Risks in agriculture stem from a number of origins: risks to production (climate, pests, sanitary factors, etc.); risks involving prices/market (fluctuating prices and/or demand, etc.); institutional risks (government actions or lack of government actions, regulations, etc.) and personal/human risks (accidents, disease, etc.). For some types of risks there are efficient means of protection, made available on the market or by the government. However, for other types, farmers become the exclusive risk-takers. Due to the variety of risks and their origins in agribusiness and the inherent particular conditions of each type of farmer, there is no single, common managerial strategy that can be used by all farmers to mitigate them, and a variety of tools are required to manage them. For farmers, managing risks means determining combinations of actions that represent different levels of risk and return. Some strategies aim to reduce risk, such as diversification of activities. Others aim to share and/or transfer risks, such as future contracts, production contracts and insurance. For risks associated with climate and/or sanitary problems, there are tools that help to foresee the occurrence of these risks and analyze their possible impact. However, many of the strategies and tools are often inaccessible to farmers, especially those who operate small farms. Insurance, particularly agricultural insurance, could be the right tools for addressing risks of production, but there are a number of difficulties that face both insurance companies and farmers. These include high premiums (economically unfeasible), low involvement of government policies (subsidies), imminent exposure to catastrophes, lack of regulation agencies to guarantee legitimacy and maintain a historical and statistical database and complexity in administrative organization (experts, technicians, control mechanisms). An alternative to purchasing traditional insurance is mutual insurance. In this type of mutualism, the interested parties form groups with the same goals to establish a financial fund or seek a commitment that can compensate for future losses in their shared activities. Normally, it falls to cooperatives to organize, manage and monitor this type of insurance. Agricultural cooperatives play a fundamental role in mitigating the risks of agribusiness. As a cooperative becomes the agency that represents the interests of the cooperative members and works directly to organize the production chain, concern over the possible impacts of risks, both

internal and external, is the frequent object of evaluation in the management of cooperatives, along with seeking solutions to mitigate them (Machinski et al., 2016).

8. Cooperatives and Cooperativism for Mutualism

A cooperative is an autonomous association of people voluntarily united to satisfy economic, social and cultural needs and aspirations through a collectively owned and democratically managed company.

Mutualism is one of the fundamental principles that constitute the basis of every insurance operation. The union of a large number of people exposed to the same risks enables a balance to be established between the payments by the insured (premiums) and the guarantee of the insurer (responsibilities), as all the insured pay values that are lower than the insured asset in the certainty that those who suffer losses will receive full compensation to replace their asset. Mutualism is defined as the union of a group of people with common insurance interests that compete to form an economic mass for the purpose of overcoming, at a given moment, the eventual needs of some of those people. In commercial insurance, the insured party pays a premium and receives compensation when a claim is filed. In mutual insurance, instead of a premium, the insured (mutualists) pay the shares required to cover the expenses of administration and confirmed losses.

The responsibility of the risk is shared by all the mutualists. This creates the right incentive to reduce fraud as, since all the participants share the cost of eventual damage, the insured can monitor one another.

The mutualism system implemented by the milk farmers minimizes the risks of the members when they are exposed to sanitary problems and lightning bolts. In critical situations when these risks occur, there is a definite possibility of the destruction of the breeding stock, meaning that it is no longer possible for the farmer to continue in this activity. This can increase the exposure of the cooperative member to the risk of lacking supplies for his milk production. However, like the other mutual funds of the cooperative, although the system meets the needs of members of the groups, as a financial guarantee for the member to remain operational, in catastrophic situations with high mortality rates, the system would not have sufficient resources to meet all the financial needs of the group. Due to the high frequency rate of damage in farming activities, protection systems such as insurance and mutualism provide greater security for farmers (Machinski et al., 2016).

8.1. Insurance and Mutualism in The Brazil Cooperatives

According to the legal definition of insurance, as declared in the Civil Code, Article 1.432, an insurance contract is one through which one of the parties is obliged by the other through the payment of a premium, to be compensated for damage resulting from a future risk, as foreseen in the contract. In general, insurance can be defined as a mechanism for transferring the high value of a future and uncertain expense (loss) to an advanced, guaranteed payment of a relatively lower value (premium). In accordance with economic and legal adaptations, the main requirements or conditions for insurability are that: (i) the expected loss should be calculable and the premium economically feasible; (ii) the loss should not be willful, i.e., it should be accidental; (iii) the loss threatens and considerable number of things, assets or people; and (iv) there should be no catastrophic loss. An insurance policy can include a fixed or variable premium in accordance with the technique employed for covering the risk. Fixed premium insurance is done through an insurance company, and the documents of the insurer and the insured are prepared by different people. The payments made by the insured party do not vary, as they are set contractually. Variable premium insurance is adjusted among several people who mutually assume responsibility for the loss that any of them might suffer. In mutual insurance, every interested party is an insurer of others and is also insured by them. Thus, all can benefit or lose if they are entitled to compensation or are obliged to make payments to another party. However, in this type of contract, the parties themselves do not act as the insurers as they belong to the company legally established by the association of interested parties. The insured do not pay a premium, but rather shares that are sufficient to compensate for loss or damage and the expenses incurred in administration. For this reason, contributions to mutual insurance can vary, unlike fixed premium insurance (Machinski et al., 2016).

9. Stakeholders in Cooperatives as an Innovative Agricultural System

Stakeholders are those actors or actor groups with a stake in a specific problem or in the innovations that can lead to their resolution. Innovation is defined as a coevolving process of technological (e.g. seeds, breeds, fertilizer, agronomic practices) and socio organizational (e.g. policy, markets, partnerships) change. Many productivity, NRM and institutional innovations have both technological and socio-organizational dimensions. Innovations occur across different levels, and are shaped by interactions between stakeholders and organizations inside and outside the agricultural system. Agricultural system defined as the operational units of agriculture including all actors and organizations involved in agricultural production, processing and

commercialization activities.

The delineation of the agricultural system's boundaries – a key challenge when doing (innovation) systems research is done in a participatory way, by stakeholders. Sustainable intensification of agricultural systems is conceptualized as increasing the output of agricultural production, processing and commercialization activities, while at the same time increasing the efficiency of natural, physical, financial and human resource investments and reducing negative environmental and social impacts. An entry theme is a broad topic or objective that applies across a region (e.g. intensification of crop– livestock systems). Entry points are the more specific productivity, institutional innovations, that combined can contribute to achieving the entry theme. Agricultural innovation systems analysis of constraints and opportunities for sustainable intensification. This approach provides a holistic image of (relations between) constraints faced by different stakeholder groups, the dimensions and causes of these constraints, and intervention levels, timeframes and types of innovations needed to overcome these constraints. Constraints for sustainable intensification of agricultural systems are mainly of economic and institutional nature. Constraints are caused by the absence, or poor functioning of institutions such as policies and markets, limited capabilities and financial resources, and ineffective interaction and collaboration between stakeholders. Addressing these constraints would mainly require short- and middle-term productivity and institutional innovations, combined with middle- to long-term innovations across farm and national levels.

For example, in the findings of a research, it showed that Institutional innovation is required to address 69% of the constraints for sustainable intensification in the Central Africa Highlands. This needs to go hand in hand with productivity innovation and innovation that are needed to address the remaining constraints. To overcoming these issues, research, policy and development agenda setting for sustainable intensification of agricultural systems needs to be embedded in multi-stakeholder structures and processes. This can enhance stakeholder interaction and collaboration and facilitate the implementation of coherent multilevel strategies (Schut et al., 2016) for the sustainable intensification of agricultural systems.

10. Interactions among The Services Provided by Agricultural Systems and Cooperatives

Understanding interactions among the services provided by agricultural systems requires understanding patterns and the individual trade - offs that occur when the delivery of one service is affected by the delivery of

another. While it may be straightforward to assess trade-offs between two ecosystem services, it is more difficult to evaluate trade - offs among multiple services. Trade - off curves describe relationships between pairs of sustainability indicators.

Agricultural systems can be managed to minimize the environmental impact of agriculture without sacrificing productivity - or conversely, to maximize the ecosystem services provided by agriculture, including productivity (Syswerda and Robertson, 2014).

Generalized reciprocity is an exchange in which one expects nothing from the other party. When this notion is applied to the corporate setting, a communal relationship between the corporation and its publics is considered to occur. It is essential to nurture a communal relationship between rural and urban places to advance civil society, rather than to regard rural areas as inferior sites under a hierarchical relation. Accordingly, if people frequently observe corporations trying to build a communal relationship with their local communities in a spirit of partnership, people will place higher levels of trust and confidence in those corporations and harbor a positive image of them. Furthermore, a sense of community, including attachment, unity, closeness, and commitment, may thus accrue among all the members of a pluralistic society (Jin and Lee, 2013).

11. Changing and Improving Rural Land Use Patterns by Cooperatives

Rural land use is changing rapidly in many parts of the world. While shifts from agricultural to non-agricultural land uses, such as wind farms or reforestation, often attract the greatest public (and academic) attention, the largest land use changes frequently involve a shift from one traditional rural land use to another, such as a shift from grazing to broadacre cropping. All types of land use change have the potential to significantly impact rural communities through both positive and negative socio - economic change, often accompanied by social contention and debate. While policy makers seek to promote positive benefits of rural land use change and reduce any negative impacts, these efforts may be complicated by conflicting views among stakeholders and the general public regarding the impacts of land use changes. Understanding the reasons for different views on the impacts of land use change is crucial to developing appropriate responses to community concerns. Land use change is associated with socio-economic changes, with perceptions and the impacts of those changes on the lives of rural people. Regional land use change is the outcome of many small scale drivers and changes, with decisions made at an individual or property scale influenced by regional, national and global norms,

environmental change, and policy and market forces.

As such, the extent and impacts of change may be highly variable across even relatively small areas. A shift in what is grown on the land is accompanied by flow-on changes in socio-economic production systems, such as a shift to new forms of land ownership (for example, from the family farm to corporate management), or in the supply chain, for example through intensification of production and resultant change in the nature of farm inputs purchased and utilized. Regional land use change is often unevenly distributed in spatial terms. Local and regional variation in rainfall, soil quality, and infrastructure access mean that land use changes may be localized to only some parts of a region. In addition, many rural regions experience multiple drivers of land use change simultaneously, and the impacts of each depend in part on how different land use change drivers and responses interact. In rural amenity landscapes, by contrast, attractive natural features and accessibility by road networks to larger population centers led to smaller landholding size as 'sea changers' seeking small rural properties for lifestyle purposes shifted into the areas, and population was more likely to grow. The complexity of rural land use change means that identifying socioeconomic impacts of this change can be challenging, requiring methods that are suited to untangling the range of factors at play.

Beyond the complexity of land use change itself, those endeavoring to understand socio-economic impacts of rural land use change are further challenged by the different ways people experience impacts of change.

For example, a change in the number of people living in a community may be experienced as a positive impact by some residents and a negative impact by others. This means that understanding and addressing social impacts of land use change is highly complex, as impacts will vary depending on both the nature and extent of land use change and the way people experience the social changes that result from this land use change. A range of social and psychological factors are likely to influence whether and how social change processes result in particular types of human impact. While the distinction between social change processes and social impacts has been well established, the nature of the relationship between the two has not been examined in detail in literature seeking to conceptualize social impact. A person's goals, occupation, or life stage affect how they experience land use change. Some land use changes are more visible than others in a physical or perceptual-social sense, and there is evidence that awareness of land use changes is variable. Even where there is awareness of land use change, identifying the nature of the social changes that accompany it, and attributing experiences (impacts) to those changes is fraught with difficulty. As noted above, multiple land use changes are often occurring at once; these together with other factors contribute to social

change, which in turn is experienced in varying ways by different people. As such, attribution of social change is uncertain; residents may attribute negative or positive experiences to a land use that is not causally associated with the relevant socio-economic change. Policy makers attempting to assist rural communities in adjusting to land use change must correctly identify causal factors of positive and negative impact if they are to implement effective supportive policy and planning. Social impact assessment is a methodology widely used to understand the social impacts of land use and other changes (Williams and Schirmer, 2012).

12. Agricultural Innovation System and Cooperatives

In recent years, the concept of agricultural innovation system (AIS) has gained currency as way to understand how agricultural innovation takes place, and how innovation can best be supported. An AIS is defined as a system that consists of a wide range of actors from the public, private and civil sector to bring new products, new processes, and new forms of organization into economic use, together with the institutions and policies that affect the way different agents interact, share, access and exchange and use knowledge. Although there is much emphasis on knowledge creation, exchange and use in the above definition of AIS, innovation systems need to fulfill several other functions that are essential for innovation. These functions include fostering entrepreneurial driven activity, vision development, resource mobilization (e.g. capital), market formation, building legitimacy for change, and overcoming resistance to change by means of advocacy and lobbying. The AIS approach thus recognizes that innovation is a process in which technological developments are combined with new organizational and institutional arrangements, which imply that new forms of coordination within a network of actors is key.

To enhance AIS functioning it is important to stimulate the building of linkages between heterogeneous actors and making their subsequent interactions effective in terms of joint learning, changing practices, and shaping new institutional arrangements, and actors who span boundaries between different actor groups and act as systemic 'innovation intermediaries' have been found essential for this.

An innovation intermediary has been defined as 'an organization or body that acts as an agent or broker in any aspect of the innovation process between two or more parties. Such intermediary activities include: helping to provide information about potential collaborators; brokering a transaction between two or more parties; acting as a mediator, or go-between, for bodies or organizations that are already collaborating;

and helping find advice, funding and support for the innovation outcomes of such collaborations'. The provision of brokerage and mediation functions may often not be the primary role of an innovation intermediary, because these, for example, 'also cover more traditional contract research and technical services which involve no third-party type collaboration'. Wide range of actors from public, private and civil sectors can take on such innovation intermediary roles, doing brokering both as a core activity (these specialized organizations have been coined 'innovation brokers') and as only one activity within a range of other activities. For example, brokering multilateral linkages in AIS has been coined as a new or additional role for extension services.

Farmer cooperatives (FC) are a more formalized way of organizing collective action of farmers, and exist at village, regional, national and even international level. They have been found to link different actors and bring synergy to agricultural innovation efforts, combining innovation intermediation with other kinds of services, like input supply and collective marketing (Yang et al., 2014).

FCs, as innovation intermediary perspectives has excellent roles and position in the AIS is best fulfilled by a specialized dedicated organization (innovation broker) that can be done as one activity amongst other activities. The innovation intermediary role in agricultural innovation has traditionally been attributed to agricultural extension, which originally was seen to act as a bridge between science and farming practice, but now extension is called upon to expand its mandate and act as a systemic intermediary coordinating a pluralistic advisory service system and agricultural innovation systems. Systemic intermediaries do not simply operate in bilateral relations, but broker more complex relationships, like "many-to-one-to-one", "many-to-one-to-many" or even "many-to-many-to-many" in distributed innovation networks.

Knowledge intermediation is an important part of innovation intermediaries' roles. Knowledge intermediation relates to some functions of classical extension services, but also includes broader functions beyond technology dissemination, since knowledge is considered to be contextual and co-constructed by stakeholders rather than a fixed 'product' transferred from producers to users.

An FC can be conceptualized as a non-neutral intermediary which aims to gain a better position for farmers in the agricultural value chain and the agricultural innovation system. Basically, it is a membership organization representing farmers to improve their position in production and commercialization. So it can be seen to be in a representation or gatekeeper position for farmers in its

relations with other actors. An FC is not a specialized innovation broker, as it combines innovation intermediation with other functions, like input and credit supply, and collective marketing (Yang et al., 2014).

13. Improving Agricultural Cooperative Structure in Iran

A cooperative is a business that is owned and controlled by the people who use its services and whose benefits are shared by the users on the basis of use. The International Cooperative Alliance (ICA, 2010) defines a cooperative as "an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise". In accord with the following principles: open and voluntary membership, democratic member control, autonomy and independence, member economic participation, member training and education, cooperation among cooperatives, and concern for community.

A cooperative is a group of people who work together voluntarily to meet their common economic, social, and cultural needs through a jointly owned and democratically controlled enterprise. Over 100 million jobs have been generated by cooperatives around the world. As agriculture remains the major source of income and employment in rural areas and the majority of cooperatives are found in the agricultural sector, cooperatives are significant in providing jobs to rural communities (Golmohammadi, 2012).

When talking about the role of agricultural cooperatives in rural development we are of necessity talking about the role of agriculture in development. When talking about agricultural cooperatives we cannot dissociate them from other farmers' interest organizations, such as the unions or the commodity associations.

Agricultural cooperation is an economic and social system that aims at raising the agriculture workers living standard and improving the levels of their production and performing important social roles. Some most important recommendations for promoting and developing the agricultural cooperative structure are:

1. The cooperative structure independence from the government and the role played by the administrative body is only confined to supervising and directing without intervening in the activity or administration of the cooperatives;
3. Allowing the cooperatives to import the agricultural production from abroad;
4. Allowing the cooperatives to contract and buy directly the requirements of production from factories or

traders;

5. Providing financing necessary for the agricultural cooperatives;

6. Paying attention for holding the general assembly's on time as it is determined by law;

7. Distributing the rest of surplus to the cooperative members as a return for them according to their dealing with the cooperative;

8. Training leaders, board members, employees and managers of the cooperatives (Golmohammadi, 2012).

14. Agricultural Cooperatives for Poverty Reduction

Rural poverty will not diminish dramatically as long as developing countries do not commit themselves to achieve better wealth distribution. Agricultural cooperatives need to give perspective to strategic alliances between large enterprises organized in cooperatives and smallholder family farmers and should act as:

Promoter and facilitator; Generate policies and programs for the sector; Develop infrastructure and adequate social services; Facilitate the modernization of cooperative laws and regulations, eliminating existing barriers to cooperative development.

The contribution of agricultural cooperatives for poverty reduction can be summarizing as a below description:

Contribute to sustained growth processes. Create more equitable growth. Tackle rural poverty. Provide an opportunity for poor people. However in many countries the agricultural cooperative faces major challenges as following: Poor management, low levels of supervision and political interference.

While agricultural cooperatives are often huge in terms of membership and loan portfolios they are subject to very limited prudential supervision. In some cases cooperatives have been used as short term political tools and governments have sought to close them without providing compensation for savings lost and then later governments seek to promote them for electoral expediency. Many agricultural cooperatives are emerging from government control.

Local participation has an important role in development of rural cooperatives. Rural cooperatives are certainly a major contributor to rural development in many countries (Golmohammadi, 2012).

15. Most Important Challenges for Agricultural Cooperatives in Iran

In the past, agricultural cooperatives could play a substantial role in collecting and selling its members' production through a simple valorization on protected markets. But, the changed environment with new economic, social and political rules urges them to develop strategies similar to those of the private sector facing open markets. Golmohammadi (2012) stated some importance barriers of agricultural cooperatives for agricultural development as below:

Lack of budget, Lack of agricultural production requirements (seeds – pesticides – fertilizers) on time, quantity and prices suitable for farmers, Disallowing cooperatives to contract directly to buy the requirements of production from agricultural companies and factories, Lack of farmers trust in the agricultural cooperatives as a result of the low quality of services provided in addition to increasing the prices of the agricultural production requirements in the agricultural cooperatives (Golmohammadi, 2012).

16. Factors That Improving Efficiency of Agriculture Cooperatives

The United States Ministry of Agriculture has emphasized the importance of members' participation and its effect on the success of the agricultural cooperative companies. This ministry considers participation being dependent on the belief factors based on the cooperative principles. Also members' homogeneity and the stability of small groups have deservedly influenced the success of co-operatives. Also, the role of members' participation and loyalty in the success of cooperatives and the role of members' values which has been influenced by the beliefs, perceptions, and insights has been considered. The management quality, customer relationship, members' enthusiasm, members' level of trust, members' protection, and board of directors' affirmation and leadership has had an effect on promoting cooperatives. The most important ones are:

1. The cooperative structure independence from the government and the role played by the administrative body is only confined to supervising and directing without intervening in the activity or administration of the cooperatives.

2. The agricultural cooperatives play an effective role in the field of providing the productive inputs and the requirements of the agricultural production for peasants at suitable prices and time.

3. Allowing the cooperatives to import the agricultural production from abroad.

4. Allowing the cooperatives to contract and buy directly the requirements of production from factories or traders.

5. Providing financing necessary for the agricultural cooperatives,
6. Paying attention for holding the general assembly's on time as it is determined by law,
7. Distributing the rest of surplus to the cooperative members as a return for them according to their dealing with the cooperative.
8. Training leaders, board members, employees and managers of the cooperatives (Golmohammadi, 2012).

17. Major Actions for Enhancing The Productivity of Agriculture Cooperatives in Iran

There are many major actions can take to enhance the productivity of agriculture cooperatives in Iran:

1. Adjusting Governance Policies for Enhancing More Cooperation: Iranian governance should make some policy and regulatory adjustments to help motivate citizens to establish cooperatives. In some countries, people can establish a cooperative in one day but in Iran it is a difficult and complicated process.
2. Introducing stock holder/management relationship: Customer relationship management (CRM) is also applicable to managing the stockholder relationship too, and this should be communicated to key stakeholders involved with the management of a cooperative firm.
3. Informing about the Advantages of Having Good Relationship with Buyers: A cooperative is just a different organizational form for a firm, and therefore has the same roles as other privatized firms. Cooperatives should follow effective management and organizational practices and should try to keep old customers while simultaneously obtaining new ones.
4. Inspiring Innovation and differentiation morality: In the Iranian cooperative sector, members usually do not participate in the process of production RandD or other innovation-driven practices. When this is the case, the participation scale is low and cooperatives struggle more. Therefore, Iranian cooperatives should try to enhance this participation to be an innovative cooperative.
5. Informing ownership and financing issues among members: From the beginning of cooperatives as an organizational form, there has been a great need for open channels of clear communication to be available regarding financial and ownership affairs.
6. Price setting: Price setting and other related subjects should be carefully considered in cooperatives, just as with other firms.
7. Marketing and promotion: Decisions regarding marketing a new product offering from the cooperative should flow from the cooperative's role and policies and should not be a personal decision. Market power, or more generally market imperfection, is the most common reason for establishing a cooperative mentioned in the economics literature.
8. Considering formal and informal aspects: The informal aspects of organizations have to be considered together with the formal aspects in the design of governance structures for cooperatives.
9. Iranian cooperatives should be linked with superior international cooperatives: The main function of the cooperative is to enhance income of member-firms by providing specific services that support the activities of the members. Because trust is one essential matter in every cooperative, having a relation with other superior organizations for monitoring is desirable. Additionally, "a cooperative may also be superior to a stock listed enterprise due to the continuous exchange of information between members, which enables them to evaluate the decisions of the professional management better than the many small shareholders of stock listed companies".
10. Motivating scholars who want to study about Iranian cooperatives' challenges: Iranian scholars should also engage in repeated interaction between the two research communities, association and RandD sectors in the form of conferences, workshops, and joint publications. Also they should pay more attention to increase awareness of the research traditions in the disciplines which it would be of great help. Also Iranian scholars should use multidimensional thinking or open-minded and pluralistic attitudes, which can be the necessary ingredients of success.
11. Privatizing: Privatization can be stated as the transfer of operational control of an enterprise from the government to the private sector. A move towards greater privatization results in the creation of more cooperatives in a society, so it should be considered one of the aspects to driving effective cooperative formation and maintenance in a country. (Please see figures 1-5) (Golmohammadi, 2012).

18. Conclusion

The role of cooperatives in the development, particularly in rural development, is not covered for anyone. Corporate philosophy is based on partnership and teamwork to collaborate and to have intellectual contributions to achieve a better result. So, it leads to achieve a higher level of development and dissolve obstacles in the way of progress and prosperity. Cooperatives are the most important parts of the

economy which is in the focus of attention of policy makers, planners and people. In cooperatives, there is a high capability of resolving the problem of unemployment, equitable distribution of income and reducing the gap between urban and rural areas (Golmohammadi, 2012).

Nowadays the cooperatives have an important social role in organizing communication in the economy. Regarding the fact that the interests of cooperatives are met by audience members and companies, entrepreneurship development is leading to more creativity. On the other hand, more communication and interaction between managers and employees should be provided to benefit from the ingenuity and creativity of individuals which finally leads to sustainable employment. Therefore, to improve the performance of cooperatives in the indicators mentioned, context of economic and social development of rural areas must be provided (Samian et al., 2015).

Over the past few decades, many agricultural development projects (ADPs) have been initiated in Iran to alleviate poverty, unemployment, and an insufficient food supply. Although these projects were assumed to be beneficial for rural people, they often had unintended negative impacts on the environment and local communities. The projects were largely unregulated and the impacts often unmitigated. As a result, Iran has suffered from social and environmental degradation in many agricultural areas. Recently, however, ADPs in Iran and elsewhere have been criticized for their detrimental social and environmental impacts at the local level and to the world ecology at large (Ahmadvand et al., 2009).

Supporting the agro - industrial integration within the framework of agricultural cooperatives is possible through the creation of the infrastructure of the intensive primary production and processing enterprises. Agricultural cooperatives are part of a dynamic environment. The nature of production agriculture changes daily. Many changes occur outside the cooperative system, which has little, ability to directly influence them. Agricultural cooperatives can play a key role in the development of rural areas in developing countries as well as in fighting poverty.



Figure 1. Establishing and using new methods and water saving farming methods (cultivating under plastic cover) by jointly-owned pattern in the agricultural production cooperative Company of Khooshab- in South Khorasan Province in east of Iran.

As a general statement, a cooperative exists as long as it provides to members the services they need, and for which they have established it for, these services should be available at the highest possible quality and at the lowest possible cost. When the cooperative fails to provide the services for which it was established, members have no more interest in its existence, and the cooperative disappears. A successful rural cooperative must also include additional components. One of them is the function of the municipal entity of the village itself. It had to provide itself with all the necessary services for its members in a hostile rural area and gave the physical frame inside the rural space. The village - rural cooperative must also include the municipal components necessary for the existence of a rural community. There is a connection between cooperative existence and healthy economic situation. Cooperative villages that will answer the needs of their members are still needed in many areas. The members may establish these new cooperatives of their own free will (Galor, 2014).

It should be considered that there are many different factors that can impact cooperatives (e.g. economic, political, and environmental changes). Finally, as Iran is one of the countries in the process of rapid economic development, Iranian government officials and policymakers needs to consider the value of cooperatives as a viable organizational form and give greater attention to the importance of cooperatives in an Iranian context.

Beside this potential, rural cooperatives in most developing countries are faced with some barriers. Lack of community resources and capacity building were an important element contributing to limited rural cooperatives development. They referred to government policy and lack of local capacity as main barriers related rural cooperatives. Clearly, it can be suggest that rural empowerment can be a tool for development of rural agriculture in Iran. An understanding of the existing barriers of rural participation provides basic information for setting a policy agenda to enhance rural agriculture. Further, it is important for government to understand that rural also face barriers that can hinder its progress in responding and recognizing the priorities of local communities in Iran.



Figure 2. Assembly of members and local rural people for determining their needs and priorities in the two agricultural production cooperative companies - Vahdate sabze bojd and Sarchah - in South Khorasan Province in east of Iran.



Figure 3. Using mechanization in process of leveling the farm lands and preparing land for cultivation in two Agricultural Production Cooperative Companies –Mehdi abad and Sahl abad- in South Khorasan Province in east of Iran.



Figure 4. Using jointly-owned pattern in farming works in Agricultural Production Cooperative Company –Doroh - in South Khorasan Province in east of Iran.



Figure 5. Using mechanization in process of leveling the farm lands and preparing land for cultivation in two Agricultural Production Cooperative Companies –Mehdi abad and Sahl abad- in South Khorasan Province in east of Iran.

Through the findings of this study, the level of contribution of agricultural cooperatives in achieving sustainable development in South-Khorasan Province-Iran is not acceptable. In considering the application of agricultural cooperatives in sustainable rural development these barriers were identified:

Poor management, Lack of resources, Lack of autonomy due to government interference, Inadequate access to markets, Lack of collaboration culture, Lack of cooperatives leaders' knowledge, Dependently of cooperatives to government, Encourage participants of cooperatives for learning, and developing local skills in rural areas, were important elements contributing to limited agricultural cooperatives for poverty alleviation and accessing to sustainable rural development.

For this purpose of strengthening the role of agricultural cooperatives and Farmer cooperatives (FC) as an agricultural innovation system (AIS) for organizing and changing rural land use from peasantry to collective action among villagers and sustainable rural development, following policies and strategies present for development of agricultural cooperatives in Iran.

Providing the essential triangle of production in all the necessary elements required for production by the Farmer cooperatives (FC) in Iran. Providing and provision circumstances and conditions for a supportive policy, legal, institutional, macro-economic, favorable infrastructural and bureaucratic environment for moving farmer cooperatives (FC) as an agricultural innovation system (AIS) for organizing and changing rural land use from peasantry to collective action among villagers in Iran.

Strengthening activities of agriculture cooperatives, solving the problems of this sector and seeking the ways of export promotion. The objectives of cooperatives include organizing economic activities of cooperatives, formulation of economic activities of this sector, revision of by-laws, research on road/ urban cooperatives, and seeking methods of strengthening cooperatives. The Carpet and Handicrafts cooperatives sector, underlining national capabilities for design and production of carpets and handicrafts, foreign marketing, quality and quantity development, carpet and non-oil production.

The non-oil export promotion cooperatives has initiated its job upon emphasis by the government for boosting non-oil exports, eliminating export/import entanglements, and revising custom's rules. The cooperatives must be continuing working on expansion of non-oil export. The importance of interaction with the world economy, easing cooperative export process for target countries and developing relations with overseas cooperatives have motivated central chamber of cooperatives to set the following goals through appropriate mechanisms.

Rural tourism is considered to be a multi-dimensional activity essential to the local area not only rural areas in Iran, but all the nations of the world. However Iran has many potential in development of tourism especially rural tourism but development of rural tourism in Iran is still in its nascent stage. Iran has perfect opportunities to enhance its rural tourism. The main importance approaches which suggested in this study were development of rural cooperatives for rural tourism development. Thus rural cooperatives are a major critical success factor in rural tourism.

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