

HUMAN RESOURCE MANAGEMENT AND MEMBER RELATIONS IN CO-OPERATIVES

Jimmy Chia Chau Tei

Co-operative Development Department, Sarawak

chautei@yahoo.com

ABSTRACT

A co-operative needs membership that understands the need for investment in its human capital, management, board, staff, members and other significant policy. Members must also be aware of issues concerning the successful delivery of their specific social and economic needs. A strong co-operative culture at the heart of the organisation thus needs to be developed in order to have a successful co-operative HRM function contributing positively to the effectiveness of the co-operatives. If properly applied and managed HRM strategies will provide a better fit in a membership-based organisation and could provide co-operative with a genuine competitive advantage.

INTRODUCTION

Human Resources Management

Human Resources Management (HRM) purports to recognize the significance of an organisation's human resources that give substance and meaning to excellence, customer care, entrepreneurship, quality and so forth. On the other hand, Total Quality Management (TQM) and other modern management movements have emphasised the importance of working in terms of empowering employees, ensuring participation in decision-making and effective two-way channels of communication which strongly implies a supportive HRM environment.

HRM captures and encompasses a number of messages drawn from modern management thinking:

- Greater emphasis on horizontal teams and reduced hierarchy
- Blur the distinction between management and non-management
- Devolve responsibility for people management to line management and away from personnel managers – the role of the personnel professional is to support and facilitate management in this task
- Human resources planning recognised that employees have the potential for growth and development within the organisation

HRM is directed mainly towards management needs for human resources (not only employees) to be provided and deployed. HRM is very much concerned with development to ensure the right match between employee and the organisation, the right resources, and the individual to the right job to optimise their satisfaction at work. It also ensures that the lowest cost of labor input commensurate with the overriding co-operative imperatives of solidarity and mutuality.

According to Turrel (1986), HRM emphasises communication, motivation and leadership. Today the competitive advantage lies in empowering staff to take responsibility for their works; (a), by devolving responsibility and developing a culture, based on a constant search for cost reductions without sacrificing quality standards demanded by the customer, (b), by developing the staff to enable greater levels of flexibility and (c), by ensuring close matching of human resources to organisational needs. The harder version of HRM emphasises the effective deployment of human resource while the softer version emphasises the investment and development of staff to add flexibility and to motivate.

The impact of HRM lies in the following key areas of co-operative businesses:

- Employee motivation to fulfill the tasks and goals of the co-operative
- Employee skill and knowledge maintenance to achieve the tasks and goals of the co-operative

- Employee understanding of the purpose of the co-operative as a whole and its role in fulfilling that purpose
- Employee team work within the co-operative and externally with suppliers/carriers forming their product/service supply chain
- Employee cost control
- Product/service quality standards

Personnel and HRM Approaches

Legge (1990) argued that both the personnel model and the HRM model have much in common in their emphasis on the devolution of personnel work to line management: the need to integrate organisational goals and personnel management goals, and the encouragement of personnel development as a means of ensuring the best contribution to organisational success.

At the heart of the HRM approach, however, is the communication of culture to support the devolution of managerial responsibility for HRM and the achievement of operational objectives and in the co-operative case, it is in terms of wider fulfillment of co-operative's strategy.

HRM professionals have a strategic role to play in helping people and organisation to increase productivity. They need to keep abreast and updated on the most innovative and latest HRM techniques and technologies in order to play their role effectively.

Variations in HRM Practise

HRM is about devising an organisation-wide selection and promotion system that supports the organisation's business strategy by;

- creating internal flows of people that match the business strategy and
- matching key executives to the business strategy

The Harvard view is that HRM decisions are those that impact the employment relationship between the organisation and its employees. The key system focus for HRM is in the areas of: human resources flow, reward systems, employees influence, work systems, HRM policies, competence and commitment of employees, cost effectiveness and congruence.

HRM is about developing systems that link HRM with strategic planning and cultural change. The HR manager sees people not as human resources for the organisation but as social capital capable of development in the interests of the organisation and in the interests of the individual.

Performance of the HRM function

Each organisation's goals have performance requirements in terms of its human resources and it is in the fulfillment of those specific requirements that the HRM function must be judged in any organisation. This is the whole point of integrating HRM policy and strategy to match the needs of the organisation. Key criteria for the measurement of an effective HRM function are costs, quality in performance and relationships.

HRM FUNCTION AND MEMBER RELATIONS

The objective of this article is to cover briefly the following areas of a medium-sized co-operative society, such as;

- Staffing, recruitment and induction
- Records and planning
- Discipline, dismissal and redundancy
- Remuneration and staff benefits
- Appraisal and development
- Motivation and culture
- Members development

Staffing, Recruitment and Induction

For small co-operatives with a small number of employees, the HRM function can become a part of the society manager's normal duties along with other tasks. However, once the co-operative size increases, the technical requirements of recruitment, training and record-keeping becomes too heavy for an administration department or section to handle. Hence, a separate and specialised human resource department or section is to be established.

Co-operative members and their families will always be a relevant pool of potential recruits but the best interest of the community of members as a whole requires a recruitment policy that is open to 'outsiders' as well as 'insiders'. Only with such a policy can the co-operative be sure that it has the best person in post and with this, the co-operatives ensure they remain open to new ideas and skills.

For the purpose of recruitment, a guideline which outlines the steps to be taken by a manager to recruit a new employee, until that new employee reports for duty could be prepared. The handbook can be used to keep samples of forms necessary at each stage of recruitment, sample newspaper advertisements and a statement as to who is responsible for each step. Such a document serves a dual purpose: it can be used to train new human resource department staff in the future.

The co-operative manager should be given assistance with the preparation of job specifications and with the wording and placing of advertisement for new staff. Necessary notification of all new employees, with essential details, must be provided promptly so that managers can arrange for the reception of these employees into their new workplace under proper condition. Only by having the best possible use of well-trained and directed staff and the best possible working environment, can the opportunity exist for a speedy and continuing improvement in operating performance.

Information provided should include statistics on recruitment, labour turnover, movement of employees within the society, and an analysis of the reasons for staff leaving the company, if any. It will give the composition of the labour force, e.g. full time and part-time, male or female, and age range. There should be a presentation of recruitment schemes at different levels and a constant 'build-up' of job specifications for all supervisory and management positions, including amendments as the management structure changes. An accurate analysis of the present staff in terms of potential, age and likely turnover is important to meet future developments and management vacancies.

However, the co-operative board members and various section heads also have their role to play in organising and running either a formal or informal induction programme. Informal induction like office familiarisation and certain information must be given to employee immediately on his or her first day of reporting for duty. Contents of the programme normally are related to the needs of the employees and the programme duration are broken into modules and offered over 3 or 4 Saturdays. Programme of more than 2 hours can be broken up into sessions with a variety of approaches and activities to prevent overloading the employees.

The induction checklist will help to ensure all key topics necessary to the programme are covered. A formal induction programme such as a co-operative course can be introduced to ensure that all new staff understands the purpose and function of the co-operative as well as all policies and procedures that are related to the Co-operative Societies Act and its Regulations and society's By-laws. The induction programme can be done as in-house training or assisted by other co-operative institutions like Co-operative College of Malaysia, ANGKASA the apex co-operative of Malaysia and the Co-operative Development Department. It is also a process by which the new recruits can familiarise themselves with the working environment.

Record and Planning

Although, presently, the co-operative does keep personnel records of each individual employee in a personal file, it is recommended that a personnel office centralize all documents concerning each individual employee in a personal file, establish a staff record card for each employee which will give essential information quickly, and standardize all letters and forms aimed to pass essential information to the employees.

With well-developed and up-to-date system of personnel records, the human resource office or manager or board of recruitment can check through the employees' files to identify any suitable candidate to fill new vacancies. Using a computerized human resource information system will make the task easier.

Discipline, Dismissal and Redundancy

If there is any problem arising from the behaviour or attitude of an employee, then disciplinary action may be called for. The Human Resource Manager needs to consider designing suitable procedure in order to enhance both the performance management process within the organisation and to enable employees to contribute fully to the strategic objectives of the organisation. Disciplinary procedures should:

- Be in writing
- Specify to whom it may apply
- Provide for matters to be dealt with quickly
- Indicate the disciplinary actions which may be taken
- Specify the levels of management which have the authority to take the various forms of disciplinary action
- Give individuals the right to be accompanied by fellow employee of their choice
- Ensure that, except for cases of gross misconduct, no employees are dismissed for a first breach of discipline
- Ensure that disciplinary action is not taken until the case has been carefully investigated
- Ensure that individuals are given an explanation for any penalty imposed
- Provide a right for appeal and specify the procedures that are to be followed

The manager has several roles to play:

- In devising the procedure
- In providing specialist advice
- In ensuring that everyone is aware of the procedures and acts consistently
- In monitoring the effectiveness of the procedure

The society board should ensure that the manager is suitably trained in handling discipline problems. With respect to this, the common stages in a disciplinary procedure are as follows:

- Oral warning
- Written warning
- Final written warning
- Dismissal

All records of warnings should be kept on an employee's file indefinitely. The last section of the disciplinary procedure should indicate what the employee should do if he or she is not happy with the action taken against him or her. There should be a clear appeal procedure, with time limits for the submission of appeals stated.

Redundant employees are commonly caused by a reduced demand for the co-operative's products or services. The co-operative no longer has work for the employee to do. Even though the co-operative might not face any redundancy at least for the next couple of years, the co-operative still has to develop strategies which reduce, avoid or limit the impact of redundancy by ensuring careful employment planning, and internal advertising of all posts.

Co-operative must see the legal requirements as a minimum and always try to exceed this in their treatment of redundant employees. Management must ensure that if redundancy occurs, it is handled sensitively and that counseling and support is provided. The criteria for selection should be transparent and agreed beforehand as a prepared procedure in case such an event occurs in the future.

Dismissal of employees is another concern for the HR manager. What constitute the proper procedure for dismissing an employee? A reasonable procedure would be as follows:

- Carefully record any complaint of alleged wrongdoing
- Investigate the complaint thoroughly
- Charge the employee
- Hold an inquiry

Employee Relations

A co-operative should try to obtain innovative ideas by promoting the involvement of employees from a wide variety of backgrounds working in teams. This strategy has implications for the recruitment strategy and enables all employees involved in the process to direct their efforts towards achieving the co-operative's goal. It also encourages employees to know the environment that they are setting in and the spirit intended by the co-operative.

The willingness of employees to contribute their best efforts can be affected pervasively by the way they are treated on day-to-day basis, by their relationships with managers and by the attitude they perceive management in general have towards them.

The co-operative can attain a competitive edge by maximising the contribution of the employees. The contribution of employees is greater the more they are consulted on, and therefore gets involved in with what is happening in the organisation. Relationship is good and excellent due to the employee relation's agenda for the foreseeable future.

Committed employees have always been crucial to co-operative success stories. Employees must consequently be given a proper place in co-operative participatory democracy. Among other things, co-operative should find better ways corresponding to profit-sharing in private business, by trying more co-partnership models, within which employees become owners and members together with the user-members.

Employee involvement categories and areas for action:

- Sharing information e.g. team briefing
- Consultation e.g. staff suggestion schemes, work committees
- Financial participation e.g. profit sharing schemes (annual bonus related to co-operative's net surplus performance)
- Commitment to quality e.g. total quality management & continuous improvement
- Developing the individual e.g. staff appraisal scheme & employee development programme
- Beyond the workplace e.g. the environment and community

It is essential that each staff member fully understands co-operative ideas and cultivates professionalism in his or her duties. It is also important to build-up an education system for instilling this attitude. In this respect, training and education programmes to help employees learn about co-operative forms of business and culture should be developed and expanded.

The relationship between members and staff is called partnership. Employees must have an opportunity to express their views, and the onus is on management to work toward developing systems based on those views i.e. involving employees in equality control circles. At the same time, leadership which promotes social participation, including participation of employees and members as individual citizens in the co-operative activities should be amplified.

Remuneration and Staff Benefits

A number of medium sized co-operatives are using government civil servant schemes of services to determine the level of basic pay and benefits for their employees. Whenever the governments revised the salary scheme of civil services, the societies will follow suit. Rewards in the form of bonuses and pay increases are also given to those who deserved it. The societies' employees are given health insurance and annual leave depending on the grade and length of their services.

Comparatively to the government servants, the 'societies' employees are found to be relatively less happy and satisfied with the volume of job responsibilities undertaken, salaries, allowances, bonuses and other benefits received. In view of this, the employment terms and condition for co-operative employees should be revised and more opportunities for promotion and career development should be given. The co-operatives may have to expand its activities so that more posts could be created for job promotion for the eligible and qualified employees.

Appraisal and Development

Performance appraisal is one of the techniques used to encourage, motivate and help employees to improve their performance. The main reason of having performance appraisal basically entails trying to reward employees for their past works. And at the same time hoping that the incentive of a reward will encourage other employees to strive working harder in the future.

It must be cautioned that a number of problems may prevent the appraisal scheme from being as effective as they should be, which include;

- The appraiser attacking the appraisee's character
- Being too subjective in judgements
- Using appraisal as part of the disciplinary process

In most appraisal systems, it is necessary to have some type of documentation to record what has been agreed e.g. a designed appraisal form.

People are an organisation's and most precious resources. Employee development is therefore an extremely important process to the organisation through which both individual and organisational growth can be achieved over a period of time, so that both can fulfill their required potentials. Therefore it is also important for the co-operative to plan the training needed by the employees. Training can continue to be carried out in in-house society or by external organisations such as Co-operative College of Malaysia, Co-operative Development Department or other training providers.

Motivation and Culture

The most commonly used financial rewards by the co-operative are:

- Salary increases within the normal salary scale
- Salary increases above the maximum point of the normal pay scale
- Each employee is paid on an individual fixed rates, with good performers getting something above the normal rate
- Lump sum payments that are not included in salary

Profit sharing is another form of payment scheme or motivation reward where the focus is on the group rather than the individual. Employees will receive a bonus whose size depends on the net surplus made by the co-operative on that year. The co-operative may also consider that bonus payments be made in shares rather than cash. This will entitle the employees to gain an interest in the society, but of course, it may be risky to both parties if the co-operative does not perform well in the future.

Apart from monetary financial rewards, people may be motivated by a range of different factors e.g. non-monetary rewards which may have a monetary value. The most commonly used non-financial rewards are:

- Commendation in forms of letter or certificate
- Overseas travel e.g. opportunity for study tour in overseas
- Gift vouchers e.g. flexible form of incentive payment

Co-operatives must have HRM strategies and cultures of continuous improvement in order to achieve competitiveness for their products and services. Thus, exposures in the form of training, workshops and seminars of international level may be of great help to the co-operative leaders and employees.

Motivation impacts directly on behaviour which has in turn a direct effect in performance. Motivation also means commitment and belief in the purpose and value of what one is doing. A series of options that can be carried out by a society to encourage employees' motivation are:

- Results-orientated performance appraisal
- Job enrichment
- Quality circles
- Situational leadership
- Autonomous work groups
- Organic organizational design
- Job tenure
- Staff benefits
- Job design by accountabilities
- Training and development

Membership Development

The members of a co-operative can contribute to the co-operative human resources as employees, volunteers, suppliers and as owner/customers. For that reason a key aspect of all co-operative employment is members' relations and development. Members development require special activities and there needs to be the closest working reactions between HRM as a whole and members' relations management and development to ensure the whole organisation within the co-operative retains its focus on the member's needs and benefits.

Membership activities can be professionally monitored to support volunteer involvement. Membership development can also help to generate further income streams to subsidise activities directly rather than adding to the co-operative overheads. Likewise, remunerative power based on the use of money as a motivator or incentive to reward behaviors can be employed to achieve its objectives of full membership participation in all activities including attending general meetings.

Co-operative societies need to develop various types of consultation processes, forums and processes for the selection of delegates which take place in advance of annual general meetings to help build an interested and informed based membership. On top of this managers and membership sub-committee should be given annual targets for membership recruitment and a direct responsibility for the promotion of membership. They should also be assigned to carry out systematic members' surveys, studying the everyday comments of members, and analysing change in their external environment, to deal with setting a course toward a tangible business plan and aiming to fulfill members' need.

CONCLUSION

HRM is about the matching of human resources to the needs of the organisation. If it is properly applied and managed, HRM strategies provide a better fit in a membership-based organisation and could present co-operative with a genuine competitive advantage.

Since an effective HRM system is the key to organisational success, this requires a current rededication to co-operative commitment and understanding among members, employees and leaders. Members, employees and management should have economy and ideology integrated in their minds in order to improve their co-operative services, to be able to offer competitive services in comparison with other associations and to promote good conditions for their co-operative.

A co-operative needs a membership that understands the need for investment in its human capital; management, board, staff, members and other significant policy. Members must be aware of those issues concerning their successful delivery of their specific social and economic needs. Hence a need to develop a strong co-operative culture at the heart of the organisation in order to have a successful co-operative HRM function, contributing positively to the effectiveness of the co-operative association and organisation.

Correspondingly, the co-operative has to carefully select the leaders and senior management with reference to their capacity to adapt to the special co-operative demands. Professional leadership also needs to be informed of the co-operative values as this is deemed to be the first step to develop the co-operative human resources for the co-operatives competitive advantage and success in the future. In addition, it is imperative to arrange proper training programmes for these leaders in practical matters, as well as knowledge and understanding of co-operative methods and of changes in the co-operative environment. Effective programmes for leadership education and training should not be neglected, as it is still the most important aspect for most co-operative organisations to remain spirited and competitive.

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