

EDUCATION MAKES CO-OPERATIVES STRONG AND VIBRANT

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ABSTRACT

Co-operatives are socio-economic institutions operating at the primary level to meet and satisfy the needs of a common man. They not only endeavour to provide services and facilities but also provide training in the skills of operating a democratic economic institution. The essence of a co-operative institution is the democratic control and the participation of members in the government of their own co-operative. Without participating in a democratic institution the essence of democratic management tends to diminish. Co-operative institutions are thus the “little democracies operating at the doorstep of a common man”. The loyalty of members towards their co-operatives is hinged on to the quality and range of services provided by the society to its members. The key factor in the management of a co-operative institution is the participation by members - participation in business, participation in the democratic process and participation in the social factors relating to the co-operative activity. Some of the principal factors which help make a co-operative strong, viable and vibrant are: Awareness, Strengthening of the institution; Professionalisation; Active participation for higher business; Rewards and satisfaction; Flow of information; and Marketing with advantage.

INTRODUCTION

Co-operatives are often blamed for inefficiency. It may be true but with varying degree. Though there are shining examples of successful and vibrant co-operatives yet a large number continues to face criticism not only from their own members but also from other segments of the society. Any minor slip or misdeed often finds a large space in the media leaving these small co-operatives defenceless.

Some of the reasons attributed to the weakness of co-operatives are: Wide area of operation and a large number of members [the relationship between the member and his

co-operative becomes highly diluted and gets impersonal whereas 'small is beautiful' and sweet too!]; Members begin to dislike the co-operative because of erosion of identity of membership [members are often known by unique numbers rather being addressed and known by names]; Small farmers lose their priorities as compared with large and influential farmer-members; Inadequate and untimely supply of inputs; Lack of infrastructure to dispose off members' produce in time and at good price; Local politicians often use the co-operative structure as their 'vote bank'; Too many controls by government on co-operatives e.g., nominations on the Board or officials being posted as managing directors or chief executives; Members have not read/understood their own bylaws; Government does not patronize co-operatives because they are considered to be self-sustaining, independent and voluntary organisations; Dominance of Board over management; Too much concentration of powers in one hand or in the hands of a few members of the Board; Poor/inadequate consultations by the Board with the managers before taking important business decisions; Low frequency of contacts with members; No regular and serious education and training programmes for members; Inadequate funds for education and development programmes; No delegation of powers to the management resulting into slow and inappropriate decision-making and implementation; Inability to mobilize deposits by the co-operative on its own strength; Too much paper work for a small co-operative; Near-Zero flow of information to members; Inadequate infrastructure at the co-operative level e.g., warehouses, transportation, communication etc.; Co-operatives often get adverse publicity on minor faults.

Many of these reasons are real but do not necessarily lead to a conclusion that co-operatives are inefficient and members cannot run their own organisations. Many of these so-called faults are pure misconceptions and imaginary and are floated due to various self-interests involved. These are also due to lack of information, inadequate management competency, poor advocacy role played by co-operatives and their leaders, excessive self-interests and poor public relations role. Perhaps, the remedy lies in education, extension, training and professionalisation. Let us discuss these issues!

SOCIO-ECONOMIC INSTITUTIONS

Co-operatives are socio-economic institutions operating at the primary level to meet and satisfy the needs of a common man. They not only endeavour to provide services and facilities but also provide training in the skills of operating a democratic economic institution. The essence of a co-operative institution is the democratic control and the participation of members in the government of their own co-operative. Without participating in a democratic institution the essence of democratic management tends

to diminish. Co-operative institutions are thus the “*little democracies operating at the doorstep of a common man*”. Since there is no bar on any individual to become a member and to participate in the affairs of the society, there is greater respect and appreciation of the system and liberty that a member can enjoy by getting into the fold of a co-operative institution.

A co-operative has often been compared to a State. It is a State within the State. A State is a political organisation, which has four ingredients e.g., territory, population, government and sovereignty. A look at the fabric of a co-operative institution will reveal that a co-operative also has a territory i.e., a particular area of its operation. The members are its population, the executive committee its government and the general body, just like the people in a State, is supreme. A co-operative society is thus a State in miniature. However, it is not sovereign. It has to abide by the laws of the land. The byelaws of a co-operative cannot override the acts and rules of the State. In this sense it is a registered body enjoying the status of a legal entity, which acts within the framework of the constitution of a State. With certain apparent exceptions a co-operative is like a “State within the State”.

STRENGTHENING DEMOCRATIC TRADITIONS

A primary co-operative society could contribute in the following manner in consolidating the democratic traditions.

[a] *Education and Member-relation Programmes Sponsored by the Primary Co-operative Society:* At the village level, a co-operative institution is the first formal contact point for the members. Co-operatives, by virtue of their character, *contribute significantly to the growth of democratic traditions*. It is, therefore, necessary that the co-operatives initiate some realistic steps which could contribute to strengthen the nationalistic feelings and patriotism among the members. Members, before they become formal members, are the citizens. It would be reasonable for the co-operatives to strengthen this feeling by introducing some simple instruments, in the form of pledges which should be read aloud by the members, management committee members and the employees.

Such *pledges* can be administered by the president of the co-operative at some suitable occasion, e.g., the General Body Meeting, or the Co-operative Day Celebration, or even on the National Day/Independence Day/Republic Day. These pledges would serve the purpose of bringing the members, MC members and employees a little closer

to the co-operative institution. The main purpose of these pledges is to inform the concerned parties that they belong to the co-operative and that they have certain rights and duties.

A primary co-operative society should also clearly explain to the three categories i.e., members, managing committee members and the employees, what '*performance*' really means. Each one is concerned with the performance of a co-operative institution and of oneself. How to enhance/improve the performance of a co-operative society itself; How to enhance/improve the performance of a MC member; and how to enhance/improve the performance of an employee, are some of the simple instruments which can generate some kind of discussion. Improvement in the performance of a co-operative institution is not the sole responsibility of the MC members alone, it is a combination of efforts of all concerned.

[b] *Continuous, persistent and systematic education efforts* should be made. There is a great need for setting up a Co-operative Education Sub-Committee at the primary level. In addition to the government, federal [and business] co-operatives should provide liberal financial assistance to the primaries to carry on the education work. The district co-operative unions should produce supporting educational materials and audio-visual aids.

[c] Member education activities should be *supplemented by regular member relations programmes* which may include meetings with members, answering their questions, listening to their wants and complaints, giving information on what the co-operative has done, what it hopes to do for them and telling them frankly its operational problems.

[d] Member education and member relations activities to be organised by primary co-operatives could also *include organisation of and/or participation in local fairs, Co-operative Day celebrations, Independence Day celebrations and other such occasions*. Societies could raise the money by arranging some competitions and games and by encouraging the rural community to raise voluntary contributions.

[e] Primary co-operatives should conduct *pre-membership educational programmes* so that individuals wishing to become members are already aware of the functions and objectives of the co-operative society. A brief orientation programme could be arranged by the primary societies at which the following topics could be discussed in general: the draft byelaws of the society, members' rights and duties, and the importance of transacting business with the co-operative.

[f] Co-operatives should also *initiate programmes for the youth*. The main idea is to provide them information on the co-operative form of a business. Such programmes could be developed and implemented in collaboration with the local schools, Youth Associations, Self-Help Groups etc.

[g] In addition to this, primary co-operatives should find ways and means of *developing programmes which could generate interest among women in their co-operative*. Women are the silent but strong partners in co-operative ventures.

DELIVERING EFFICIENT SERVICES

The *loyalty* of members towards their co-operatives is *hinged on to the quality and range of services provided* by the society to its members. If the members are satisfied with the services provided by the society, there is no reason why they should not be loyal to their co-operative. Members' interest should be sustained by creating a good business image by rendering efficient services on the basis of the needs of the members.

The business of a co-operative venture also *depends on the type of attitude of co-operative employees* towards their own organisation as well as towards the member. Their efficiency and dedication can be gauged through the quality of accounts they keep, how they handle and keep the merchandise, and how they deal with the member-customers. The premises of the society have to be kept clean and presentable. The services they render should be efficient and *courteous*. Their performance can be improved by sending them for some professional training and refresher programmes at the nearby co-operative training centre.

There is a great need for providing some professional training to the members of managing committee as well as to the employees in order to enable them to take proper decisions.

Members should also be made aware of the *need for transacting their business with the society* instead of only borrowing from the society and selling their produce to the private trader. A co-operative society, which has provided funds and other services to the members in the initial stages naturally, expects that the members should undertake resultant transactions with the society itself. This is true also with the repayment of loans. Loans have to be returned in time and in full so that more money is available for relending.

The primary credit societies should, therefore, be *reorganised into strong viable units* with offices of their own and paid staff. Local deposits should be mobilised and revolving fund system should be introduced. The activities should be diversified so as to meet all the major needs of people such as credit, supply, marketing and extension services.

ORGANS OF DECISION-MAKING

Main organisational organs of a co-operative are: general body of members [general meeting], Board of Director [Managing Committee], Business Committees etc. These are the most important instruments of inculcating democratic tendencies and traditions. These *should be planned ahead*, getting members to help and then carrying out the plans. Area committees should be set up for planning the meetings. The meeting programmes should consist of four basic ingredients: business, information, refreshment and entertainment. The *general meeting notices should be sent out sufficiently in advance with a list of items to be discussed i.e., the agenda with notes*.

Effective communication with members should be established through reports, newsletters, special leaflets, meetings, etc. Government officials closely associated with rural development programmes, extension workers of special institutions like the fertiliser companies, seeds corporation, family welfare programmes, etc. could be invited to address the members. The general body should not strictly be a co-operative affair but it could be a more wide-ranging family-like affair.

Elections are generally the most interesting part of the general body meeting. These are very sensitive and have to be handled carefully and delicately. *Elections should be conducted democratically*. Nominations should be encouraged. The bio-data of the nominated candidates should be presented to the members. An open election should be encouraged rather than going through the secret ballot, as this encourages a better appreciation of the candidate among the members participating in the election process. Election by consensus should be the ultimate aim.

Members should *be informed of the advantages and disadvantages of re-electing a particular individual or a group of individuals over and over again*. Of course, members will, however, elect their representatives on their own, but proper opportunities should be given to them to make up their mind and exercise their rights frankly and fearlessly.

However, the core of their educational programmes should be geared to their own production and marketing lines. Specialised federations should support specialised educational programmes e.g., apple-growing members should receive technical information and guidance from the marketing federations, the fishermen should receive education and materials from the fishery federations and so on. These federations need not do the education and extension work themselves. They should ask the co-operative unions and training centres to do this for them, and pay for the costs. Co-operatives are not charities.

Since co-operative institutions are voluntary and non-governmental they assume greater importance and role in the development of their members and rural economy. An enlightened citizen is the backbone of a democratic society. Co-operative institutions provide social and economic services to their members. They not only service the members but also service their families and the community. *Any amount of aid or assistance given to primary societies or to any institution from external sources tends to weaken the institution more than anything else.*

PARTICIPATION

The key factor in the management of a co-operative institution is the participation by members - participation in business, participation in the democratic process and participation in the social factors relating to the co-operative activity.

The participation of members in general meetings has shown a disappointing trend. Even in the last century it was noted in some kinds of co-operatives that participation was on the decline and democratic control thus being diluted. "The general situation in many co-operatives, perhaps the majority, is that a rather smaller percentage of members attend meetings, and in some it is difficult to attract the necessary quorum for a general meeting. If participation is an index of vibrant democracy, then far too many co-operatives should be described as undemocratic".

The principal causes for such a trend can be summed up thus: large size of societies; members have some reservations towards their co-operative; cultural traditions; presence of high government officials and leaders at the general meetings; members have developed some kind of apathy towards their co-operatives or their office-bearers; ignorance of their own importance [right to vote, freedom to ask questions and seek information etc.] at the general meeting.

FACTORS TO MAKE CO-OPERATIVES STRONG

Some of the principal factors which help make a co-operative strong, viable and vibrant are: Awareness, Strengthening of the institution; Professionalisation; Active participation for higher business; Rewards and satisfaction; Flow of information; and Marketing with advantage. A brief discussion follows:

[i] **Awareness:** Enlightened membership help strengthen co-operatives. Members when aware of their rights and duties can direct and guide their co-operatives and enable them to provide the needed services. Members need to be aware of the contents of byelaws. They do not easily come under the threats and pressures of auditors and government departmental officials. They can take better decisions and guide the co-operative secretary to develop a better service delivery system.

[ii] **Strengthen the Institution:** Well-informed members take keen interest in the affairs of their co-operative and are willing to take greater responsibilities in the management. Well-informed managing committees make decisions which protect and promote the assets, interests and services of the institutions. Board decisions need to be taken after consultation with the managers and people who work at the operational level. Good decisions bring prosperity to the members and make the co-operative strong and viable.

[iii] **Creates Professionalisation:** Well-educated and qualified personnel who are assigned the task of managing business operations help the co-operative business to grow. Good performers feel encouraged when their achievements are recognised and rewarded. Employees develop affinity with the co-operative and they tend to stay with the organisation which helps develop professionalisation. A professionally-run co-operative business is respected and patronised not only by the members but by the members of the community.

[iv] **Participation for Higher Business:** The ownership of the co-operative business does not vest in one individual or in a group of individuals. The ownership vests in the membership. Members have, therefore, to participate in the business operations and organisational structure. The right of the members does not remain limited only to borrow money. It is also the duty of the members to transact business with the co-operative. It is a two-way channel. The marketing of the produce should also be channelled through the co-operative. The money in the co-operative must flow in both the directions.

[v] **Rewards and Satisfaction:** The best reward for the members is the timely and quality service delivered by the co-operative. Members with the highest transactions and the employees with the highest achievements must be rewarded so that they and their friends get motivated to remain attached to the co-operative. Marketing of the produce at the right time and with a right price is the highest reward and satisfaction.

[vi] **Flow of Information:** A co-operative is not only the source of supply of credit and input but is also a good supplier of market information. The farmer-member must not suffer losses because of lack of market information. He should not be forced to the 'disaster sale' situation. If the market prices are going to be better after a few months then the co-operative should be able to provide storage space so that the member gains. A number of successful co-operatives sustained themselves because they earned the goodwill of their members.

[vii] **Marketing with Advantage:** Inputs, warehousing and transportation are expensive. Members invest in them by borrowing money from the co-operative or from other sources. They expect reasonable returns - to cover the investments made and prepare for further investments for the next crop. Members wish to sell their produce quickly. It becomes the duty of the co-operative to provide support and shelter to its members by way of storage and insurance services. Member must be able to market their produce with advantage.

These are some of the factors which make the co-operative strong, viable and vibrant. It is through the process of education that a bridge of goodwill can be built between the members and their co-operative. They are the real owners and the owners have to make good decisions. Good decisions are made by those who are educated, well-informed, and enlightened. A combination of education, training, information and professional business lays a strong foundation for a strong co-operative.

CONCLUSION

Co-operatives are often blamed for inefficiency. Though there are shining examples of successful and vibrant co-operatives yet a large number continues to face criticism not only from their own members but also from other segments of the society. There are various reasons which are attributed to the weakness of co-operatives.

At the village level, a co-operative institution is the first formal contact point for the members. Co-operatives, by virtue of their character, *contribute significantly to the growth of democratic traditions. Continuous, persistent and systematic education efforts* should be made.

The *loyalty* of members towards their co-operatives is *hinged on to the quality and range of services provided* by the society to its members. Members of co-operative should also be made aware of the *need for transacting their business with the society* instead of only borrowing from the society and selling their produce to the private trader.

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AUTHOR'S BACKGROUND

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