



NATIONAL SEMINAR ON CO-OPERATIVE MANAGEMENT

Kuala Lumpur : Malaysia

26 - 30th June, 1967.

C O N T E N T S

Page No.

| | | | |
|-------|---|-----|-----|
| I. | SEMINAR PROGRAMME | ... | 1 |
| II. | INAUGURAL ADDRESS : Mr N.A. Kularajah | ... | 25 |
| III. | <u>BACKGROUND PAPERS</u> | | |
| i) | Principles of Consumers' Cooperation : J.M.Rana | ... | 33 |
| ii) | Role of Voluntary Organisations in Economic and Social Development : IFAP (Paris) France. | ... | 45 |
| iii) | Staff Training in Consumer Co-operation : Gunnar Dahlander, Principal, Vår Gård, Sweden. | ... | 61 |
| iv) | Study Circles as a technique of Cooperative Education : J.M. Rana, ICA, New Delhi. | ... | 74 |
| v) | Report of the Regional Seminar on "Cooperative Management", Philippines : Hans Dahlberg, ICA. | ... | 86 |
| vi) | Administrative Set up for Policy Making and Controlling Operations : Areas of Responsibility and Leadership : Role of the General Manager : Sohan Singh, Secretary, P.S.C.S & M.Fed. Chandigarh, India. | ... | 104 |
| vii) | Goals of the Co-operative Movement in the context of the Principles of Co-operation : J.M. Rana, Co-Director, ICA, New Delhi. | ... | 114 |
| viii) | Mechanised Accounting : F.G. Bendell | ... | 121 |
| ix) | A critical Look at the Accounting and Financial Aspect of the Management Problems in Coop. Societies - Abu Mansor Basir, Dept. of Coop.Dev. | ... | 127 |
| x) | Office Management : Abu Bakar bin Haji Abdul Majid, Govt. Staff Training Centre, Malaysia. | ... | 131 |
| xi) | Belmont - White Company | ... | 136 |

.....2/-



- 2 -

| | | | |
|-----|---|-----|-----|
| xi) | The Anatomy of An Industrial Enterprise | ... | 140 |
| IV. | OTHER INFORMATIVE LITERATURE | ... | 143 |
| V. | GROUP REPORTS | ... | 159 |
| VI. | LIST OF ICA PERSONNEL | ... | 175 |

Ashok Kandhari
(ASHOK KANDHARI)
Seminar Secretary



1

SEMINAR
PENGURUSAN
Kerjasama Sa-Malaysia

MALAYSIAN CO-OP. MANAGEMENT SEMINAR

26th to 30th June 1967 — CO-OPERATIVE COLLEGE OF MALAYA

Organised by the
CO-OPERATIVE UNION OF MALAYA LIMITED
in co-operation with
THE INTERNATIONAL CO-OPERATIVE ALLIANCE
Education Centre for South East Asia.



Here's the kind of success story that all Malaysians like to hear. In May 1956 the Malaysian Co-operative Insurance Society Ltd. commenced business. In nine years the MCIS has become one of the leading life assurance companies in Malaysia. There is no doubt about this.

In 9 years the MCIS Policy has become the best one can get. 9 out of 10 intelligent persons agree that the MCIS Special Assurance benefits are the best one can get. It is quite clear the MCIS offers the best life assurance service one can get.

Following the recent actuarial valuation of the Society's life assurance business the Annual General Meeting of the Society on 14th August 1966 approved the declaration of bonuses on with-profit policies in full force on that date at the following rates:

(1) \$25 per 1,000 sum assured

in respect of each of the years of assurance commencing in all years up to and including 1963, inclusive of all bonuses previously declared, the bonus being payable when a policy becomes a claim by death or maturity; and

(2) \$30 per \$1,000 sum assured

in respect of each of the years of assurance commencing in 1964 and 1965, the bonus being payable only in respect of policies which become claims by death or maturity before the next valuation results are announced.

Policies will receive the bonus for a year of assurance provided the premiums for that year are fully paid.

Who is responsible for the success? The MCIS Policyholders of course.

With the overwhelming support of the policyholders the Society has expanded beyond all expectations.

Why do people take the MCIS Policy? Because the MCIS is the society with new ideas for a new era.

Why not you too write or send the form appended below for full details of the MCIS Assurance Plans.

The General Manager,
 Malaysian Co-operative Insurance Society Ltd.,
 P.O. Box 817,
 Kuala Lumpur.

Please let me have full details of the 14 Special Assurance Plans.

Name:

Address:

.....Tel. No:

Seminar atas Pengurusan Kerjasama ini di-anjorkan bersama oleh Kesatuan Kerjasama Malaya dan Pejabat Kawasan, Pusat Pelajaran, Perikatan Kerjasama Antarabangsa New Delhi, India.

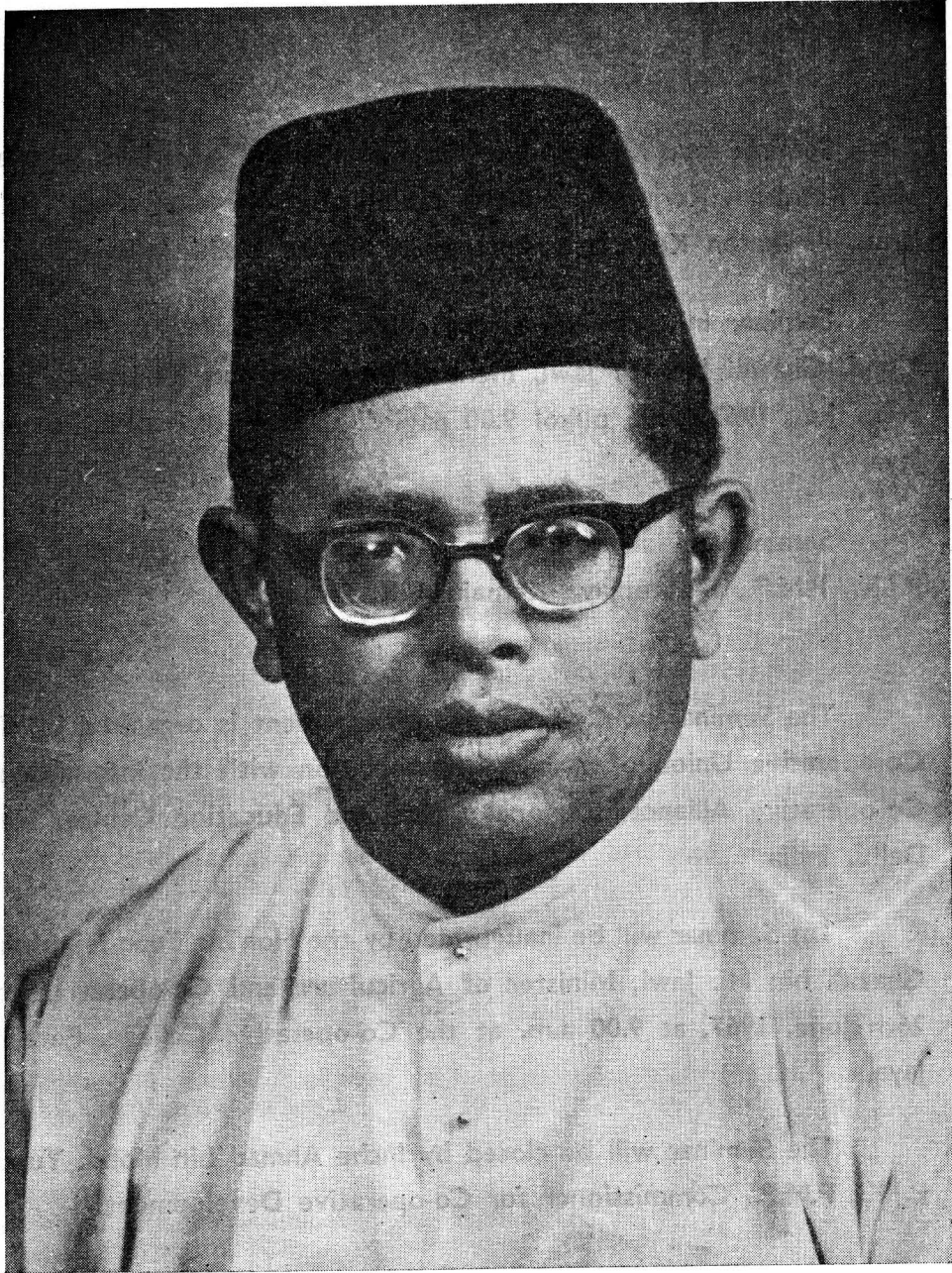
Seminar ini akan di-rasmikan oleh Yang Berhormat Tuan Hj. Mohd. Ghazali bin Hj. Jawi, Menteri Pertanian dan Kerjasama pada 26hb. Jun, 1967, pada pukul 9.00 pagi di-Maktab Kerjasama, Petaling Jaya.

Seminar ini akan di-tutup oleh Inche Ahmad Mohd. Yunus, P.J.K., P.M.P., Pesuruhjaya Kemajuan Kerjasama.

The Seminar on Co-operative Management is organised by the Co-operative Union of Malaya in association with the International Co-operative Alliance, Regional Office and Education Centre, New Delhi, India.

The Seminar will be inaugurated by the Hon'ble Tuan Hj. Mohd. Ghazali bin Hj. Jawi, Minister of Agriculture and Co-operatives on 26th June, 1967, at 9.00 a.m. at the Co-operative College, Petaling Jaya.

The Seminar will be closed by Inche Ahmad bin Mohd. Yunus, P.J.K., P.M.P., Commissioner for Co-operative Development.



YANG BERHORMAT TUAN HAJI MOHD. GHAZALI BIN HAJI JAWI.

Telephone No.: 87311



MENTERI PERTANIAN DAN SHARIKAT KERJASAMA, MALAYSIA
 MINISTER OF AGRICULTURE AND CO-OPERATIVES, MALAYSIA

MESSAGE

Efficient management is the key to success and all successful enterprises can only be established upon this important corner stone. Co-operatives are no exception to this. It serves little or no purpose in having a large Co-operative Movement when a good number of the societies are weak and ineffective. At a time when the Ministry of Agriculture and Co-operatives is engaged in the task of re-organisation and consolidation of the Movement, it is indeed most timely that a Seminar on Co-operative Management should be held. The Co-operative Union of Malaya is to be congratulated for this move and the Education Centre of the International Co-operative Alliance in New Delhi deserves our thanks for its active collaboration in this matter.

I have no doubt that the Seminar will emphasise the importance and the need for co-operatives to operate as viable economic units and adopt modern management techniques in order to ensure efficiency and to compete effectively with private commercial undertakings.

Specialised Seminar of this nature is one sure way of improving the quality of the Movement and it is, therefore, in its interest to organise more such Seminars from time to time.

I wish the Seminar all success.

(HAJI MOHD. GHAZALI BIN HAJI JAWI)
 Minister of Agriculture
 and Co-operatives
 Malaysia

Kuala Lumpur,
 16th May, 1967

KEMENTERIAN PERTANIAN DAN SHARIKAT KERJASAMA
(BAHAGIAN KEMAJUAN KERJASAMA)

Talipon: 28151

Bil. Co-op.....

MALAYSIA,
ALAN SWETTENHAM,
KUALA LUMPUR

Message from the Commissioner for
Co-operative Development Malaysia

It gives me great pleasure in forwarding this message on the occasion of the Co-operative Management Seminar organised jointly by the International Co-operative Alliance Regional Office and the Cooperative Union of Malaya. It is most timely and appropriate that a Seminar on this important topic should be held at a time when efforts are being made to consolidate the Movement in order to make it more effective and to provide efficient and prompt service to members.

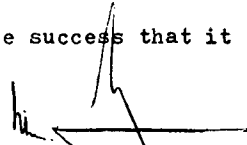
The problems of management in any enterprise are complex in nature, especially now, when competition is extremely keen. This is even more so in a co-operative organisation which is democratic in character and where the members have a say in its management and policy. It is therefore, vital that there should be close co-ordination and understanding between elected members of the Committee and the appointed management personnel. Any friction or divergence in the conduct of the affairs of management between them would jeopardise the existence of the organisation.

I have no doubt that the subject matters to be deliberated at the Seminar will be of great benefit to the participants and the findings and conclusions arrived at will be of immense value to the Movement.

I would like to take this opportunity of thanking the resource personnel from the Education Centre of the International Co-operative Alliance Regional Office and other organisations concerned for their guidance and participation in the Seminar.

It is indeed encouraging to note that the Malaysian Co-operative Movement is working closely together with the International Co-operative Alliance Regional Office in the matter of co-operative education and I am sure that this happy relationship will be further strengthened in the years to come.

I wish the Seminar all the success that it rightly deserves.



(Ahmad bin Mohd. Yunus)
Commissioner for Co-operative Development,
Malaysia.

M E S S A G E

from

ENCHE N. A. KULARAJAH,

President, Co-operative Union of Malaya.



I write this Message with pride and pleasure in that this Seminar opens a new era to the Co-operative Movement in this country.

Trained and managerial personnel is an important prerequisite for the success of any business organization. The Co-operative Movement is no exception. It is all too well known in this country, where the bulk of the Co-operatives are operated by voluntary services, that to sustain itself and to proceed ahead in competing successfully against vested interests the co-operative movement needs the dynamism of modern business methods in addition to the established principles of relying on the loyalty and dedication of its members. But the officials who manage most of the co-operative societies unfortunately do not have the background nor the know-how to operate even small commercial ventures though uncomplicated as co-operative ventures usually are. Officials are chosen for qualities other than business acumen and so long as a responsible official could keep to the routine of things and command the trust of majority of members it was considered sufficient. But when Co-operative Societies begin to expand and become involved in financial transactions either in the channelling of credit, marketing products or undertaking simple business ventures such like processing of agricultural products then the need for organised and trained business management reveals itself. Hence the need to infuse simple business management techniques into responsible co-operative officials has become a must.

The Government too has recognised this fact and accordingly has made provision for co-operative education under the First Malaysia Five Year Plan. The programme for co-operative development under the Plan lists among the primary objects "to provide education and training facilities to co-operative members to facilitate proper undertaking of co-operative principles and practices and to enable officials of co-operative societies to learn and adopt modern methods and techniques in management, accounting, etc."

This Seminar conducted by experts from the International Co-operative Alliance and local Institutes of higher learning should prove a useful "fillip" to the present efforts at bringing knowledge and practice of business management to co-operative leaders in the country.

I hope that all participants will take full advantage of the opportunity for training under the guidance of experts and profit by their wide experience gathered at the Seminar. Opportunities for learning through discussion and instruction as accorded by this seminar come but once in a very long while. It would be a pity indeed if they are not utilised to bear the best fruits for the participants and their Societies.

UCHAPAN

daripada

ENCHE MUSTAFA BIN YUNUS,

Setia Usaha Bank Kerjasama Malaysia, Berhad.

Saya bagi pihak Bank Kerjasama Malaysia Berhad dengan sukachita-nya menyampaikan perutusan ini sebagai mengambil sempena kepada National Co-operative Management Seminar pada 26hb. — 30hb. Jun, 1967, yang mana dalam seminar ini akan di-bincangkan masalah2 besar yang di-hadapi oleh pegerakan kerjasama negeri ini. Seminar yang seumpama ini sangat-lah besar faedah-nya untuk menyaring buah fikiran dan pendapat bagi mengemaskan lagi peranan pegerakan kerjasama di-negeri ini, supaya pegerakan kerjasama akan benar2 menjadi satu alat yang penting bagi pembangunan negara dan ekonomi ra'ayat. Bank Kerjasama ada-lah dengan ikhlas-nya mengalu2kan seminar tersebut muga2 mendapat kejayaan yang berkesan. Dalam usaha untuk tujuan itu saya sukachita menarek perhatian tuan2 kepada peranan baru Bank Kerjasama ini sebagai salah sebuah badan kewangan kerjasama, maka Bank Kerjasama ini telah memperluaskan peranan-nya dalam segala bidang kegiatan bagi kemajuan sharikat2 kerjasama, berikut dengan itu Bank ini telah di-tukar nama-nya daripada nama lama-nya Bank Agong Kerjasama Malaysia Berhad kepada Bank Kerjasama Malaysia Berhad, dan membukakan pintu ke-ahliannya kepada semua sharikat2 kerjasama dari segala peringkat dan juga kepada orang2 persaorangan (orang ramai). Di-samping itu juga Bank ini bersedia menerima petarohan tetap daripada sharikat2 kerjasama dengan syarat2 dan faedah yang sama seperti Bank2 biasa.

Perkhidmatan bank kerjasama ini juga akan di-perluas kepada segala jurusan yang sesuai sehingga akhir-nya membolehkan bank ini menjalankan dengan sepenoh-nya perkhidmatan2 bank yang biasa. Kepada sharikat2 kerjasama dan orang ramai saya mengambil peluang merayu supaya dapat memberikan sokongan dan menjadi ahli Bank ini, mudah2an dengan sokongan yang demikian Insha-Allah Bank Kerjasama ini akan dapat memainkan peranan-nya yang lebeh berkesan bagi melaksanakan tujuan pegerakan kerjasama demi kepentingan pegerakan kerjasama seluruh-nya.

Pada akhir-nya saya berdoa' atas kejayaan Seminar ini.

M E S S A G E*from***ENCHE ALF CARLSON,**

Director, International Co-operative Alliance,
Regional Office and Education Centre for S.E. Asia.

The National Seminar on Co-operative Management jointly organised by the Co-operative Union of Malaya and the ICA Regional Office and Education Centre for South-East Asia, I am sure, will be an important step in the work to consolidate and streamline the Malaysian Co-operative Movement.

We are happy to learn about the efforts to unify the co-operative work carried on in the various sectors of the Malaysian economy.

The staff of the ICA Education Centre is proud to be to contribute in this development of great significance to the individual producer and consumer.

MESSAGE

from

ENCHE ABU KASSIM BIN HJ. MOHAMED,

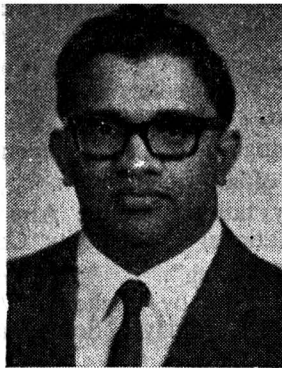
Director, National Productivity Centre

The idea of co-operative movement has been established in this country long before the days of Merdeka. The subject has been studied carefully and found not only profitable but also to serve the real needs of the community. The stages of design, research and development have passed while the wheels of recruitment of staff, operation, marketing and distribution are steadily gaining momentum. The operational activities of co-operative enterprise which is similar to any other industrial enterprise are in motion as the financial frames have been put in. There are certain factors affecting its operational activities such as economic, political, technological and social influences which exerted the enterprise from outside as well as from inside. The result may have an adverse effect to all its operational activities, the financial frames as well as the people who carry out these activities, determine the policies, direct and control the operation of the enterprise.

More serious is not the deficiency in the spirit of co-operative enterprise but the experience of administration and the skills of management. Thus a seminar of this nature — National Co-operative Management Seminar — would certainly give the members of the Co-operative Union of Malaya the chance to discuss with one another the major management problems which they are facing. Having acquainted themselves during the seminar on the concept of management role, the question of utilising manpower resources and finding means of directing them into productive channels will arise. It is a fact that unlike natural resources, managerial manpower is not just "found" in its natural state. No country is intrinsically rich or poor in high level human agents. They must be developed. The process of development involves education and experience in a wide variety of contexts and under adverse auspices and in which this seminar can play a part. To tap the available resources on the various training courses that are conducted locally for executives and specialised personnel and probably at a later date to attend advanced management courses overseas would certainly bring the Co-operative Union of Malaya a step forward in its progress. This would mean contributing to the activities in management development leading to higher productivity which is an aid to the economic growth of Malaysia.

The National Productivity Centre would be glad to render its service, within its competence, and I wish the Seminar every success.

MESSAGE

from

ENCHE M. RAJASINGHAM,

Chairman of the Seminar.

We see in the Co-operative Movement to-day an increasing awareness of the need for improving the quality of management of co-operative enterprises and for searching out the principles that can serve as a basis for this improvement. The future progress of the Co-operative Movement hinges on its ability to infuse scientific management consciousness into its members as well as the adoption by co-operative enterprises of modern management techniques and their willingness to attract, train and retain managerial personnel of high calibre capable of attaining the goals and objectives of the members of co-operative enterprises.

This Seminar is both timely and appropriate and its findings will be of significance for the future growth of the Co-operative Movement on modern and scientific lines. It is my fervent hope that every delegate will participate fully in the deliberations of the Seminar and contribute his utmost to making the Seminar a success.

MALAYSIAN CO-OPERATIVE MANAGEMENT SEMINAR

PETALING JAYA

26TH JUNE — 30TH JUNE, 1967

PROGRAMME

26th June — Monday

- 9.00 a.m. — Inauguration.
- 10.00 a.m. — Group Photograph & Refreshments.
- 11.00 a.m. — “Anatomy of an Enterprise”.
Introductory talk by Enche Abu Kassim bin Haji Mohamed, Director, National Productivity Centre.
- 12.00 noon — “Creative Thinking”.
Introductory Talk by Enche P. M. Rodger, Director-in-Charge, S. M. Benson (Malaya) Sendirian Berhad.
- 1.00 p.m. — Lunch Break.
- 2.00 p.m. — “Facilities to or Restraints on Management of Co-operatives due to Co-operative Law in Malaysia”.
Introduction: Enche G. S. Dass, A.M.N., Assistant Commissioner for Co-operative Development, (Urban).
- 2.45 p.m. — Discussion.
- 3.15 p.m. — “Public Relations and Co-operative Enterprises”.
Introduction: Enche N. A. Kularajah, General Manager, Malaysian Co-operative Insurance Society Ltd.
- 4.00 p.m. — Discussion.
- 4.30 p.m. — Tea.
- 4.45 p.m. — Group Discussion.
- 6.00 p.m. — Seminar Adjourns.
- 8.00 p.m. — Dinner at Bangunan M.C.I.S., 36, Jalan Ampang, Kuala Lumpur. by Malaysian Co-operative Insurance Society.

27th June — Tuesday

- 9.30 a.m. — “Goals and Organisational Structure of a Co-operative Society in the Context of Principles of Co-operation”.
Introduction: Enche J. M. Rana, I.C.A. New Delhi.
- 10.30 a.m. — “Office Management”.
Introduction: Enche Abu Bakar b. Abdul Majid, Staff Training Centre, Petaling Jaya.
- 11.30 a.m. — Tea.
- 11.45 a.m. — Discussion.
- 1.00 p.m. — Lunch Break.
- 2.00 p.m. — “Role and Functions of the Board of Directors in the Administration of Co-operative Societies and Role and Functions of the Manager and his Relationship with the Board of Directors”.
Introduction: Enche Dharm Vir, I.C.A., New Delhi.
- 3.00 p.m. — “Internal Organisational Structure”.
Introduction: Enche J. M. Rana, ICA New Delhi.
- 4.00 p.m. — Discussion.
- 4.30 p.m. — Tea.
- 4.45 p.m. — Group Discussion.
- 6.00 p.m. — Seminar Adjourns.

- 8.00 p.m. — A talk on "Discussion Leading Techniques"
by Enche Abu Kassim b. Hj. Mohamed, Director, National Productivity Centre, followed by film show entitled "The Yes-man Conference" at the Co-operative College, Petaling Jaya.

28th June — Wednesday

- 9.30 a.m. — "Member Control".
Introduction: Enche Dharm Vir, I.C.A., New Delhi.
- 10.30 a.m. — "Accounting as a tool of Management".
Introduction: Enche Abu Mansor Basir, Auditor and Accountant, Department of Co-operative Development.
- 11.30 a.m. — Tea.
- 11.45 a.m. — Discussion.
- 12.30 p.m. — Demonstration: "An Accounting Machine at Work".
By Enche F. G. Bandell, from The National Cash Register Company (Malaya) Sdn. Berhad.
- 1.00 p.m. — Lunch Break.
- 2.00 p.m. — "Executive Training".
Introduction: Enche Hans Dahlberg, ICA, New Delhi.
- 3.00 p.m. — Discussion.
- 4.00 p.m. — Tea Break.
- 6.00 p.m. — Group Discussion.
- 7.30 p.m. — A talk on "Method Study"
by Enche Abu Kassim b. Hj. Mohamed, Director, National Productivity Centre, followed by a Film Show entitled "Work Study Aids Farmers" at the Co-operative College, Petaling Jaya.

29th June — Thursday

- 9.30 a.m. — "Personnel Management".
Introduction: Y. M. Raja Kamaruddin bin Raja Uda, Personnel Director, Lever Bros. Ltd., Kuala Lumpur.
- 10.30 a.m. — Group Discussion.
- 12.00 noon — Lunch Break.
- 2.00 p.m. — "Research".
Introduction: Dr. V. Kanapathy, Economic Development and Research Department, United Malayan Banking Corporation Berhad.
- 3.00 p.m. — "Effective Marketing".
Introduction: Enche C. L. Khoo, Marketing Research Manager, McCann-Erickson (Malaysia) Ltd.
- 4.00 p.m. — Discussion.
- 4.30 p.m. — Tea.
- 4.45 p.m. — Group Discussion.
- 6.00 p.m. — Seminar Adjourns.
- 8.00 p.m. — Dinner at Bilal, Jalan Ampang, by Selangor Government Servants Co-operative Thrift and Loan Society.

30th June — Friday

- 10.00 a.m. — Plenary Discussion on Group Reports.
- 1.00 p.m. — Lunch Break.
- 2.00 p.m. — Evaluation and Concluding Session.
- 4.00 p.m. — Closing Ceremony.

Delegates' — Discussion Groups

GROUP I

1. Enche Ahmad Hourmain b. Dato Hj. Esah — *Chairman*
2. „ A. Namasivayam — *Secretary*
3. „ Mohd. Yusof bin Mydin
4. „ Chiam Teck Kwee
5. „ S. Manickam
6. „ V. Raja Gopal
7. „ R. P. Mendez
8. „ Thomas Lee
9. „ R. George D'Silva
10. „ G. Reginald
11. „ G. Ariaratnam
12. „ Abdul Ghani b. Hj. Mohmud
13. „ K. Sivasampu
14. „ Hassan bin Din
15. „ K. Achutan
16. „ P. P. Abdul Razak
17. Tuan Syed Ahmad bin Tuan Syed Chee, P.J.K.

GROUP II

1. Enche Lee Ah Leng — *Chairman*
2. „ Victor Sandanasamy — *Secretary*
3. „ Adnan bin Ismail
4. „ Kassim Ali bin Hashim Ali
5. „ Ismail bin Md. Said
6. „ Abdul Malek bin Omar
7. „ Gurbex Singh Kanda
8. „ Hasnan bin Mohd. Noh
9. „ Ismail bin Sidek
10. „ N. Gopal
11. „ Jaggit Singh Parmar
12. „ David Navaratnam
13. „ Attan bin Ali
14. „ Harun bin Abdul Majid
15. „ Pritam Singh
16. „ Ashaari bin Jibbah, A.M.N.
17. „ V. Rao

GROUP III

1. Enche Abdul Aziz bin Abdul Rani — *Chairman*
2. „ A. K. Rajaratnam — *Secretary*
3. „ Lean Swee Chee
4. „ Lim Ewe Chye
5. „ Ishak bin Embong

15

6. Enche Ibrahim bin Omar
7. „ Muyop bin Sitam
8. „ G. Krishnan
9. „ Sulaiman bin Hj. Akil
10. „ P. D. Pal
11. „ Robert K. T. Tan
12. „ Mohd. Taib bin Mohd. Noor, P.P.N.
13. „ Ahmad bin Noordin
14. „ S. B. Nathan
15. „ Wong Kim Wah
16. Tuan Haji Ismail bin Hj. Raffai
17. Enche Mohd. Aziz bin Mat. Amin

GROUP IV

1. Enche Abu Bakar b. Mohd. Ariff, P.P.N. — *Chairman*
2. „ A. D. Mayer — *Secretary*
3. „ Ooi Ewe Thuan
4. „ K. Jamboo Rajah
5. „ Mohd. Ali b. Hj. Mohamed
6. „ Yee Kok Heng
7. „ V. T. Sivasambo
8. „ P. Benedict
9. „ Idrus bin Abd. Wahab
10. „ R. Ramasamy
11. „ S. Jeganathan
12. „ Ong Choon Tean
13. „ K. S. Maniam
14. „ Yahaya bin Jais
15. „ L. Meyappan
16. „ Wong Khai Wah
17. „ M. Pathmanathan

GROUP V

1. Enche Chia Fook Kow — *Chairman*
2. „ B.deCosta — *Secretary*
3. „ Lim Chiang Choo
4. „ Thomas Khor Eng Hock
5. „ Mohd. Saman bin Saad
6. „ P. Krishnan
7. „ Ahmad Rehan bin Nordin Ali
8. „ Ahmad Rubian b. Tak
9. „ Ariffin bin Ibrahim
10. „ Piara Singh
11. „ M. Arulandan
12. „ N. Kuberan
13. „ Jaswant Singh
14. „ John G. Stephens
15. „ P. Ratnadurai, P.P.N., P.J.K.
16. Tuan Syed Khalid bin Ahmad

THE CO-OPERATIVE UNION OF MALAYA

Office Bearers

| | | | |
|-----------------|-----|-------|---------------------------------|
| President | ... | Enche | N. A. Kularajah |
| Vice-Presidents | ... | „ | Abdul Aziz b. Abd. Rani |
| | | „ | Ahmad Hourmain b. Dato Hj. Esah |
| | | „ | M. Rajasingham |
| Secretary | ... | „ | Francis Soosay |
| Treasurer | ... | „ | Zabri bin Adil |

MANAGEMENT SEMINAR SUB-COMMITTEE

| | | | |
|-------|----------------------|---|------------------|
| Enche | M. Rajasingham | — | <i>Chairman</i> |
| „ | F. Soosay | — | <i>Secretary</i> |
| „ | R. Mathimugam | | |
| „ | G. S. Dass, A.M.N. | | |
| „ | Abdul Karim bin Rani | | |
| „ | N. Jeganathan | | |
| „ | E. S. Moorthy | | |
| „ | N. A. Kularajah | | |

SECRETARIAT

| | |
|-------|----------------------|
| Enche | Abdul Karim bin Rani |
| „ | R. Mathimugam |
| Che | Khoo Lai Har |
| „ | Ng York Leng |

CO-ORDINATING COMMITTEE

| | | | |
|-------|----------------|---|-----------------|
| Enche | N. Jeganathan | — | <i>Chairman</i> |
| „ | Zabri bin Adil | | |
| „ | Siew Yew Fatt | | |
| „ | S. B. Nathan | | |

PAPERS FOR GROUP DISCUSSIONS

Paper No. 1 — Facilities to or Restraints on Management of Co-operatives due to Co-operative Law in Malaysia.

GROUPS I & II

Paper No. 2 — Public Relations and Co-operative Enterprises.

GROUPS III, IV & V

Paper No. 3 — Goal and Organisational Structure of Co-operative Society in context of Principles of Co-operation.

GROUPS II & IV

Paper No. 4 — Office Management.

GROUP I

Paper No. 5 — Role and Functions of the Board of Directors in the Administration of Co-operative Societies and Role and Functions of the Manager and his Relationship with the Board of Directors.

GROUP III

Paper No. 6 — Internal Organisational Structure.

GROUP V

Paper No. 7 — Member Control.

GROUP III

Paper No. 8 — Accounting as a Tool of Management.

GROUPS I & II

Paper No. 9 — Executive Training.

GROUPS IV & V

Paper No. 10 — Personnel Management.

GROUPS I, II, III, IV & V

Paper No. 11 — Research.

GROUPS I & II

Paper No. 12 — Effective Marketing.

GROUPS III, IV & V

CROSS REFERENCE

| | |
|-----------|-------------------------|
| Group I | Papers 1, 4, 8, 10 & 11 |
| Group II | Papers 1, 3, 8, 10 & 11 |
| Group III | Papers 2, 5, 7, 10 & 12 |
| Group IV | Papers 2, 3, 9, 10 & 12 |
| Group V | Papers 2, 6, 9, 10 & 12 |

10 THE CO-OPERATIVE PRINCIPLES

It is of vital importance that all co-operators know the co-operative principles. The co-operative principles were in origin the practices observed by the Rochdale pioneers in running the Rochdale Society. These practices crystallised in time to become the co-operative principles and they are also known as the Rochdale Principles. They are:—

1. OPEN MEMBERSHIP

It means that any person join the society on equal terms with the original member. There is no discrimination on political or religious grounds.

2. ONE MAN ONE VOTE

It means that each person in a society has one vote irrespective of his share capital. This principle is also referred to as democratic control.

3. CASH TRADING

Goods are sold only for cash. Because of the prevalent credit evils in England during the period of the Industrial Revolution this factor was elevated to a co-operative principle. But under modern condition it is not regarded as a co-operative principle but an operating practice and selling for cash in any case is a good principle to follow. It is desirable that credit sale, if any, are limited and carefully controlled.

4. MEMBERSHIP EDUCATION

Members should be educated enough to understand their rights and responsibilities to the co-operative society to which they belong.

5. POLITICAL AND RELIGIOUS NEUTRALITY

Co-operative societies should keep out of political and religious entanglements. Although many co-operative societies in several countries have joined political groups, yet political and religious neutrality is a sound policy to follow. Otherwise it tends to bring disunity and divisions within the co-operative societies.

6. NO UNDUE ASSUMPTION OF RISK

Co-operatives should avoid adventures of a speculative nature.

7. LIMITED RETURN ON CAPITAL

A co-operative is organised to serve its patrons, not investors. If patrons are also investors they will not mind a limit on interest paid on capital.

8. SALE OF GOODS AT USUAL RETAIL PRICES

This means that a retail co-operative should sell at the same price at which other retailers would be selling.

9. LIMITATION ON THE NUMBER OF SHARES OWNED

A member is not allowed to own more than a certain number of shares.

10. NET PROFIT DISTRIBUTED ACCORDING TO PATRONAGE

This means that after paying all the operating cost and interest on shares invested, whatever left is distributed among patrons according to the volume of business each does with the society. This is regarded as a very important co-operative principle.

At present cash trading, and political and religious neutrality (mostly in Europe) are not regarded as basic principles. Open membership, one man one vote or democratic control, patronage refunds, educational promotion and limited interest on capital are regarded as tests of a true co-operative. Voluntary application and freedom from state control have also been added criteria for a true co-operative.

COMMITTEE MEMBER'S PLEDGE

I pledge to do my best for the co-operative society that has elected me to serve in a position of honour and trust.

I WILL:

Above all things be honest and diligent.

Place the interests of the society above my own personal interests.

Give as careful attention to the affairs of the co-operative as I give to my own business.

Study the business and problems of the society, and the broader considerations that affect its welfare.

Strive for continued and increased efficiency in the society.

Be prompt and attentive at all committee meetings so that there is no loss of valuable time.

Do independent and careful thinking, express my honest opinion, and not be a rubber stamp.

Be open-minded and a team worker and realize that the individual views of committee members cannot always prevail.

Remember that the majority, rules and that the minority must fall in line.

Present the views of the committee, rather than my own, to fellow members whenever I speak for the society.

Strive to keep this a members' co-operative and not let it become a committee member's or manager's co-operative.

Represent the society in its entirety and not just the members from my community.

Do all in my power to have the society controlled democratically, including the election of committee members.

Welcome new ideas or "new blood" as a means of keeping life in the society and the service to the patrons at a high level.

Do everything possible to inform members and patrons of established policies and programmes of the society.

Be a good listener to the reactions of the members and patrons as a means of better shaping the policies of the society.

Curb emotion and apply reasons and common sense to all problems.

Give the necessary time to committee meetings and other deliberations.

I WILL NOT:

Consider myself indispensable.

Expect any special privileges from the society because I am a committee member.

Become financially interested in any business or agency that has interests adverse to those of the society.

Interfere with the management, but will limit myself to the formulation of business and management policies.

Approve the employment of close relatives of committee members and executives in the society.

Discuss the affairs of the society with employees other than the management, unless delegated by the board of directors to do so.

Carry grudges against the committee members, the management, employees, members, or patrons.

PATRONISE YOUR PRESS

THE CO-OPERATIVE PRINTING PRESS

PRINTING HAS COMMENCED.

FOR DETAILS PLEASE WRITE TO:

The Secretary

No. 120, Jalan Semangat

Petaling Jaya

or

P. O. Box 154

Petaling Jaya.

WITH BEST COMPLIMENTS

FROM

P. K. S. PRINTERS

231, JALAN BRICKFIELDS

KUALA LUMPUR.

We Specialize in Printing

*SCHOOL TEXT BOOKS

*SCHOOL PROGRAMMES

*SCHOOL MAGAZINES

*BY LAWS

*MEMORANDUM

*ANNUAL REPORTS

*LETTER HEADS

*INVITATION CARDS

*ACCOUNT BOOKS

A Wide Variety of Stationery Available at our Showroom.

FOR ALL YOUR PRINTING

Ring Up P.K.S., Phone: 80060, Kuala Lumpur

**HERE'S GOOD NEWS
FOR
CO-OPERATIVE SOCIETIES**

INCREASE IN RATE OF INTEREST

NEW INTEREST RATES ARE

| | | | |
|--------------------------------------|---|-----|-----------|
| For deposits of 3 months or 6 months | — | 5% | per annum |
| For deposits with one year's notice | — | 5¼% | per annum |
| For deposits for 2 years | — | 5½% | per annum |
| For deposits for 3 years | — | 5¾% | per annum |
| For deposits for 5 years | — | 6% | per annum |
| For deposits for 10 years | — | 6¼% | per annum |
| For deposits for 15 years | — | 6½% | per annum |

If your Society has any surplus funds please deposit with Co-operative Central Bank which is your own. Your deposits will be utilised for the development of the Co-operative Movement in the country.

SEND ACCOUNT PAYEE CHEQUES TO

**CO-OPERATIVE CENTRAL BANK
of Federation of Malaya Limited**

P. O. Box 685

8, JALAN BELANDA,

KUALA LUMPUR.



1. Increased efficiency
2. Up to date figures
3. Economy of operation
4. More security

If you want these four advantages for your
Co-operative Society contact



We would be pleased to advise you WITHOUT cost
and WITHOUT obligation.

The National Cash Register Company
(Malaya) Sdn. Berhad

P. O. Box 350
2 & 4 Campbell Road,
Kuala Lumpur.

Branches: Kuala Lumpur - Penang - Ipoh - Malacca - Kuantan -
Kota Bharu & Alor Star.

Opening Address of Enche N.A. Kularajah, President
Co-operative Union of Malaya Ltd. at the Malaysian
Co-operative Management Seminar - 26th June, 1967.

-oooOooo-

The Honourable Minister, the distinguished Commissioner and his officers, distinguished representatives of the I.C.A. Education Centre and National Productivity Centre delegates, ladies and gentlemen. It is my privilege and pleasure to welcome you all to this first Malaysian Co-operative Management Seminar. On behalf of the Co-operative Union of Malaya I wish to express my deepest thanks to the Honourable Minister for Agriculture and Co-operatives for having found the time, despite his pressing duties, to have come here today to declare open this Seminar. My sincere thanks are also due to the distinguished representatives of the International Co-operative Alliance Education Centre and the National Productivity Centre for having shown their interest in the development of our co-operative movement, by their participation in this Seminar. Finally I wish to express my gratitude to all those who have contributed their efforts so unselfishly towards making this Seminar possible.

This Seminar on Co-operative Management is the first of its kind in this country and it represents a hallmark in the development of our co-operative movement. It marks more than a "first". It is, I believe, symbolic of the increasing awareness of the changing conditions which co-operatives today face. It is with greatest pleasure and personal satisfaction that I note that this Seminar on Co-operative Management symbolizes the realization by co-operators in this country of the role of management in promoting co-operative growth.

Among the factors that have hampered the growth of the movement here, one of the most significant is the lack of managerial skills in the co-operative movement as a whole. In part no doubt, this is due to the natural scarcity of such skills in a developing country such as ours, with the result that what managerial talents are available flow to private enterprise. In part too, such skills are beyond the capacity of most of our co-operatives to afford. The greatest obstacle however, has been until now, the failure by co-operators and those responsible for promoting co-operative development, to realize the importance of good skilled and therefore expensive management in co-operatives. This has resulted in inadequate attention being given in our co-operative training programmes to office management and organisation, research, marketing, public relations, personnel management, executive training, and the numerous other aspects of management.

It is vitally important today for both co-operators and those charged with the task of promoting co-operative development to be aware of the vastly changed environment in which modern co-operatives have to operate. We find co-operatives in almost every field of economic activity, existing side by side with private enterprise. I wish to impress upon you all that the modern co-operative has to be as much a business organisation as a private joint stock company if it is to survive in the competitive world of today. Indeed, the only difference between all successful co-operatives and private companies has is one of philosophy. Everyone of us will agree without hesitation that for any business organisation to be successful, good management is essential. Does it not stand to reason then, that co-operatives too need efficient management?

The type of management I am referring to is not the part-time honorary services of dedicated co-operators on whom so many of our co-operatives depend today. However well-meant their intentions may be, it is evident that many of our co-operators have either the time or the specialized skills needed to manage a business organisation efficiently. What we need is competent full-time, paid management, skilled and trained enough, under the guidance of honorary co-operators to manage our co-operatives to success.

Over the next few days in this Seminar, we will hear papers on various aspects of co-operative management. Among them will be office management and organisation, research, marketing and public relations, personnel management, democratic control in relation to management, executive training, and many others. In these few days we will become aware of the complexities of the managerial function. We will become aware of how much our co-operative movement lacks as far as management is concerned. It is my sincerest hope that we will become aware of what needs to be urgently done if our co-operative movement is to thrive.

This Seminar can only bring to our notice the management needs of our co-operatives. It can only show us our weakness and point out the changes that the times demand. We have been honoured by the presence of some of the best brains available to us. I have no doubt at all that the proceedings of the next few days will be of great potential value to the co-operative movement. The rest is up to us, as co-operators and as government officials engaged in co-operative development. I appeal to your good judgement to evaluate the proceedings here realistically and without sentiment. Let us set our sights to the future and do what needs to be done.

It is my fondest hope too, that the presence of the Honourable Minister, here with us today, indicates the support of the Government for whatever we might resolve to do as a result of this Seminar.

I wish this Seminar every success. Thank you.

Address by Enche N.A. Kularajah, General Manager of the Malaysian Co-operative Insurance Society Ltd. on "Public Relations and Co-operative Enterprises" at the Malaysian Co-operative Management Seminar organised by the Co-operative Union of Malaya Ltd. and the International Co-operative Alliance Education Centre at the Co-operative College, Petaling Jaya - 26th June to 30th June, 1967

-oooOooo-

In recent years, the field of public relations has emerged as an increasingly significant facet in the life of not only private commercial enterprises but also government departments and institutions dealing with the public at large. Under modern conditions, no government, industry, company or organisation can operate successfully without the co-operation of its public, but it is perhaps in the commercial world that public relations practice assumes its greatest significance. More and more, the realization that developing good relations with the public and building a sound public image can be a potent factor in success, has manifested itself in the increasing number of successful private enterprises with either specialized public relations departments within themselves or who are making use of professional public relations consultants.

Co-operative enterprises need not be any exception to this. In fact, the co-operative, being primarily an association of people is probably in greater need of good relations with the public in general and members in particular, because in pursuit of its economic and social ends it demands from co-operators more than just capital. It demands loyalty and active participation. In countries with well developed co-operative movements, co-operatives have been able to compete on a strong footing with private enterprise in numerous fields of economic activity. In many fields co-operatives in the West have been highly successful, sometimes even more successful than private enterprise in the competition for the consumers dollar. An interesting fact is that successful co-operatives are finding themselves doing business with an increasing number of non-members. Part of the credit for this must at least lie with the favourable public image which such co-operatives have.

Under modern capitalistic conditions, all enterprises, be they private or co-operative, are by necessity essentially market-orientated, regardless of what they sell, be it consumer goods, services or insurance. What this means is that they are orientated towards the buying public - the established customer or client, and the prospective customer or client. In developing countries such as ours, where the co-operative movement as a whole lags far behind private enterprise in business initiative and technique, many conservative and traditional minded co-operators may present the contention that co-operatives today have to be largely market orientated, and hold fast to the co-operative ideal of service before all. We should however be aware of the vastly changed and constantly changing economic conditions in which co-operatives today have to operate. It has been said that life today changes at computer pace. To survive in this competitive world of modern business, all business enterprises have to determine what the realities of change are and adapt themselves accordingly. Co-operative enterprises are no exception to this. Indeed, in the West, successful co-operatives have realized the need for change, and have done so. Admittedly, in this process, some long standing co-operative principles have had to be partly sacrificed, for in

the process of adapting to change, many co-operatives in developed countries have had to imitate private enterprise, particularly in managerial and operational aspects. There is however no cause for alarm. If we view the co-operative as an association of persons for mutual economic benefit, persisting through time, it is inevitable that changes must occur. Basic co-operative principles need never be at stake, but it is vitally important to be constantly aware of what is outmoded and what innovations have to be made. If co-operatives are in any sense at all to fulfil their primary obligations to their members, they have to be economically viable and dynamic. If change in co-operative attitudes and principles is the only way to achieve such viability and dynamism, then there must be this change.

The Role of Public Relations in Co-operative Enterprise

We come now to the question of what role good public relations can play in promoting the success of the co-operative movement. I have mentioned earlier that good public relations can be as potent a factor for success of co-operatives as for private business. Before we go any further let us pause a while to see what is meant by "public relations".

The Council of the Institute of Public Relations of the U.S.A. took many years to agree on a suitable definition of public relations as it is generally understood and practised today. The Institute's definition is that public relations is "the deliberate, planned and sustained effort to establish and maintain mutual understanding between an organisation and its public". Relationships between individuals and between groups of people are fundamental to civilization and exist without any assistance from public relations. The function of public relations is to nurture the delicate plants of mutual understanding and promote strong and healthy growth.

The American Institute of Life Insurance states that the formula for getting good public relations is "doing and saying those things that make people like us and understand our business". The emphasis it may be noted, lies in doing and saying. Thus a basic pre-requisite for good public relations is a combination of sound business performance (doing), couple with effective publicity (saying). Achieving good public relations is thus a two step process involving firstly, doing business on a sound basis - one that keeps the best interests of customers, clients or insurance policy-holders, in mind. This step can probably account for 90 percent of good public relations. The second step involves getting effective publicity for what is being achieved at the first step. It involves more than just advertising. It involves many other subtle ways of communicating with the public as well as establishing favourable relations with the Press. This seems quite obvious to us when we pause to think of the increasing participation of prominent companies in public life today, like sponsorship and financial support of popular sporting and cultural events and significant support of national causes.

The aim of it all is of course not just to make more sales or attract more members, although it must be admitted that public relations activities can be very helpful to sales and marketing efforts. The real aim is to create goodwill, not superficial but lasting, in terms of the ability to hold through time, the confidence and respect of established and prospective customers and clients, and the public at large.

Time does not permit me to delve deeper into the subject of public relations, fascinating though it may be. I shall deal now with the role of public relations in co-operative enterprise.

I have mentioned earlier that in economic orientation business technique and managerial aspects, successful modern day co-operatives do not differ from private companies. It is rather obvious that as co-operatives face the same economic environment today as private companies, the formula for success in business must be very similar for both. We must bear in mind that financial success - a positive difference between income and expenses - is just as essential for the survival of a co-operative as to a private company. Does it then not stand to reason that any ethical business technique, including public relations activities, can be just as useful to a co-operative as to a private company? I feel in fact that the necessity for co-operatives to adopt all ethical business practices which can contribute towards success in much more than for the sake of financial success alone. Success in economic objectives is only one aspect of the aims of co-operation. Co-operatives, as we all know, have besides economic aims, certain social objectives, the attainment of which is as much a criterion of success as is financial success. A co-operative which succeeds financially but which completely neglects its social objectives, is a failure as a co-operative. However, to be realistic, we must admit that for a co-operative to attempt at all to attain its social objectives, the basic prerequisite is for it to be financially successful. Any plan to realize such social objectives, in whatever way it is organised involves some cost which only a financially successful co-operative can afford. If good public relations can in any way contribute towards financial success, then it is to the obvious advantage of all co-operatives to engage in public relations activities.

Indeed, if we pause to examine the factors contributing to the success of the co-operative movement in western countries we find that good public relations is a potent factor. Co-operatives as a whole enjoy a good public image. To some extent no doubt, we can attribute this to the higher educational and literacy levels in the West which contribute to a greater public understanding of the nature of co-operative enterprises. Also, the co-operative movement in the west was historically a natural or grass-roots, development - an outcome of felt needs by the people in the face of economic and social hardship at the height of the Industrial Revolution. It was therefore basically a movement of the people, by the people and for the people which appealed to the public at large and gained their enthusiastic support because it held the promise of economic, social and moral betterment.

But the good public relations that Western Co-operatives enjoy has not only been because of greater public awareness of the ideals and promises of co-operation. No man is satisfied by empty promises alone, whether they come from private companies, the government or from Co-operatives. No one can gain public support for a weak cause. Co-operatives in the West however have gained good relations with the public not only by publicising that the cause they uphold is a strong one, but they have also demonstrated their ability to succeed in their objectives.

I have repeatedly stressed that in creating good public relations, financial success is essential. Co-operatives in the West have proved their capacity for this. At the same

time co-operatives enjoy a strategic advantage over private companies in creating better public relations by virtue of their different organisation and their social objectives. Such things appeal naturally to the public, but they have to be exploited by the co-operative in pursuit of better public relations. Successful co-operatives, particularly in the West, have done so. They have demonstrated their ability for financial success. Realization of the advantages of good public relations has led to planned and organised advertising and publicity campaigns that constantly keep the public informed of the variety and quality of the products and services they offer. Through study circles, journals, Magazines and informative pamphlets, and active participation in community life, the public is constantly made aware of the existence of the co-operative movement and the good work it does. The outcome of all this has, among other things, resulted in a favourable public image for the co-operative in addition to winning the respect of private industry and the confidence and gratitude of national governments.

So far my discussion has been primarily concerned to with co-operatives and public relations in Western countries. What can we say of co-operatives in developing countries? Do co-operatives in developing countries have need of public relations? In a word, yes. The need, I believe, is no different from those of co-operatives in the West. But unfortunately, here the similarity ends. While in the West the co-operative movement has firmly established itself and has realized and acted upon the need for cultivating better relations with the public, the situation in the majority of developing countries, is vastly different.

Taking Malaysia as a case in point to illustrate what I believe to be the situation in most developing countries today, we find that the co-operative movement particularly the rural Co-operatives are not so well established, and in many cases, in various stages of failure, owing to a large number of economic, social and technical problems. Because of this co-operatives in general have, a poor public image, to say the least. Except for a few successful co-operatives like the Malaysian Co-operative Insurance Society and a few other housing and thrift and loan societies in urban areas the vast majority of co-operatives, particularly in the rural sector of our economy have either been failures or at best are still struggling for survival. Quite apart from the need for the whole co-operative movement to have better relations with the general public, there is an urgent need to foster better relations within the movement itself. As it is the co-operative movement in this country is sharply divided into district urban and rural movements with different functional types of primary societies in each sector. In the eyes of the relatively successful urban societies the rural co-operatives have a very poor image. The effect of this has been to hamper the growth of rural co-operatives particularly credit co-operatives who have been unable to attract loan capital even from successful urban co-operatives, let alone from private investors.

Any attempt at creating good relations with the public requires, not only a demonstration by the movement in general, of its ability to succeed in its economic and social objectives but also a sound and well planned programme of publicity. What this requires, besides efficient top management is able and experienced public relations personnel to undertake research, plan, organise and carry out a sustained campaign to create good relations with the public.

It is outside the scope of this paper to describe the whole spectrum of problems facing the co-operative movement. I shall however consider those problems which I believe lie in the way of achieving good public relations. Some of these we have already reviewed but it will be useful to recount them again. These are summarised as follows:-

- 1) The most important of these is that frequent failures of co-operative ventures particularly in rural areas and Co-operative stores have been instrumental in preventing the creation of a favourable public image. The reasons for this lie mainly in that the Societies are too small, lack of managerial skills, shortage of capital, opposition from private vested interests, lack of loyalty ~~due~~ to lack of public relations and failure by those charged with the responsibility of establishing co-operatives to have properly assessed the economic environment before establishing co-operatives. In many cases co-operatives seem to have been set up either without economic justification or without regard for the intensity of already entrenched private interests. Both of these have contributed to failure.
- 2) The need for co-operators and the officers of the Department of Co-operative Development to realize the importance that good public relations can play in co-operative growth. At present this realization does not exist to any appreciable extent. Much of the difficulty, it must be admitted, lies in doubt about the value of public relations caused by difficulties in assessing the value of public relations activities and the absence of suitable yardsticks by which results can be measured.
- 3) Particularly with consumer co-operatives - but in general with all co-operatives - the question of lack of capital at the outset has worked to the detriment of the co-operatives public image. Many co-operatives especially in rural areas are unable to offer attractive premises and a wide range of consumer goods and are unable as a consequence to satisfy peoples needs. Further, the insistence of such co-operatives to undertake only cash trading in an environment where credit transactions predominate has made co-operatives not too popular.
- 4) The present lack of unity of the urban and rural sectors of the Malaysian Co-operative movement makes it difficult for the co-operative movement as a whole to jointly plan and carry out any public relations program. The problem itself is far greater than this. It would seem that there is an urgent need to promote co-operation among co-operators themselves. Especially in rural areas, but also among urban co-operatives, competitiveness and petty rivalry between societies has prevented the creation of a favourable public image.
- 5) Little research is known to have been done on the co-operative movement although it has been in existence for nearly $\frac{1}{2}$ century. Thus there is no precise knowledge of public attitudes regarding

co-operatives. What we know at present is little more than the result of deduction and common sense. Any public relations programme, if it is to be successful must be directed with specific objectives in mind. This requires an analysis of the public facing the co-operative to determine what techniques to use for different sections of the public in order that public relations efforts may be directed at a specific somebody rather than a general nobody.

- 6) Scarcity of qualified and experienced people which co-operatives need to plan and carry out an effective public relations programme.

In the face of the problems I have listed above it does seem apparent that the task before the co-operative movement is a formidable one but the time has come for the large and successful Co-operatives in the country to get together, plan and carry out a joint public relations programme for the common good of the movement. The public relations work carried out by the Malaysian Co-operative Insurance Society can be expanded with more vigour throughout the country.

The Department of Co-operative Development has also a great role to play if it emphasises the importance of public relations to the co-operative movement. Strong support of the government for the co-operatives is in itself an advantage in creating good public relations. ~~But such support should be constructive and aimed at creating successful co-operatives is in itself an advantage in creating good public relations.~~ But such support should be constructive and aimed at creating successful co-operatives capable of standing on their own feet instead of a large number of semi-failures depending for their existence on continuous government aid. Nothing, it has been said, succeeds like success. A few well organised and successful co-operatives will go a long way in creating a favourable public image for the whole co-operative movement rather than a large number of failures.

Whatever the actual structural changes the co-operative movement undergoes and however good the support of the government is, the task of creating good public relations is bound to be difficult and this will require the untiring efforts of both co-operators and the government. The results however should prove fruitful. Not only will better public relations contribute to the success of co-operatives but also, in the process, many of the problems plaguing the movement at present would be eliminated. Only in such a way, I believe, will the desired role of the co-operative movement in National Development become a reality.

PRINCIPLES OF CONSUMERS' COOPERATION

J.M. Rana
Co-Director
International Cooperative Alliance
18 Friends Colony, New Delhi.14

Presented at the

NATIONAL SEMINAR ON COOPERATIVE MANAGEMENT, KUALA LUMPUR.
Malaysia. June 26 - 30, 1967

Organised by

International Cooperative Alliance
Regional Office & Education Centre
for South East Asia
18 Friends Colony
New Delhi.14. India.

Cooperative Union of Malaya
8 Holland Road
Kuala Lumpur.
Malaysia.

PRINCIPLES OF CONSUMERS' COOPERATION §

J.M.Rana
Co-Director
International Cooperative Alliance
New Delhi

...

Early in 20th century the British **Consumer** Movement published a set of principles which came to be known as the "Rochdale Principles". These principles were further examined by a Committee of the ICA. Subsequently, the following principles were accepted by the ICA Congress in 1937 as applicable to all consumers' cooperative societies.

- i. Open Membership
- ii. Democratic control
- iii. Limited interest on Capital
- iv. Dividend on purchases
- v. Cash Trading
- vi. Political and religious neutrality
- vii. Promotion of Education

Present Principles

In 1964, the ICA appointed a Commission on Cooperative Principles to examine the fundamental principles of cooperative activity in the context of the present-day economic, social and political situation and to suggest whether any of the Principles should be reformulated. The Report of the Commission was considered by the ICA Congress held in Vienna in September 1966 and the following principles were adopted.

1. Membership of a Cooperative Society should be voluntary and available without artificial restriction or any social, political, racial or religious discrimination to all persons who can make use of its services and are willing to accept the responsibilities of membership.

§ The article was originally written for use as study material for a study circle formed by some members of consumers cooperatives in Delhi. It has been subsequently revised in the light of principles of Cooperation adopted by the ICA Congress in 1966.

2. Cooperative Societies are democratic organisations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation on decisions affecting their societies. In other than primary societies, the administration should be conducted on a democratic basis in a suitable form.
3. Share capital should only receive a strictly limited rate of interest, if any.
4. Surplus or savings, if any, arising out of the operations of a society belong to the members of that society and should be distributed in such manner as would avoid one member gaining at the expense of others.

This may be done by decision of the members as follows:

- a. by provision for development of the business of the cooperative,
 - b. by provision of common services, or
 - c. by distribution among the members in proportion to their transactions with the society.
5. All cooperative societies should make provision for the education of their members, officers, and employees and of the general public, in the principles and techniques of Cooperation both economic and democratic.
 6. All cooperative organisations, in order to best serve the interests of their members and their communities, should actively cooperate in every practical way with other cooperatives at local, national and international levels.

These principles indicate the aims and special character of cooperative undertakings as distinct from private or public enterprises. In addition, they are good business rules too which have stood the test of time. Their non-observance has been the cause of many a failure. A correct interpretation and application of these principles are, therefore, very essential for the success of consumers' cooperative societies.

In the following sections, the principles are discussed one by one, but on account of their close inter-relationship, references to other related principles have been made, wherever necessary.

OPEN MEMBERSHIP

A cooperative society is a "service" association organised by the members to meet their common needs and not to make profits for themselves. It is open to all persons who require the services offered by the society, and

who satisfy general conditions regarding age, residence etc. incorporated in the bye-laws. No distinctions are made on the basis of race, religion, caste or political opinions of members. All members are free to join or leave the society and they enjoy equal rights.

In a private undertaking, the aim is to maximise profits for members. In certain forms of private enterprise such as partnership and private limited companies, membership in the venture is restricted so that each member can have larger proportion of profit, depending upon the shares held by him. In public limited companies also, large blocks of share capital are held by a few members. Membership in a public limited company is restricted by the amount of share capital issued. The practices adopted by these companies in the issue of fresh capitals also show that they have no special interest in enlarging membership, unless the latter is necessary for expanding the capital base. These companies, when they issue fresh capital, usually distribute it among the already existing shareholding members. Reserves are also used for issuing bonus shares to members.

The practices in a cooperative are entirely different. Its aim is not to make as large profits as possible for members. In a cooperative surplus is not distributed on the basis of members' share capital but on his patronage. The cooperative, therefore, has a special interest in enlarging its membership, since by doing so it would be extending benefits to owner-members.

The "Open Membership" principle has been responsible for the following good results:

1. This principle gives the consumers' movement its ideological appeal of universality.
2. Uniting consumers on a common economic platform, irrespective of their other interests, makes for a singleness of purpose. Political, religious or sectarian interests are not allowed to sidetrack the activities of cooperatives from the common social and economic goals which are of interest to all members.
3. If consumers' cooperatives are to compete effectively with private trade, they should enter with wholesale trade and also undertake production. This however requires large capital and also a large market. It has been possible for the consumers' movement to achieve both of these by enlarging its membership. Consumers' cooperatives are associations or ordinary men whose resources are not large. But by expanding the movement to a vast

membership, as in England and Sweden, it has been possible for them to acquire capital needed for undertaking wholesaling and production activities. Also the vast membership of the cooperatives provided the market for the goods produced by them.

4. The voluntary nature of a cooperative society implies the freedom to join as also to leave it, if the member so desires. Firstly, this ensures that the movement is not burdened with unwilling members. Secondly, the freedom to leave would keep the society's management alert and responsive to members' needs. On account of this factor, the movement cannot rest on its oars. The movement must maintain continuous dynamism and achieve higher standards of efficiency and service if it is to sustain members' loyalty and win fresh adherents.

A departure from the open membership rule has taken place in several countries of South-East Asia in regard to employees consumers societies, where membership is restricted to employees of a particular government department, a particular factory or establishment. Such societies have worked well in comparison with general stores for several reasons. First, they get certain benefits like free shop accommodation, free/electricity etc. from the employers. Secondly, since the members are fixed income earners, societies get adequate finance. Thirdly, members know each other well and the commonness of their interests is well understood. Finally, it has been possible to find elected leaders of proper qualifications on account of the good educational background of members and mutual knowledge.

However, these societies remain small societies and on account of the restrictive character of membership, a serious limitation is placed on their growth. If they are to compete effectively with the formidable private traders, they must acquire greater strength through expansion of capital and membership. Secondly, location of shops in business premises of the factory is often inconvenient as members may have to carry their goods long distance. With the shift of shopping responsibility from the male member of the family to the housewife, which is taking place in most countries of the Region on account of the advancement of women's social status, such shop locations will become highly inconvenient. Thirdly, in an employees' society, it is unlikely that the members would appreciate the larger goals of the movement unless social efforts are made. The feeling of cooperative solidarity will be difficult to develop, particularly when persons living in the same locality.

or nearby are denied membership and they have to organise another cooperative society.

DEMOCRATIC CONTROL

This principle means "one member one vote" as distinct from one share one vote in capitalist enterprises and signifies that a cooperative society is an association of human beings and not of capital. Control of the operations and management is ultimately vested among members who have equal rights, and the actual management is entrusted to a managing committee elected by the members.

The administrative structure, however, would differ depending upon the size of the society and depending upon whether a society is a primary or a secondary one.

PRIMARY SOCIETIES

Small Societies: In small societies, the organisation is simple, the supreme authority is vested in a general meeting of members which takes place once or twice a year. The main functions of the general meeting are to elect the managing committee, approve the annual report and statement of accounts and decide upon the disposal of surplus. The management is honorary if the societies are very small and the day-do-day work is divided among different committee members. In societies which can afford paid personnel, the main functions of the managing committee are to appoint a manager, supervise his work and take important decisions.

In most cases, the manager is not a member of the committee who make all important decisions while the manager remains in the background. This is generally the situation in several countries of the Region.

In these societies, the business training of board members is of great importance and the Cooperative Unions have an important role to play in organisation of cooperative education.

Large Societies : Another form of organisation becomes necessary in large societies having several thousand of members. The usual method adopted is representative democracy.

An example from Sweden may show how democratic management could be organised in large societies.

A description of organisational structure of the Stockholm Consumers' Cooperative (Konsum) which is a very large society, may be of interest here.

The Stockholm Konsum has nearly 200,000 members. They meet according to the districts (localities) in which they live and in whose store they shop. These district meetings and delegates to represent the districts at the general assembly of the society.

The district committee serve as links between the members in each of the 118 districts and the central management of the Stockholm Konsum. The function of district meetings is also to discuss the annual report of the society, suggestions of the board of directors regarding surplus distributions. In other words, the affairs of the society are first discussed at district meetings and then at annual meeting of the general assembly.

The general assembly of Stockholm Konsum comprises 124 delegates, who include one from each district and six representatives of employees. The assembly elects an Administrative Council which corresponds to the Board of Directors of small societies. The Administrative Council appoints the Board of Directors which consists of the heads of the society's main departments. They are all salaries full-time employees and all of them together perform the functions of the general manager of a small society. The day-to-day management vests in the board while approval of the Administrative Council is necessary on all important matters.

Federations.

The general assembly of a consumers' societies' federation is usually a delegates' meeting. These delegates are elected at the general meetings of each of the member-societies. In order to ensure that representation is given to societies on the basis of equality of members, one of the following methods is adopted.

- i. The number of delegates a society can send to the general assembly is based on its membership. This is a strict application of the principle of "one man one vote". To avoid the dominance of large societies, a limit is often placed on the number of delegates a society is allowed to send.

- ii. In some cases, the principle of patronage is introduced in fixing the voting power of the societies. Representation in the general assembly is given on a combined basis: (a) a certain number of delegates on the basis of membership; and (b) additional delegates depending upon its volume of business with the federation.

The parliamentary structure of the Swedish Cooperative Union and Wholesale Society (KF) is described below to illustrate the structure of a federal organisation.

The area of operations of KF is divided into 24 districts. Each district holds a district congress every spring. Every consumer society is entitled to send one delegate by virtue of its membership of KF and an additional delegate for every 500 members, with the limitation that the number of additional delegates shall not exceed the ratio of one delegate for every 200,000 kr. of the society's purchases from KF during the previous year.

The main work of the district congresses are as follows:

- i. The district congresses receive from the delegates their report of the National Congress.
- ii. The district congresses examine the reports of their district committees concerning activities within their district, and discuss matters of cooperative importance for the district, such as future plans of federated bakeries, industrial undertakings, educational activities etc. within the district. District committees of 5 to 7 members each are also elected.
- iii. They make a preliminary examination of the annual report and proposals of the managing bodies of KF.
- iv. They elect delegates to the forthcoming National Congress of KF.
- v. They nominate members to the Administrative Council of the KF. These nominations are to be approved by the National Congress. The number of council members which each district congress is entitled to choose is stated in the election procedure of the National Congress.

The National Congress which is the general assembly of KF comprises about 400 delegates. The Congress examines and takes decisions on the report and proposals submitted by the Administrative Council of KF, decides upon the disposal of surplus and elects three to five auditors. The policy questions for the consumers' movement as a whole, particularly those concerning the direction of future development, finance, the working harmony of societies, cooperative industry etc. are also debated and decided upon at this Cooperative Parliament.

The Administrative Council consists of 30 members who include managers of local societies and laymen. The Council thus has a diversified experience available to it - managers having knowledge of local distribution and production and the laymen having knowledge of the points of view and wishes of consumer households.

In order to maintain effective supervision over the Board of Directors, the Council is divided into a number of sub-committees, each exercising control over a particular sphere of activities of KF.

The Council meets 10 to 12 times a year. The Board of Directors who are full-time employees, possess great freedom of action but it must consult the council on all major issues such as expansion of KF's area of activity, decisions relating to real estate, long-term investment of surplus funds etc.

The above account is illustrative of democratic management in a large wholesale federation. It is not necessarily the typical structure for wholesale federations but it shows the manner in which democratic management is combined with efficiency of operations.

LIMITED INTEREST ON CAPITAL

The role of share capital in a consumers' society is different from that in a private enterprise. It is not risk capital in a cooperative society and the aim is not to declare as large a dividend on share capital as in a joint-stock enterprise. In a consumers' society, buyers and owners are the same persons and the aim of the society is to provide goods and services at as low cost as possible, keeping in view the long-term needs of developing cooperative business. Thus share capital represents savings made available by members to the society for business purposes.

Share capital is important from the point of view of providing the movement with part of own capital which gives it a certain freedom of action. The rule of limited interest ensures that the required capital is available to the society at low cost.

However, shares differ from other savings made available by members in the sense that they make members part owners.

Shares are treated differently from loan capital, and they are not regarded in any way as risk capital even under strict limitations. This is so since, strictly speaking, there are no profits in a cooperative society. If there remains a surplus of income over total expenditure, it is on account of the deliberate policy of overcharging the members.

The principle of limited interest is of considerable importance from the point of view of building up "own capital" of societies by allocation of surplus to the reserves. Since capital is entitled to limited interest, the disposal of surplus has to be considered in relation to members' interests as customers and owners. Obviously, the building up of capital, if it would go to cheapen or improve the quality of goods supplied by societies, is in the long-term interests of members. Members may elect to receive less interest than the legal minimum and transfer substantial portions to reserves.

The three-principles viz. democratic management, limited interest on capital and patronage dividend take away from "capital" the tremendous power it possesses in joint stock companies. The principle of management based on one member one vote and not on the size of share capital owned by a person divests capital of its control over the enterprise and vests it in consumer members. The principle of distributing surplus on the basis of members' patronage ensures that the benefits go not to owners of capital but to members who make use of the society. Thus all the three principles are responsible for bringing about a form of economic organisation which is radically different from the private enterprise.

DIVIDEND ON PURCHASES

The surplus which arises in a cooperative business is on account of the purchases made by members. In view of this, after allocation is made to reserves, depreciation, interest on share capital etc. the remainder of the surplus is returned to the members, depending upon the volume of their purchases with the cooperative society. In other words, they receive what they have been overcharged.

Patronage dividend has offered an excellent method to consumers' movement for bringing non-members into cooperative societies and for building up own capital. Non-members are allowed to shop at the cooperative store. The consumer society gives non-members dividend on purchases at the same rate as members. In the case of non-members, however, the dividend is not withdrawable. Whatever dividend a non-member earns is credited to his account; when it reaches the equivalent of the value of one share, the non-member is persuaded to buy one share out of accumulated dividend and become a member. This is very convenient to people since by simple starting to shop at the cooperative store, they accumulate necessary savings for buying a share. The benefit of shopping at the cooperative as against a private shop is also obvious to the non-members.

A policy followed by some cooperative movements is to charge market prices and distribute dividend on the basis of members' patronage. Patronage dividend is an attraction for the members to shop with their cooperative store, since members would get a sizable return at the end of the year. Considerable reliance is placed on these "divis" in England. However, in Sweden a different policy is adopted where the movement pursues an active price policy. The Swedish Movement sets lower prices and competes with private enterprises not only on the basis of quality but also of prices. When such an active price policy is pursued, members receive the benefit of lower price immediately and are content with lower dividend. In an active price policy the prices charged should be so calculated that the member is not overcharged. Nevertheless, one must take into account some margin of risk which has to be included in the surplus. A more important purpose of the surplus is the need for capital formation.

PROMOTION OF EDUCATION

This rule is of paramount importance when ordinary members attempt to run their own business. It would be very unwise for them if they do not equip themselves adequately for the tasks they undertake. Since the cooperative institution is a democratic organisation, its successful working depends on the knowledge and ability of the members and the Board of Directors. In view of this, considerable attention is given everywhere to educating members before the formation of societies and carrying on this process after the society is organised. Such education is necessary in respect of members, the Board of Directors and employees. This responsibility is generally undertaken by the cooperative unions in collaboration with the primary societies.

The cooperative societies in advanced countries and several countries of the Region usually set aside a small percentage of their profits for educational purposes.

INTER-COOPERATIVE RELATIONS

Cooperative societies at the primary level have collaborated among themselves to establish federations for providing them commonly required economic, technical or educational services. These federations have been established on a regional, national and even international basis. Such collaboration among cooperatives has helped to achieve for them considerable economic power and thereby effectiveness in withstanding competition and providing services to members. In the face of growing competition from private enterprise which is establishing giant concerns, cooperatives in advanced countries are integrating their activities to an ever increasing extent in order to achieve greater unity of action and competitive power.

Collaboration among cooperatives should take place not only between the primaries and their federations in any particular economic activity but also among cooperatives of various types by giving support to each other's activities.

G/13.6.67

ROLE OF VOLUNTARY ORGANISATIONS IN ECONOMIC AND SOCIAL DEVELOPMENT

International Federation of Agricultural
Producers, Paris (France)

Presented at the

NATIONAL SEMINAR ON COOPERATIVE MANAGEMENT, KUALA LUMPUR

Malaysia, June 26 - 30, 1967

organised by

International Cooperative Alliance
Regional Office & Education Centre
for South-East Asia
18 Friends Colony
New Delhi-14, India.

Cooperative Union of Malaya
8 Holland Road
Kuala Lumpur
Malaysia

ROLE OF VOLUNTARY ORGANISATIONS IN ECONOMIC AND SOCIAL DEVELOPMENT

International Federation of Agricultural
Producers, Paris

The numerous studies devoted to the problems of economic and social development in recent years have tended to stress above all the dominant role of government as initiator and co-ordinator, especially in the early phases before self-sustaining momentum of the economy is achieved. This thesis is now widely accepted, even by those who, in the conditions of the industrialised countries, attach more importance to the free play of economic forces and regard the function of government as a purely regulatory one. The experience of the past twenty years has in fact shown that in most developing countries the obstacles to economic expansion are so great that only a concerted effort can hope to overcome them. Such an effort can only be made and directed through government.

But experience has also shown that massive investment and other interventions of government may yield disappointing results if not matched by a measure of understanding and positive collaboration from the people themselves. Government initiatives quickly lose their impetus in transmission from the capital city to distant villages. A government officer who has to explain new policies and get them accepted and practised, by the farmers let us say, finds himself up against a local situation in which the main elements may not have changed for centuries. Families with entrenched interests, moneylenders and merchants will resist almost any change, and often even the poorest farmers may resist it too, from lack of energy, or fear of reprisals, or the memory of too frequent switches in government measures, or simply from an ingrained distrust

of the stranger. Central government is largely disarmed in the face of this kind of passive sabotage, and locally elected authorities, reflecting as they do the existing balance of forces, are seldom eager to innovate.

There cannot be a vacuum between government and the individual. If there are no voluntary organisations - organisations desired and created by their members - the traditional structures will remain unchallenged and their influence on economic development will almost invariably be negative.

Voluntary organisations ranging from powerful national trade unions to study circles and discussion groups in remote rural areas are so characteristic of advanced economies that it is hard to avoid the conclusion that there is a direct link between such spontaneous group action and economic progress. But the relationship is one of the complicated interdependence rather than of simple cause and effect.

EVOLUTION OF VOLUNTARY ORGANISATIONS

It is difficult to generalise about voluntary organisations because of their enormous variety. Confining ourselves to the types of most interest in the present context - cooperatives of all kinds, farmers' and farm workers' unions - the immediate motive for their creation, in economically advanced areas such as Western Europe, has been to protect and promote the interests of a specific category of people, generally starting from a situation of exploitation or manifest injustice. Their founders in all probability were not concerned with the wider implications, especially at a time when governments generally preferred to leave economic problems to sort themselves out under a regime of moderately free competition. Trade unions and in some cases cooperatives have later developed in such a way as to become major elements in national economies that are increasingly shaped by conscious government planning. This has given them wider influence but at the same time imposed wider responsibilities upon them. Their struggle to improve the situation of their members has had to be tempered by concern for the national welfare. But perhaps none of this was in the minds of the pioneers.

In considering the role of voluntary organisations in the developing countries today, it is natural to wish to see them assuming as soon as possible these important functions at the level of the national economy. Governments in particular, when granting encouragement and material aid to voluntary organisations, may tend to think of them rather too exclusively as an adjunct of their own policies, a necessary mechanism for transplanting these policies into practice. This is to overlook the fact that the average person needs a more direct, local and even selfish incentive to take part in the work of a voluntary association. He will not be fired by references to national targets to be reached in three, four or five years time.

KILLING BY KINDNESS?

The recent history of cooperative development in Asia demonstrates the difficulties and contradictions inherent in the situation. The principles and the achievements of Cooperation have won universal recognition, and there can scarcely be any Asian Government today that is not, in one way or another, actively encouraging the creation of agricultural cooperatives. How much such encouragement can a voluntary organisation survive? It is significant that in some parts of the world the term "farmers' organisations" is not generally regarded as including agricultural cooperatives, which are identified as a camouflaged branch of government.

Voluntary organisations have a specific contribution to make through the very fact of their being voluntary. This contribution in its most significant aspects, which are not easily identifiable to the casual observer, tends to be long-term training of large numbers of people in democratic attitudes and procedures, encouragement of initiative and self-help, and modification of out-dated social structures. More will be said about these and similar points later. But voluntary organisations are not only set up for these, but for more immediate, tangible purposes - purposes which to a large extent can be achieved by organisations that are not entirely or even partially voluntary. A cooperative may be formed to market a crop or to supply farmers with seeds. This cooperative,

in Asian conditions, may owe its existence to government decree, be financed by public funds and managed by a government officer. It can scarcely be called a voluntary organisation. But it may sell the crop or supply the seeds just as efficiently and in the circumstances, perhaps more so than a "pure" cooperative.

This is the dilemma of official promotion of supposedly voluntary organisations. Everyone knows that they should spring up spontaneously, although in the conditions prevailing in most developing countries they seldom do. Needs are so acute that no government can stand by and do nothing. The fact that most governments in developing areas are actively supporting cooperatives is a positive option in favour of a progressive form of enterprise, even if the advantages of this form remain for the time being merely potential. But governments must be critical of themselves if these cooperatives are to evolve fairly quickly to full autonomy. A vicious circle has to be broken, a risk taken. Perhaps, it is true that, in many places, farmers have no experience of running even the smallest business, no notions of book-keeping and writing. But writing and simple book-keeping can be taught to almost anyone and management can also be learned on the job. If cooperatives are to fulfil some of the high hopes placed in them, they have to be left alone with their members before long, with the guiding hand of government gradually withdrawn.

In passing on to consider in more detail the contribution that voluntary organisations can make to economic and social development, it is necessary to limit the scope of discussion. As agriculture is the main source of national income and employment in most Asian countries, we shall concern ourselves here with voluntary organisations in agriculture, in particular with farmers' cooperatives and farmers' unions, and give some examples of how their influence has made itself felt in favour of economic and social development.

It is no mere chance that the words "economic" and "social" are so often linked together. It recognises the essential connection between economic and social development, especially under conditions in Asia.

Economic development requires a sizeable domestic market, which in turn implies a much more even distribution of purchasing power than exists in most Asian countries. This can scarcely take place without a simultaneous breaking-down of traditional social systems.

COOPERATIVES PREDOMINATE

Numerically, and moreover because of their direct impact on the economic situation of farmers, cooperatives are the most important type of voluntary organisation in agriculture throughout the world, existing virtually everywhere. In some countries they are the principal form of organisation in agricultural marketing and supply, and in the provision of credit and some types of insurance to farmers.

In the Scandinavian countries, for instance, virtually all milk and 80 to 90 per cent of livestock for slaughter are marketed through farmers' cooperatives. In Finland, admittedly a cooperative country par excellence, the total volume of business transacted in local cooperatives of all kinds, rural and urban exceeds 30 per cent of the net national income. Turning to Asia, in Japan, the country with the most productive agriculture, virtually every farmer is a member of a local multi-purpose cooperative; at least half of all agricultural production is marketed through the cooperative network; and 30 per cent of total savings deposits from agriculture are placed in cooperative institutions. Cooperatives that have achieved such a volume of business and membership are powerful motive forces in the economic sectors in which they are active. But even those with much more modest figures may exercise an important influence, especially through the competition they provide with private business.

The impact of farmers' unions, (a general term indicating farmers' voluntary organisations set up for purposes other than trading and the provision of services directly related to agricultural production) is more difficult to assess. Farmers unions of advanced countries are often mainly concerned, at the national level, with the broad problems of government agricultural and economic policy. They attempt to influence policy formation in such a way as to protect farming interests while at

the same time enabling farmers to make as effective a contribution as possible to the growth of the country's economy as a whole. They are also concerned with improving the social conditions prevalent in agriculture; but with the widespread adoption of social welfare measures by governments, combined with a general increase in purchasing power and mobility of the population, and the existence of a relatively satisfactory infrastructure of schools, hospitals and public libraries, their scope for action in this direction has been somewhat limited.

FARMERS' UNIONS' INFLUENCE

In a number of European countries, however, where strong farmers' unions are regularly consulted by governments in defining and executing agricultural and general economic policies, their influence is recognised as highly important, not in the least by industrial and commercial interests who often oppose the claims of agriculture. The responsibilities facing the national leaders of farmers' unions - as it faces trade union leaders and the heads of industrial employers' associations - is to reconcile the demands of the rank-and-file members, who are not usually able to appreciate the wider economic context, with the requirements of the national economy as a whole. The farm leader who proves equal to the task is bound to incur unpopularity from time to time not only with government but also with his own constituents.

In developing regions it is rare to find strong farmers' unions, and those that exist usually owe their existence to promotion by either government or a political party. They can as yet scarcely make themselves felt at the national level, since an effective local and provincial organisation is still to be built. Locally, there is much scope for action by farmers through their own unions. Farmers' extension clubs, in several Asian countries are making a very direct contribution to economic development by encouraging improved methods and by publishing the results obtained by the more progressive farmers. These clubs are increasingly seen as a necessary adjunct to the work

of government extension officers. An even more basic form of farmers' associations may come into being to carry out some local task of concern to all farm families in the area, for instance the building of an access road or a village meeting room. Such associations may of course dissolve when the immediate object has been accomplished but in some cases they are seen by the farmers as providing a much-needed permanent instrument for self-help, and the habit of collaboration gradually grows. In addition, the scope for social improvements in the villages of developing countries is particularly wide. Any substantial progress in this direction is sure to have desirable economic repercussions.

We can now examine more specifically the ways in which voluntary organisations of farmers, more especially cooperatives, contribute to economic and social development.

PRODUCTION

In most developing countries there is an urgent need to increase and diversify agricultural output. The technical means of doing this are well-known and, in general, not prohibitively expensive. Why then has relatively little been achieved in so many countries? There are many partial answers to this question. Rural societies are often rigid and conservative and hence, hostile to innovation of any kind, unless the example is given by their own acknowledged leaders. The second reason is that any substantial increase in output implies a market and the physical facilities for marketing. It is hard to persuade farmers to spend money on improved seeds, fertilisers or implements if they have no assurance of being able to sell the extra production profitably. In many Asian countries low purchasing power limits demand severely. Elsewhere there may be a potential market but poor communications, inadequate warehousing, absence of refrigeration and other similar factors make it impossible for the farmers to supply it. As an indication of the magnitude of the problem, it has been estimated that in some areas of Asia transport costs represents 20 to 25 per cent of the retail price of agricultural products.

To speak of increased output at once raises the whole complex of problems associated with the transition from a subsistence to a market economy.

Farmers' cooperatives, particularly the multi-purpose type most favoured in Asia, should be able to attack these problems at the roots. The existence of a democratically-run cooperative is in itself a challenge to the traditional authorities in a rural community. It gives its members some experience of participating in the management of an autonomous business, and encourages them to throw off the passivity and sense of helplessness that are fostered by the hierarchical structure of many rural societies. Once farmers acquire the habit of united action they will no longer accept unquestioningly the leadership of those who are chiefly concerned with maintaining the status quo to their own advantage. At the same time the multi-purpose cooperative, by its very nature, places the problem of increased production in its wider context of available markets, improved market techniques, provision of facilities, supply of fertilisers, foodstuffs and seeds at the cheapest rates, and short and long-term credit. It thus meets most of the basic requirements without which a "grow more food" campaign is likely to be a failure.

Farmers' extension clubs also contribute to increase agricultural output and hence to further economic development. Their particular strength is that they tend to replace mere exhortation by the force of example. Farmers everywhere will listen when a successful fellow-farmer relates his experience or states his opinions. Farmers' unions, to the extent that government takes them into its confidence, may also aid the production drive by interpreting official policy to the farmers and removing some of their doubts and hesitations, where these are in fact ungrounded.

CREDIT

Most farms in Asia are uneconomical, small, and most farmers are chronically indebted to merchants and money-lenders. Crops are mortgaged to obtain the seed to produce them, and are often sold immediately because the farmer has no storage space. In some areas farmers spend a disproportionate part of their meagre revenue for non-productive

purposes, such as elaborate wedding ceremonies. These and similar circumstances are extremely unfavourable to any substantial increase in production.

The provision of both short and long-term credit through cooperatives can materially improve the situation. Reasonable interest rates are charged, instead of the exorbitant ones often required by private money-lenders, and in general fair treatment replaces exploitation.

But the cooperative's influence can go much further. It may be able, through the efforts of a respected and determined manager, to discourage farmers from borrowing for sumptuary expenditure that leaves the borrower with no means of repayment. It may advise the farmer on the judicious use of any loans granted. It may even insist on a detailed statement of the purposes for which it is intended to use a loan, and check up at regular intervals to see that the farmer is in fact carrying out the programme. The principle of associating the function of credit provision with technical guidance and a systematic control of the use of loans is known as supervised credit and has given valuable results in many areas. Similar methods are used by unit (primary) cooperatives in Japan to ensure that farmers do not embark on ill-considered plans and to introduce an element of conscious planning in the agricultural development of the area as a whole.

The funds lent by cooperatives generally have to be provided by government in the first place. This was true even of such economically advanced countries as USA and Sweden, though in both these countries cooperators have succeeded in paying back the government advances and now in most cases own their own credit institutions entirely. Elsewhere, in France for instance, a mixed system operates to general satisfaction, with the local and regional levels functioning largely as autonomous cooperatives.

Farmers should be able to make deposits with their cooperatives as well as take loans from them, and should receive a commercial rate of interest. In this way thrift is encouraged (provided that political conditions and the currency of the country are reasonably

stable) with long-term effects of incalculable importance for capital formation and economic growth. Even if commercial banks were interested in promoting the habit of saving among rural people -- and there is little or no evidence of it -- such savings would almost certainly be drained off from agriculture into industrial and urban sectors. Thus agricultural cooperatives appear to have a specific function of great significance. To give an illustration of their potential it may be noted that Japanese farmers deposit more in savings with their cooperative institutions than they take out in loans.

MARKETS

Reference has already been made to the fact that farmers are unlikely to produce more unless they are convinced that there is a remunerative market for the extra output. Developing countries generally are characterised by wide extremes of wealth and poverty. A small minority enjoy excessive riches while the majority have only the barest necessities of life, and sometimes not even that. This situation results in a limited solvent demand for food since consumption of food does not expand at the same pace as individual income increases and after a point does not expand at all. A more even distribution of income is thus almost certain to bring about increased demand for food, and few would deny that cooperatives, particularly in the conditions of the developing countries, tend to put more money in the hands of the under-privileged categories of the population. In this important respect, cooperatives are a healthy influence in the economy.

LAND TENURE

Insecurity of tenure is a factor that, in many developing countries, hampers an expansion of agricultural production. Increased production almost always involves an investment of some kind, an additional expenditure, or perhaps simply a greater physical or mental effort, and a period of waiting for results in the form of bigger crops and livestock. If the cultivator is liable to be evicted during this period, or if he fears that he will not reap the full reward of his investment, he will probably continue to follow traditional practices, putting little

into his farm and getting little out. Land reforms of various kinds have been carried out in many countries, especially during the past twenty years, in order to remedy the drawbacks of traditional systems. The view has been put forward authoritatively that "no land reform has fully succeeded unless it has been accompanied by cooperative organisation."¹

Difficult problems arise in transferring the ownership and/or management of land to men who have had little or no previous experience, and it often happens that the immediate effect of land reform is to reduce the volume of production below the existing low level. Some forms of discipline therefore become necessary for a transitional period. In the Italian land reform areas, for instance, families receiving farms are prohibited from selling or mortgaging them, and must accept membership in special cooperatives. The cooperative method, even if imposed by government, has the advantage of giving the farmers straightaway some limited experience of independence and participation in management. It adapts itself easily to a gradual withdrawal of official guidance and to the progressive assumption of responsibility by the farmers themselves. It provides invaluable training for ex-workers and ex-tenants accustomed to taking orders rather than using their initiative.

It is not necessary to discuss here the various ways in which cooperative methods can be applied to the problem of land reform, except to say a word about cooperative farming, which is of particular interest in the present context. Cooperative farming - by which we mean joint management and operation as an individual farm unit, irrespective of ownership - has received much attention in recent years because it promises to make a positive impact on agricultural productivity and not merely as an alternative to the obvious shortcomings

¹ Development and Trends in the World Cooperative Movement Today, para. 663, ILO Draft Working Paper, 1962.

of some traditional land tenure systems.

In many areas the excessive fragmentation of holdings rules out the economic use of farm machinery, particularly the larger items such as tractors and combines. Often the farmers cannot afford to acquire even small machines. Cooperative farming, by creating one large operational unit from many independent fragments, offers a solution to this problem. It enables the farmers concerned to specialise and develop individual skills and to enjoy some regular free time by a rota system. The large output besides conferring bargaining strength on the market, justifies the construction of warehouses, the use of grading and sorting equipment, and the purchase of trucks, all of which would be beyond the possibilities of individual farmers.

The theoretical case for cooperative farming is thus very strong. If the practice, in some countries where systematic attempts have been made to introduce cooperative farming, has so far been rather disappointing, this can be attributed mainly to a psychological unpreparedness of the farmers concerned and to a shortage of highly developed managerial skill required to run a big farm on cooperative lines. But it is too early to write off cooperative farming as incapable of solving any problems. The economic and social advantages it can bring are worth a prolonged effort to change the ingrained attitudes that often make it difficult to work successfully. And it is worth remembering that interest in cooperative farming is not confined to poor, developing countries but is increasing in countries like France, Norway and Japan.

SOCIAL PROGRESS

As already mentioned, economic development tends to be accompanied by social progress, and the cause-effect relationship is not always clear. It is difficult to do full justice to the social role of voluntary organisations, since their action in this field is so often indirect and long-term.

Cooperatives set up for specifically social purposes are less usual than the trading types. They cover a wide range but are found in relatively few countries and then sometimes only as isolated examples. Thus there are cooperative hospitals and clinics, libraries, reading rooms, village halls and laundries. Sometimes the supply of electricity and telephones is handled through a cooperative. The scope for such initiative is naturally limited to countries possessing effective social services provided by government or by philanthropic foundations.

In the developing countries particularly it is not unusual for local associations of farmers to be formed to carry out improvement projects adding to the amenity of the village, such as the construction of a meeting room or of drainage and sewage systems.

The home life improvement societies of Japan deserve special mention in this context. Formed either as separate associations (linked with the official extension system) or as a subsidiary activity of unit cooperatives, they provide training and guidance in a wide range of subjects that primarily concern the farmer's wife. The courses include such things as cookery, needlework, preserving of fruit and vegetables, flower arrangement and interior furnishing and decoration. Advice is given on the purchase of electrical equipment (refrigerators, washing machines, radio, television) and in some cases credit is provided for this purpose. Here is an instance where a mainly social activity has economic repercussions; it is in fact claimed that improvement of the farm home milieu helps to restrain the exodus from rural areas to the already overcrowded cities.

Voluntary organisations have an important part allotted to them in community development projects in India and other Asian countries. Their contribution to social harmony, by bringing together people of different castes and origins for free discussion of their common problems on a basis of equality, can scarcely be over-estimated.

But these are only the more direct and obvious ways in which voluntary organisations of farmers work for social development. In the long run their pervasive influence on people's attitudes and thinking - educational in the broadest sense - may well prove more decisive.

VOLUNTARY ORGANISATIONS AS A TRAINING GROUND

In societies with the rigid, vertical structure characteristic of rural communities in many countries, there is inevitably a great waste of talent among those who receive little or no education and have virtually no opportunity of substantially improving their lot. This wastage can be ill-afforded, especially in developing areas where management and technical skills are at a premium. Voluntary organisations, in particular cooperatives, can do much to remedy this situation. The average member can gain familiarity with basic economic and business concepts, and those with some natural disposition for management should soon find themselves on the board. Even if the skills acquired in this way seem elementary, the cooperative structure does at least provide a means by which talent can be identified and developed instead of being lost in the general anonymity of the rural workers. And this training in management and simple economics is at the same time a training in the practice of democratic methods, something quite unfamiliar to many rural communities.

Voluntary organisations not infrequently make an outstanding personal contribution to regional and national public life. There are examples, particularly in Europe and North America, of men who have spent their most formative years in agricultural cooperatives or farmers' unions and have gone on from there to assume high responsibilities in government, diplomacy or other branches of public service.

CONCLUSION

The next decade may well be a crucial period for the evolution of voluntary organisations in Asia. Most of those that exist today are voluntary only in the negative sense that no one is compelled to join; the driving force, the finance, and even the day-to-day management often come from outside. Such organisations may be able to carry out some specific tasks satisfactorily, especially in the sector of extension and agricultural techniques. But they cannot have the wider significance for economic and social development that springs from the emotional commitment and active participation of their members.

The Swedish Centre for Co-operative Development

STAFF TRAINING IN CONSUMER CO-OPERATION

By

Gunnar Dahlander
Principal
Vår gård (Sweden)

Presented at the National
Seminar on Cooperative Management

organised by

International Co-operative Alliance
Regional Office & Education Centre
for South-East Asia, 18 Friends'
Colony, New Delhi-14., (India.)

Cooperative Union of Malaya
Limited
8 Holland Road
Kuala Lumpur (Malaysia)

Staff Training in Consumer Co-operation

History

At Kooperativa förbundet's (the Swedish Cooperative Union and Wholesale Society - KF) National Congress in 1907, several motions were put forward which touched on a vital problem: the cooperative movement was in dire need of trained managers and staff.

The problem of staff training had occupied KF's board of directors on many occasions but seemed insoluble. A cooperative business-school course was indeed started in 1910 but it was an isolated phenomenon. Cooperative education did not acquire real form until 1918 when the education department of KF was established in accordance with a resolution passed by the National Congress in that year. In 1919 and 1920 courses were arranged at Folk High Schools (Adult Educational Institutions), in keeping with the outline drawn up by the Congress.

It was soon realised, however, that the cooperative movement needed a school of its own, and in 1924, the KF school, Var gard, was established outside Stockholm where two private country houses had been purchased to house the school. The office of the education department was moved there immediately and the first course was held on June 7th, 1925 with a week-long programme for shop assistants. The school was expanded further in 1929. In 1939, several new buildings were inaugurated, including a special school building with assembly hall, office and dining-hall.

For a long while, cooperation in Sweden has been characterised by special conditions in the field of staff training. Because of economic difficulties many young people, mainly in the 1920's and 1930's, went to work right from elementary school, despite the fact that their talents, inclinations and study-prerequisites were often very good. For a large number of these young people, it was often natural to begin working in Konsum (consumer cooperative retail society) since it offered a certain security; in many cases their parents were active cooperators.

The employees became, as a rule, an errand boy, advancing to become a shop assistant after a few years. He might subsequently become the manager of a small shop and qualify for a post as manager of a larger one; in time he might even become manager of a society or attain some other leading position in the movement. This long 'road' was the customary practical education, no matter where one ended up later.

Developments on the practical side did not mean that theoretical training was neglected, however. The theoretical courses offered were adapted to the normal shop-career with elementary school as the base. The content of these theoretical courses has been changed and steadily

modified but the principle behind them, i.e. to complement the practical training of staff, has remained the same.

However, educational opportunities in general in Sweden were democratized and the economic barriers were removed. More and more young people from all levels of the society got the chance to continue their studies. This in turn involved certain problems for the cooperative movement. By the end of the 1940's some societies began to experience difficulties in obtaining suitable staff, i.e. it became harder and harder to find young people with the prerequisites for more qualified and complicated positions.

This development has intensified. A great number of educational opportunities are available today and young people adopt a quite different attitude towards their work and future than they did before. Nowadays, the practical work in consumer cooperation demands even greater skills than in the old days when the long road¹ was the rule. Keenly aware of this problem, consumer cooperation has intensified its efforts to provide its employees with the best possible training, not only to prepare them better for their more complicated assignments but to present them with opportunities for advancement and promotion to positions of greater responsibility. The employee is, thus, followed throughout the professionally active part of his life; the employee always has an opportunity to learn more, to complement his education, no matter how old he may be.

Cooperative staff training differs in several ways from other kinds of training in Sweden because 4 educational methods are used, methods which complement one another.

The 4 educational methods ('roads') in cooperative education are :

1. On-the-job practise

Trade is, for the most part, a practical profession. It follows then that such a profession can not be learnt only at the school desk. If one wishes to be a competent shop assistant or manager, one must learn about the day-to-day work, complementing this practise with theoretical studies.

As far as this part of the professional training is concerned, Var gard, the KF School, has contributed towards a systematization with, i.a. a well-planned programme for a shop apprentice's first 6 months in the shop or department store.

In addition, Var gard guide-books have been prepared which can be used by shop managers during personnel lectures in the shop. The guides are intended to offer guidance and information in easily accessible forms.

The personnel magazine Var tidning ("Our Magazine") is another important source of contact for Var gard.

2. Local staff training

At present there are about 40,000 employees in the consumer societies affiliated to KF. It is obviously impossible for Var gard to reach them all directly. Among other things, it would be extremely difficult to arrange even basic instruction at Var gard. Accordingly, training is so planned that a part of it is carried on locally at home in the individual societies.

During recent years very effective collaboration between societies in most places and local trade and commerce schools has taken place. Together they have organised courses of varying lengths and a number of special courses in certain subjects such as window-dressing, meat-cutting, merchandise knowledge, etc.

Konsum-schools are also to be found in the larger consumer societies. These schools, alone or in collaboration with the trade and commerce schools, organise and conduct the training. During recent years, an Information course for new employees within the movement has been introduced, not to mention other, longer courses such as Year-course I & II for employees in food stores and department stores. The year-courses and the information course have been approved by the National Board of Vocational Education and are held in conjunction with the vocational (trade) school on the spot.

As everyone knows, a great deal happens in a modern community, not the least in the field of trade. New products are introduced (occasionally products from the cooperative industries), new work and sales methods (e.g. supermarkets) are adopted, etc. All these inventions demand inventions. Without up-to-date information for the employees, new ideas simply can not get through. This need for up-to-date information has lead to the organisation by Var gard of short courses of different kinds, often as the prelude to some large sales campaign. Thus, sales-schools, fresh foods-schools, bread and cakes-schools, frozen food schools, etc., have been held all over the country with a large number of participants.

3. Correspondence studies

From the very beginning, Var gard has insisted that students at the school shall come to the courses well-prepared. Correspondence studies, therefore, are a vital link in the educational chain. Almost all courses at Var gard require a certain number of preparatory correspondence courses. The more advanced the course, the greater the demands on previous knowledge, of course. In many societies, study-circles in book-keeping, economics, business arithmetic, etc., have been organised. The opportunity to study courses in a group or individually is available to all.

Many employees also take part in the Cooperative Correspondence School and its special study groups and this is regarded as a especial merit for anyone seeking admission to Var gard.

4. Courses at Var gard

As previously stated, Var gard is a school which 'follows' an employee for quite a long while. From the age of 18 employees may apply for different types of courses at Var gard. Courses can be made short when they are not intended as end-points in a student's education. It is the student's own interest in his future which induces him to continue with his education, both before and after courses at Var gard.

The shortest course lasts for 4 days and the longest, a course for executive assistants, is for 2 years.

By placing demands on age, practical experience and previous knowledge as prerequisites for certain courses, the students received at Var gard have an even and high standard, and it is unnecessary to devote time to the most elementary aspects of a subject studied there. Instead, a great deal of time is used for discussions, exchanges of experiences, and for reinforcing previous knowledge.

Some statistics about Var gard

In order to present a picture of the extent of Var gard's activities, a few figures from 1963 might be mentioned.

- 187 courses were held with 3,361 participants
- 1,714 participants took part in a number of shorter courses and conferences
- 1,707 persons visited Var gard.

Since 1925, 49,026 people have studied at Var gard.

Opportunities in the 1960's

In order to describe existing educational opportunities more clearly, let us now follow Stig, a young boy of 16, for a few years. Let us say that Stig has just begun as an apprentice in a consumer cooperative shop in Any-town, Sweden.

Stig dons his shop-coat

Stig is an ambitious young man and is interested in the profession he has chosen. Consequently, he gets in touch with the shop manager as soon as possible and mentions his interest in studying. The manager then sees to it that Stig gets to speak with the individual in the society who is responsible for staff training and education. It is not very long before we meet Stig in a course for apprentices which the society, in collaboration with the local trade school, has arranged.

In this course, he learns a lot of the elementary features of his trade. Naturally enough, customer service is treated in both theoretical

and practical applications. In the latter, for example, he might act as a shop assistant before his fellow students; his performance is then criticised rather severely. But this is all to the good because he is there for the purpose of learning, a process in which criticism is sure to help.

Stig is also there to learn the fundamentals of merchandise familiarity, a subject which every capable shop assistant must master completely.

The course also involves a number of lessons on cooperative principles and practices.

He learns about the educational opportunities open to him, and his interest in his studies grows steadily.

As a result, Stig applies for the Standard Correspondence Course a general course for shop assistants. Before he can take his first course at Var gard, he must first have studied this standard course. This course consists of 3 general parts which cover all branches and departments, Cooperation, shop costs and shop supervision. Subsequently, one can choose according to the branch in which one works: household appliances, textiles, foodstuffs, furniture, etc. Since Stig works in a food shop, he chooses the meat and provisions branch courses: merchandise familiarity and work in the shop.

And so the studies continue

Stig puts together a plan for his studies during the next two years. He is aiming at the Shop Assistant's Week at Var gard when he is 18. He has somewhat more than 2 years left in which to complete the standard course and to finish reading the literature which makes up one of the entrance requirements for the Shop Assistant's Week. But Stig would like to take a few additional courses and so he enrolls in a beginner's meat-cutting course arranged by the society. There he learns the fundamentals of meat-cutting. When he finishes this, he finds himself unable to resist the temptation also to join a course in window-dressing in which he learns the fundamentals of this subject. In addition, he also sits in on personnel (staff) lectures which the shop manager arranges at regular intervals.

Shop Assistant Week at Var gard

Stig is now well-prepared for the biggest step to date in his professional education, a Shop Assistant's Week at Var gard.

There he gets to meet fellow students from all over the country to discuss professional matters with them and experienced teachers, all in a stimulating and pleasant environment.

Lessons in cooperative ideas and ideals and organisation, customer service, work methods, merchandise familiarity and shop-economics fill the days. But there is also time for group discussions, study visits, practical work, parties and other enjoyable events.

Correspondence courses again

Stig is now quite determined to qualify for the Shop Manager's Course. The minimum age for eligibility is 22. Therefore, Stig learns more and more about the day-to-day work, but along with this practical work he begins to study those courses which make up the requirements for the Shop Manager's: correspondence school courses in book-keeping, business arithmetic and economics, as part of a study circle under the direction of his cooperative society. He also joins a poster-making course to learn how to prepare posters.

During his period of National Military Service (compulsory), he also takes a course in the Swedish language, an extra merit for him when applying for the Shop Manager's. He reads economic and cooperative literature which is part of the entrance requirements for the Shop Manager's Course.

And so Stig enters the S.M.C.

Finally, he has been accepted for the S.M.C. For 5 weeks he will work rather hard at Var gard. The group studying the S.M.C. will consist of about 25 students, a number of them somewhat older than Stig and already shop officials, and a number of them around Stig's age 22-23, and not yet officials in any shop.

The subjects are similar to those in the Shop Assistant's Week: Cooperation, merchandise familiarity, shop economics, etc., although on a higher level. In addition, social economics, educational matters, economics of cooperative society, window-dressing, advertising, sales matters, leadership and supermarket operation are also part of the programme.

He listens to and takes part in lessons and conversations between teachers and students and is also a part of smaller discussion groups which treat specially chosen subjects.

He also takes part in interesting study visits to shops and industries. Naturally, there is always some practical work and individual duties, e.g.: how merchandise should be displayed in a supermarket to make it easy for the customers to shop, easy for the personnel and sales staff, etc. is treated in lesson form. Then, every S.M.C. student receives a lay-out plan of Var gard's experimental shop. It then becomes their task to make proposals for merchandise displays which are subsequently discussed in groups. After a common discussion, the best proposal is decided upon and the students execute it accordingly by setting out merchandise in the empty shop.

Work organization for this shop, i.e. packaging and pricing merchandise, product demonstrations, displays, window-dressing and cash register duties, is accomplished in a similar manner. As a kind of summing-up, the course participants execute a shop-opening with proper sales and all attendant arrangements, just as in reality.

Stig takes the next step: the Continuation Course

Stig is now determined to educate himself for even more responsible duties. Consequently, he takes more courses offered by the Correspondence School, continuation course in book-keeping and economics. He also reads the literature required by the C.C. and takes, in addition, a course in business law, participating all the time in group activities on the spot. Ultimately, he is accepted for the C.C. and a 5-week long course. The subjects coincide, to a certain extent, with those of the S.M.C. but are on a higher level, the society-leadership level. In addition, personnel and leadership topics dominate, as well as matters involving society economics. Stig also gets a chance here for practice in rhetoric.

Aspirant training - something for the future

When we followed Stig along to the C.C. we assumed that he only had an elementary school education in his background. In the future, however, it is more and more likely that young people with at least complete secondary school educations and the like will adopt retail trade as a profession. In order to recruit such young people for the Consumer Cooperative Movement and to offer them a rapid and effective education, a form of training called aspirant training was started at Vår Gård in 1959.

Let us go back to the time when Stig was 18 and assume he has just received his secondary school certificate. He may then apply for aspirant training at Vår gård by submitting an application accompanied by copies of his grades. After some time, he will be summoned to Vår gård in order to take an aptitude test whose purpose is to determine whether or not the trade profession suits him. It turns out that Stig and about 50 other young people (in 1960) are accepted for this training.

Stig may choose the foodstuffs branch and aim at becoming a manager in a food shop or the dry goods branch, ultimately becoming a department head in some co-operative department store.

Since Stig loses a few years through National Training Service, he may count on a training period of 4-5 years. If he chooses the foodstuffs branch, he receives the same education, as described previously, up to the S.M.C. But in addition he undertakes a 14-day course, the so-called aspirant Course.

Positions are arranged for him through Vår gård in such a way that he first works in different departments of a supermarket. Then he is transferred. During the final two years, he is employed as an assistant to a shop manager. The training ends with the S.M.C. He can then expect to get a position as a shop manager in a food shop.

If he chooses the dry goods branch, he receives the same theoretical training but his professional training consists of courses on dry goods, through the Correspondence School and at Vår gård. Practical training is also arranged by Vår gård, and he practises in different departments of a department store. Subsequently, he may work in different department stores, completing the final part of his training by working as a group leader or assistant to a department head.

Participation in co-operative discussion groups and studies of co-operative publications are also part of aspirant training.

Aspirant training in this case also ends with the S.M.C. A student can then obtain a position as department head in a department store.

Secondary School education through the Correspondence School and Vår gård.

From 1960 on, employees in Co-operation were offered the opportunity of receiving an education equivalent to three years of secondary school study. Studies are based upon correspondence work and courses at Vår gård and are arranged in three steps, in the following manner:

1. All employees are given the opportunity to take abridged courses leading to a secondary school certificate. Special emphasis is laid on subjects like the Swedish language, arithmetic, English (mainly pronunciation), sociology, etc. One 1-week and one 2-week course at Vår gård are included in this programme. Satisfactory work at this stage leads to admission to stage 2.

2. This stage, also involving one 2-week course at Vår gård, deals with topics such as literature, essay-writing, English, German, history, geography, and chemistry, i.a., in correspondence studies. Successful work in this phase leads to the third and final step.

3. Much the same subjects as in stage 2 are treated here except on a significantly higher level. They are studied by correspondence. A final week is spent at Vår gård, culminating in final examinations.

These three steps together, involving both oral and written class-room work in addition to correspondence studies, make up the equivalent of a three year junior secondary school education.

Students accepted for this 3-step programme pay no tuition. All costs, including travel expenditures, are covered by KF. During courses at Vår gård, students also receive full salaries, another advantage and incentive for people like Stig who are in search of a good general education.

Stig's plans for the future

Let us now take a look at Stig's plans for the future. He is now 27 and shop manager of a supermarket. He likes his work but would still like to educate himself even further, little by little, for an even higher position.

He now has the chance to apply for the Consultant's Course or the First Advanced Course.

The C.C. is a 7-week course for training shop consultants. The course treats all matters of concern to a shop consultant, primarily staff, leadership, shop-planning and educational issues. This course also involves individual practical duties of different kinds, e.g. the planning of sales campaigns, practise lessons, practise proposals and shop planning.

The First Advanced Course (F.A.C.) is also something for Stig to think about. It is a 7-week course for training department heads in consumer societies. Emphasis in this course programme is laid on staff and leadership matters, purchasing and calculating, society economics and market appraisement. A number of practical problems taken from some real society are woven into this programme, problems which the course participants attempt to solve.

It is not inconceivable that Stig, after a few years, might decide to apply for the Second Advanced Course. This course, as well as the F.A.C., is open to all employees, but is really intended for those who have shown sufficient interest and ambition to undertake further studies. It also lasts for 7 weeks and is meant for prospective society managers in the medium-sized and larger societies. The main topics in this course are purchasing, sales-planning, shop-planning, business economics, personnel and leadership, jurisprudence, social economics, Co-operation and propaganda.

The different kinds of exercises, synchronised with class-room lessons, are on the society-manager level.

Executive Assistant training

Every year about 14 participants in the S.M.C. or Continuation Course are invited to take part in a 2-year programme for prospective assistant managers of large co-operative societies. During the two years, those selected become students, organizers and teachers all at

the same time. Their education consists mainly of courses in Co-operation, pedagogics, business economics, leadership and commerce, as well as general educational courses.

The first year involves exercises of different kinds, e.g. practise lessons, sales-planning and shop-planning, etc. Students also travel to different parts of the country to lead apprentice courses.

During the second year, they serve as group leaders and assistant course leaders. They also plan and organize, in conjunction with Vår gård's teachers, courses of different kinds. Society-economic problems, market surveys and the writing of analyses are part of the training programme during that year.

Programme for the two years

| | | |
|------------------------------------|---------------|--------------------|
| Pedagogics | 164 | hours |
| Leadership..... | 150 | " |
| Co-operation..... | 70 | " |
| Sociology..... | 152 | " |
| Society economics..... | 193 | " |
| Shop planning..... | 49 | " |
| Sales - Advertising..... | 291 | " |
| Languages - General education..... | 180 | " |
| Current information..... | 65 | " |
| Other..... | 131 | " |
| Practise lessons..... | 118 | " |
| Surveys - Study trips..... | 427 | " |
| Practical assignments..... | 84 | " |
| | <u>Total:</u> | <u>2,075 hours</u> |

In the Swedish Consumer Cooperative Movement, many different types of courses and educational possibilities have been spelled out. In each and every course, every effort is made to encourage capable students to continue their studies, from the lower courses such as the Shop Assistant's Week to the higher, e.g. the S.M.C. The successful completion of the more advanced courses almost always leads to an executive position in the Movement.

All courses presume that students have had at least one or two years of practical experience in the field, i.e. day-to-day experience in some cooperative society or shop.

All courses at Vår gård are arranged so as to be preceded by a measure of correspondence study at home. Thus, programmes at Vår gård are not so heavily burdened with elementary courses and the time may be spent instead on subjects which require the guidance of an instructor.

Financing

These programmes all cost money, naturally enough, and the question might be asked as to how the funds are raised.

Nowadays, training at Vår gård seldom involves any economic sacrifice on the part of a student. In consequence of a measure passed by KF's 1963 National Congress, very significant changes were made in the question of financing. In principle, the measure makes it possible for every employee in Swedish co-operation to take part in studies at Vår gård without any personal costs. The fact is, however, that many societies have applied this principle for many years and have granted employees full pay during their studies at Vår gård. But demands and benefits have varied greatly from society to society, involving different systems for compensation (at least 15 different methods of compensation were known to exist.)

These varying regulations caused, of course, a great deal of irritation on the part of both students and societies. One interesting result of the differing regulations is the fact that recruitment in societies with generous compensation system has been better than in societies with poor systems. But from 1964 on, all restrictions, even the one which forced some students to study at Vår gård during their holidays, have been removed. Benefits will now be the same for all employees.

The new system for financing course costs involves many changes. The course costs shall be covered in future as follows: the societies shall pay an obligatory fee in relation to each society's turnover plus a fixed course fee. In this manner, all societies contribute towards the costs of staff training.

The fixed fee per course week, which has now been raised to 300 kronor (U.S. \$ 60), means that a certain relationship can be maintained between participation and costs. The voluntary system formerly applied has been abolished by the aforementioned 1963 Congress decision. In reality, the societies' voluntary contributions to Vår gård amounted to less than one third of the amount recommended by the 1952 Congress; KF made up the balance.

The new decision not only introduces order and justice into the system of financing staff training but also guarantees good benefits for all those who wish to undertake professional training. In addition, the decision makes for a more equitable distribution of costs between the societies and KF. The new investments for Vår gård which KF plans to make by expanding the school, the study centre of the entire movement, can now be utilised more effectively.

Conclusion

Activities within the Swedish co-operative movement are extraordinarily varied and require a very diversified training programme. A look at Vår gård's many courses will show that many of the educational needs have been covered, although all courses have not been mentioned here. There are, for example, Supermarket Weeks, Radio and TV courses, Meat-cutter courses, Footwear courses, special courses for warehouse and industrial staff, courses on processed meat factories, Industry weeks, and courses for book-keepers, cashiers, office workers and employees in regional ware-houses, to mention a few.

The future holds a great challenge for Cooperatives and co-operative educational activities. New rapid developments are taking place in retail trade, shop-structure concepts and consumer demands. In order to keep up with these developments and to meet the increased competition from the private trade, especially the chain stores, Co-operatives in Sweden will need skilled, energetic and ambitious workers.

A greater and greater demand will come to be placed on education, so much so that Swedish Co-operation is complementing its regular educational programmes with direct attempts to recruit intelligent, capable and interested secondary school graduates from outside the Movement, stressing the opportunities open to them for advancement to executive positions through on-the-job training and the course programme discussed above.

Thus, Vår gård, the Correspondence Schools and the entire Swedish co-operative movement stand open and ready to welcome bright young people and all co-operators who look towards the future.

Gunnar Dahlander
Principal
Vår gård

STUDY CIRCLES AS A TECHNIQUE OF COOPERATIVE EDUCATION

J.M. Rana
Co-Director
International Cooperative Alliance
18 Friends Colony, New Delhi-14, India.

Presented at the

NATIONAL SEMINAR ON COOPERATIVE MANAGEMENT, KUALA LUMPUR

Malaysia, June 26 - 30, 1967

Organised by the

International Cooperative Alliance
Regional Office & Education Centre
for South-East Asia
18 Friends Colony
New Delhi-14, India.

Cooperative Union of Malaya
8 Holland Road
Kuala Lumpur
Malaysia

STUDY CIRCLES AS A TECHNIQUE OF COOPERATIVE EDUCATION

J.M. Rana
 Co-Director
 ICA Education Centre
 18 Friends Colony, New Delhi-14 (India)

Cooperative education is directed at adult persons for whom traditional class-room teaching is not the best method. Adult members possess a fund of experience and they have a great deal to contribute to discussion of their own immediate problems. Adult education methods are, therefore, likely to be more effective if they involve the participants in the learning process and thus ensure that their latent talents are brought out. The study circle technique, which is based on this approach, is widely used as a method of member education by the Cooperative Movements in Scandinavia. Experience in these countries has shown that the study circle method is one of the most effective adult education methods. In this article, an attempt is made to outline the technique of study circles in Sweden, where it has demonstrated remarkable results. This is intended to provide guidance to study circles introduced recently in India and to give suggestions for improvement on the basis of their working.

STUDY CIRCLES IN SWEDEN

Working Methods

A study circle is a group of 7 to 15 persons who get together in order to study a certain subject. They decide to hold group discussions once every week or ten days according to their convenience. The number of meetings for one study course is usually about ten. Each member is provided with the study material, specially prepared by the teachers of the Swedish Cooperative Union and Wholesale Society (Kooperativa Förbundet). The members study the material in advance of the study circle meeting. Discussions in the circle meetings are held under the guidance of a leader chosen from among the members themselves. The members prepare group replies to the questions included

in the study material and send group reports to the KF teachers. The teachers examine the reports and return them back to the groups along with their comments and supplementary questions.

Members of the study circles are provided, through the medium of study material, new information and knowledge about the subject of study and about more efficient methods of doing work. Members, however, are not expected to accept the knowledge without critically evaluating it in the context of their own experiences. In the group meetings, members debate and discuss the ideas presented in the study material, sift what is relevant to them, think out pros and cons of a particular course of action and arrive at well-thought-out conclusions. The study circle method, thus, does not dole out knowledge or ready-made solutions, but it calls for critical study on the part of members. Further, the study circle method enforces a measure of self-discipline on a member, since he must study the relevant section and prepare himself before coming for the meeting.

The three important parts of a study circle programme are as follows:

- i) Organisational work by local cooperative societies;
- ii) Role of the Central organisation such as in the production of study material and maintenance of a close contact with the local societies and study groups, and
- iii) The function of the group leader.

Local Organisational Work

The study circle programme is run through close collaboration between the primary societies and the KF. While the local consumers' societies organise study circles amongst their members, office bearers and employees, the KF produces the study material as well as the leaflets and posters needed for propaganda work by the local societies.

Local societies rely very much on personal propaganda for forming study circles. Normally a planning meeting is organised by the primary society where interested members, office-bearers and shop managers are invited. The audience is informed about the new study

material for the year and about the subjects which the society wants to emphasise because of its current problems. Those who have participated in this planning meeting personally carry on propaganda among their friends and their colleagues to interest them in joining study circles. Group leaders, who are chosen well in advance, take special interest in attracting members. In most cases, the larger societies now employ special propaganda assistants. But the overwhelming majority of societies have no personnel specially employed for the purpose, and propaganda is carried on by office-bearers, group leaders, members of women's guilds and managers of societies.

As a result of a uniform schedule followed by local societies in coordination with the KF, several study circles follow a particular course during a given period of time. It may also be noted that there is no restriction on the member of study circles which may function in one society. The total number of active study groups functioning in 1965 were 4,500 with a total number of 45,000 participants.

Role of Central Organisation

The KF has an adult education division (called "Viskolan" i.e. our school) with about ten teachers who plan study courses and prepare study material. The study material produced by the KF is an essential aid in helping study circle members to carry on their study and discussion. In the early stages, study circles were formed without central direction and assistance. Although these early study circles generated some thinking among the members, they did not hold together for long. These drawbacks led the KF to adopt a 'correspondence course approach' under which the KF prepares carefully worked-out study material for use by the study circle members and maintains a two-way communication with the study circles.

The study material is produced in simple language. It is set out in relation to the members' needs and experiences in order to make it of direct interest to them. Further, study material is so designed as to arouse discussion. Study material on each course is divided into sections the number of which roughly corresponds to the number of times

a study circle is expected to meet. The material gives factual information, outlines problems on the subject under discussion, and indicates pros and cons of a particular issue. Each section of study material includes some question on which study circles hold discussion and prepare group reports. These reports are sent to the KF teachers who return them back with their comments and supplementary questions to draw attention to points that may have been overlooked. Thus, a two-way communication is maintained between the teachers in the Union and the study circles until a study course is completed. This correspondence method is very much appreciated by the study circles because it provides an important support to the circle members in their work. The comments help the members to determine if they are on the right track in their studies and, in addition, provide supplementary knowledge and views.

The KF has also used as study material some existing publications which discuss problems of the cooperative movement. In order to facilitate a critical study of a book, a study guide is prepared with questions inserted at appropriate places. An interesting use was once made of a publication whose author had made a serious attack on the cooperative movement. A study guide was prepared discussing critically the views of the author. The publication was discussed by the study circles with the help of the study guide all over Sweden, with the result that the book could not do any damage to the movement at all. If anything, members' loyalty to the movement increased on account of their critical study of the attack.

Although study circles function without the continuous presence of a teacher, the contacts between them and the teacher are quite frequent. There is plenty of correspondence between the two. Further, the KF teachers travel during autumn on all week-ends, meet study groups and talk to them. On account of these contacts, there even develops a personal relationship between the KF teacher and the members of the study circles. A special monthly periodical "Vi Vill" is a further aid in this direction.

After the study circles are formed and they start functioning, the KF maintains a tight follow-up to ensure that the circles are functioning. The local cooperative societies, whose members have joined the circles, are required to report to the KF information about these circles, such as names of the leaders, the secretaries and the participants, and the study courses chosen. Also, if group reports do not come in, reminders are sent to the non-respondent study circles. A result of this follow-up is that at the end of two or three meetings, a large majority of the study circles are found to be functioning actively.

Local Leaders for Study Circles

Apart from the study material, the functioning of a study circle depends, to a considerable extent, on the ability of the leader to regulate and guide the discussions. Since there is no teacher present at the study circle meetings, the role of a leader is very important. He is the organiser of the study circle and he keeps the group together. At study circle meetings, the leaders' functions are to help arouse discussion, to clarify the viewpoints of different people, to direct discussion on the main issues and to help the study circle to arrive at well-thought out conclusions. His job also includes maintaining contacts with the local society and the KF.

It may, however, be stressed that the study circle leader need not be an expert in the subject which the group has decided to study, and he is not expected to provide all the answers. These functions are performed by the study material and the correspondence between the study circles and the KF teachers. The study circle leader's main job is to sustain member's interest and be an effective chairman. However, this is a function which requires considerable skill and knowledge of human relations and of parliamentary procedures. Great emphasis is, therefore, placed on the training of study circle leaders. The KF organises, well in advance, one-week training courses aimed at familiarising the leaders with the subject matter of the courses, and training them in handling group discussions. Practical demonstrations are given as to how study circles function by forming study circles of leaders and by asking them in rotation to conduct group discussions.

Achievements

The Swedish Cooperative Movement has kept before itself the following objectives for its educational policy:

- i) to provide to the members factual orientation on questions of importance to the local societies and to the movement as a whole, with a view to achieving proper decision-making in parliamentary meetings of the societies and of the KF;
- ii) to train the "active" members for elected offices in the movement as also to give those already elected to office, an added knowledge of how to carry out their tasks; and
- iii) to spread reliable consumer information amongst the members, thus contributing to the betterment of their economic position.

Broadly speaking, the choice of subjects for study circles has been governed by these objectives. The subjects dealt with so far include questions concerning cooperative principles, cooperative business, general economic problems, home and family economics, family psychology, home-furnishing and interior decoration. Thus the subjects followed may be classified into three categories: (i) cooperative subjects, (ii) economic subjects in general and the economics of cooperative societies, and (iii) home and family economics.

In 1965, 4,500 study circles were functioning within the Consumer Cooperative Movement in Sweden. The total number of participants was about 45,000. The composition of the participants in the study circle activity in 1965 was 85 per cent women and 15 per cent men. Of the total membership, 11.5 per cent were employees and the rest were board directors and members of cooperatives.

The study circles have helped in creating an enlightened corps of active members and in training board members and employees for their specific tasks in the Movement. The members of the study circles are active cooperators who, in course of time, come to possess an unusual amount of cooperative knowledge. They pass on this knowledge to members on various occasions, such as informal meetings. Also on

account of their greater knowledge, they become opinion leaders under whose guidance rational decision-making becomes feasible in the general assemblies of cooperatives.

As pointed out earlier, the subjects chosen for study are such as would give an orientation to members in current cooperative problems. Questions such as the expenses of cooperative societies and owned capital, have often been subjects for study courses. In recent years, the cooperatives have been facing increasing competition from multiple shops of the private enterprise. As a result, it became necessary to reorganise the structure of the cooperative movement by eliminating many small shops.

In order to clarify the position for the members, especially for those in localities where shops had to be closed down, the KF Adult Education Division published two study courses explaining the structural changes within the economy, their influence upon the structure of cooperative societies and the consequent changes needed in the structure of the movement. The changes now taking place in rationalisation of the cooperative structure in Sweden have been made possible, among other things, on account of the studies made by the members. Thus, it would be no exaggeration to state that the dynamism of Swedish Movement is, to a considerable extent, a result of the studies of the current problems by a sizeable number of active members, board directors and employees.

The members who participate in the study circle activity also provide a source from which leaders generally emerge.

An important achievement of the study circles is the dissemination of consumer education and knowledge about household management. Such education has led to an intelligent choice of consumer articles and betterment of household economics of members. It has also been found that the average rate of purchases of the members who participated in the study circles has been higher than that of other members. Thus, even in terms of monetary calculus, the expenditure which the movement incurs on study circles "pays" itself.

STUDY CIRCLES IN INDIA

Pilot Project on Study Circles in Delhi

A pilot project on study circles was started in Delhi in the beginning of 1963. The project was jointly sponsored by the Delhi State Cooperative Union (DSCU), the National Cooperative Union of India (NCUI), and the ICA Regional Office and Education Centre (ICA). The first phase of the project ended on 31st January, 1965.

Twelve candidates were selected from nine consumer cooperatives for the training course for the circle leaders. The course was conducted in the evening over a period of ten days. The manual, and the study material to be used in the circles, formed a basis for training the leaders.

Although no scientific evaluation was undertaken, it was evident that the persons who had participated in the study circles increased considerably their knowledge about the principles of Cooperation and some aspects of consumer cooperation. An encouraging result of the study circles was the keenness expressed by members to continue and expand educational activities in their respective societies. The study circle leaders wanted to have a course in accounting. Also two societies wanted to start more study circles, some of them for women members.

It was felt that the loyalty of the members towards the society had increased. The study circle members had not only become interested in supporting their society but they had also persuaded other members about the importance of giving support to their society.

Urban Projects in Other States

On the basis of the experiences gained in the Delhi, the NCUI Education Committee decided to establish pilot projection study circles in more States, such as Gujarat, Madhya Pradesh, Mysore, Punjab and West Bengal.

Assessment

Though, the programme of study circles has been in operation in India only for a short period and no systematic evaluation of the same has been made, some general statements about it could still be offered.

In the urban areas, for example, it can be said that the programme seems to have developed more systematically. The Conference of Cooperative Education Officers, which was organised by the NCUI in August 1966, reported encouraging results of these Projects and suggested expansion of the programme. However, if the programme is to be extended to more areas in each State, it may be necessary to provide specific staff in the State Cooperative Unions to produce study material and to give sustained guidance to the instructors who would be carrying on local organisational work for study circles as well as maintaining contacts with the latter. This may be done by appointing special additional staff asking existing staff to take up this work with a special course of training. Also, it will be necessary to prepare suitable study material. In this connection, it may be necessary to draw up annual programmes of the subjects on which study material may be produced in the light of problems of the movement in the different States. Further, for study groups which have already gone through the elementary courses, study material at successively advanced levels may have to be produced. Thus, the production of study material programme should be developed both in terms of a larger variety of subjects as also of production of study material on the same subjects at successively advanced levels. Thirdly, there seems to be some misunderstanding with regard to the follow-up action in the study circle programme. Some education personnel have indicated that the study circles expect the instructors, the district and state cooperative unions, to solve the problems experienced by the members and their societies. The instructors and the Unions have successfully taken up some problems with the managing committees of the societies as also with other relevant organisations including government departments. On the other hand,

it is reported that if the problems brought up by the circles are not solved by the Unions, members lose interest in study circle activities. In this connection, it may be mentioned that the resources available with the Unions at present will enable them to perform the task of a complaints agency only to a limited extent with regard to problems that are commonly faced by a large number of societies. The work-load of the Unions and the instructors for such follow-up action would become very heavy when the study circles programme is expanded.

In the context of the above considerations, it would be useful to distinguish between internal follow-up action and external follow-up action for purposes of clarifying to the study circles the possibility of action on the problems raised by them. By internal follow-up is meant the action to be taken by the members of the groups themselves, either individually or together in the form of a group project. This follow-up action is within the control of the group itself and can be pursued by the group members. Primarily, the aim of study circles should be to bring about such internal follow-up actions. By external follow-up is meant the follow-up action to be taken by agencies other than the study circle itself, including the managing committee of the cooperative society, cooperative unions or the government departments. External follow-up work, thus, cannot be successfully tackled always. In order that there is no unjustified disappointment amongst study circle members, it could be explained to them right at the start of the study circle that they should concentrate on internal follow-up work. The district and State Unions will try to pursue follow-up action, not on local but commonly experienced problems within the limitations of their resources. Fourthly, it has been found that where the State Unions and the Cooperative Wholesale Stores have collaborated, study circle projects have functioned well.

In addition to the above remarks which are relevant for rural study circles as well, it is felt that the study circles technique, which is a method of intensive education of members, is not suitable for educating the broad mass of members and prospective members.

To sum up, it may be stated that the study circle technique has been found useful in India for active members and the managing committee members. Useful and encouraging results have been achieved so far for these categories of members. The experiences indicate that a wider variety of study material should be produced and specific personnel should be assigned to carry on local organisational work as well as for providing supporting facilities. Finally, the State Cooperative Unions may be given the necessary flexibility within the overall policy of member education to conduct study circles and other educational activities in the context of local situations.

REPORT OF THE REGIONAL SEMINAR ON "COOPERATIVE MANAGEMENT"

held at Pines Hotel, Baguio, Philippines

August 23 - September 4, 1965.

Presented at the

NATIONAL SEMINAR ON COOPERATIVE MANAGEMENT, KUALA LUMPUR, MALAYSIA

June 26 - 30, 1967

organised by

International Cooperative Alliance
Regional Office & Education Centre
for South-East Asia
18 Friends Colony,
New Delhi-14, India.

Cooperative Union of Malaya
8 Holland Road
Kuala Lumpur
Malaysia

REPORT OF THE REGIONAL SEMINAR ON COOPERATIVE
MANAGEMENT HELD AT PINES HOTEL, BAGUIO, PHILI-
PPINES FROM AUGUST 23 TO SEPTEMBER 4, 1965.

Rapporteur: Hans Dahlberg
Joint Director (Admn.)
ICA Regional Office & Education
Centre, 18 Friends Colony
New Delhi-14, India.

INTRODUCTION

A Regional Seminar on Cooperative Management was organised at Pines Hotel, Baguio, Philippines between August 23 and September 4, 1965. The joint sponsors of the Seminar were the ICA Education Centre, New Delhi and the Central Cooperative Exchange, Inc. Manila. 27 participants, observers and resource persons from Ceylon, Denmark, India, Iran, Japan, Republic of Korea, Malaysia, Nepal, Pakistan, Philippines and Sweden took part. The participants represented Consumer Cooperatives, Cooperative Supply Marketing and Processing Organizations, Cooperative Banking Institutions and Government Cooperative Departments in the Region.

Management and business efficiency is a pre-condition for building up a strong and efficient cooperative movement. The Seminar was organized with the objective to contribute to the development of an efficient management cadre. To enable a thorough discussion, the seminar concentrated on 4 aspects of management only, namely, accounting, budgeting, control and financing.

CHARACTERISTIC OF COOPERATIVE BUSINESS ENTERPRISES

The objectives of a cooperative business enterprise differ considerably from those of a private concern. Profit or surplus is not the primary objective

in a cooperative. Rather, the cooperative society aims at offering an efficient service to its members. To achieve this objective it is necessary that the operational costs are as low as possible. Efficient service may mean different things in various types of cooperative organisations. An Agricultural Marketing Society is providing efficient service to its members by paying a high price for their produce, while for example a Consumer Cooperative benefit its members by selling to them high quality goods at low prices. The ultimate objective of all types of cooperative societies is a general improvement of their members' social and economic conditions.

In principle, cooperative organizations should be open to all those who can take advantage of the services provided. The principle of open membership may be restricted in some cases due to geographical limitations of the society's activities or due to a limited size of the market or of the processing unit.

A cooperative is not an association of capital investors. The members join it as users of the services and facilities which it offers. With this background the principles of limited interest on capital and distribution of surplus in accordance with patronage appear as self-evident and just policy guide-lines.

A cooperative organization is to serve the interests of its members. It is therefore, quite obvious that it should be managed with the active participation of the members. In the Board of Directors or other bodies of member representatives, the members must be provided with ample opportunity to influence the course of business and the general development of the cooperative enterprise.

RELATIONS BETWEEN EMPLOYED MANAGEMENT AND ELECTED REPRESENTATIVES

Throughout this report we will use the word "Board of Directors" as the uppermost body of elected member representatives working with a cooperative society on an honorary basis. The word "General Manager" will be used for the highest full time employee managing the cooperative enterprise. The word "Management Committee" will describe the small group consisting of the General Manager and his principal department chiefs, all of them full time employees in the enterprise.

There may be several reasons for unsuitable relations between the Management Committee and the Board of Directors in a cooperative. Such unsuitable relations very often lead to inefficiency in the conduct of business. Among the most important reasons may be mentioned uneducated members of the board of directors, who wish to intermingle and interfere in the day-to-day management affairs. In addition, such uneducated member representatives often tend to elect unsuitable General Managers.

Another problem, experienced in some of the South-East Asian countries, where Governments assume considerable responsibilities for the development of cooperatives, is the Government Administrator as General Manager of a cooperative business venture. Due to the heavy Government involvement, the General Manager can assume far-reaching powers and may disregard the opinions of the elected board of directors. Thereby the principle of democratic management of a cooperative enterprise tends to be lost.

The general guide-line for a suitable division of responsibilities between the Board of Directors and the General Manager is to entrust the policy decisions to the member representatives and to let the General Manager handle

the day-to-day business. Several problems pose themselves when an attempt is made to follow this guide-line. The first one is how to define policy matters. The member representatives may have a tendency to consider even minor details as policy matters. In such situations, particularly where the Board of Directors is of a considerable size, the management of the society becomes very unwieldy.

Particularly when technically complicated decisions have to be taken, the employed management, devoting its full time attention to the problems of the enterprise, will usually be in a better position to reach wise decisions. In business enterprises where quick decisions are of great importance, it may be difficult or impossible to wait for the approval of the Board of Directors. In such cases the most efficient practice seems to be that the Management Committee takes the decision and that the Board of Directors is informed and approves at a subsequent stage. The final authority will always rest with the Board of Directors, which has the ultimate power of terminating the employment of the members of the Management Committee. An informal arrangement between the General Manager and the Board seems to be of great importance for the smooth working of a cooperative business enterprise. In view of the specific aims and objectives of cooperative enterprises, it appears essential that their employed management gets an adequate training, through which it could acquire a proper understanding of the cooperative ideology. On the other hand, it is equally important that the members, and particularly their elected representatives, educate themselves to understand the complicated problems of day-to-day management. Only if these conditions are met, will there be a harmonious interplay between the elected member representatives and the employed management in a cooperative.

IMPORTANCE OF INFORMATIVE ACCOUNTING

Several parties have the right to demand proper information about the conduct of business and the economic position of the cooperative enterprise. The cooperative business institution has to deal with creditors, like banks, suppliers and others. These are interested to know the financial position of the organisation to which they will be advancing money. The Government is interested in the business results for taxation purposes. The members of a cooperative obviously have a right to receive proper information about the progress and position of a venture which is their own property. Informative accounting is also necessary for efficient management. The General Manager must have training background which enables him to draw the right conclusions regarding efficiency, profitability, liquidity, self-financing, capital needs and other problems from the balance sheet, profit and loss account and other accounting reports forwarded to him. Particularly the balance sheet contains important information from which interesting key figures can be computed. In a financially sound enterprise the fixed assets should as a rule be covered by own capital and long-term loans. Changes in cash flow, working capital or in the ratios surplus/sales and sales/capital are other important facts to be derived from a well organized accounting system.

A problem sometime experienced in cooperative enterprises in the Region is too elaborate accounting, from which it is difficult or impossible to draw relevant conclusions. One of the objectives of an efficiently working accounting department is to bring out key figures which could be used both

by creditors, government, members and the management committee. While the creditors and government are more interested in the total outcome, the members and the General Manager must have more specific information about the various activities undertaken by the enterprise. The General Manager ought to be served with easily digestible reports indicating input versus output figures for the various departments. Accounting should thus provide the background for decisions on expansion or contraction as well as for other important business policy considerations.

Uniformity of accounting over time and space will facilitate comparisons. A number of large cooperative organisations in the Western countries, often with nation-wide coverage, have adopted uniform accounting plans and have in many cases centralized the accounting procedures to the head office. In this way they have overcome the problem of Branch Managers with limited accounting experience. Also in South-East Asia it seems important that the cooperative organisations develop more uniform accounting methods. In many cases a nation or province-wide federation could advantageously take care of the main responsibilities for its constituent members' accounting.

BUDGETING

A number of cooperative organisations in South-East Asia have not yet been able to develop proper budgeting procedures for their business activities. In view of this, several days of the Seminar were devoted to theoretical discussions and practical exercises in budgeting work.

Budgets can be broadly divided into two types. One would be the budgeting of an ongoing concern, while the other would relate to a completely new venture. In both cases necessary background material would consist of actual statistics, market intelligence and historical development data, suitably combined with practical business experience. Budgeting work, to be of value, must be comprehensive. At the outset a number of specialized sub-budgets will have to be prepared. They may concern such aspects as financing, sales, raw materials supply, personnel and costs. In the final stage of the budgeting work, the sub-budgets will be combined into one comprehensive budget showing the total picture. Budgeting of new ventures will be considered in detail in the section on investment considerations.

In a going concern budgeting will be based to a high degree on available accounting data. The budget work will help analyse the various parts of the enterprise, will assist in bringing out the strong and weak spots and show their degree of efficiency and profitability. The final budget is an instrument which attempts to predict the total results. On the basis of the total budget the Management Committee and the Board of Directors will be in a position to take decisions regarding organizational improvements, investments and other measures to increase the efficiency of the enterprise.

The budget thus provides an excellent opportunity for the Board of Directors to influence the policies and general working of the cooperative.

Follow-up of budgets must be undertaken with regular intervals. In this work the Managing Committee should clarify whether deviations from the

budgeted figures depend on internal conditions which would be rectified or if external factors, outside the reach of the Management Committee are responsible. The Management Committee must reach a decision on how to influence the internal factors which have caused the deviations from the budget. The Committee must also conclude on how to react to the external factors. If the external factors, e.g., market conditions or population movements, have changed considerably, it may be necessary to revise the basis upon which previous budgets have been based. Budgeting work will certainly give valuable opportunities to the Members of the Management Committee to acquaint themselves thoroughly with external and internal factors influencing the working of their enterprise.

NEED OF CONTROL MEASURES

Similarly to the need for accounting, also control is needed in a cooperative enterprise, both from the point of view of owners, creditors, government and management. Control measures will be discussed here mainly from the management's point of view.

There are many methods and approaches to control. As discussed earlier, the budget can be an excellent instrument for control. Likewise, suitably organised cost accounting can be used for controlling the developments in an enterprise. Auditors provide another control measure. Control can be directed towards the development of stock value, sales, profitability, personnel, organisation or general policies. In this report we will touch upon only two aspects of control, namely stock control and the control performed by auditors.

Stock:

In most businesses stock tends to bind considerable amounts of capital. Therefore, it is important to control the size and development of stock value with frequent intervals. To enable proper stock control, it is necessary to divide the goods kept in stock into suitable groups of commodities. This measure will make it easier to control leakage and will also facilitate the development of a more rational purchasing policy.

To avoid excessive capital investments in stock, it is essential that the turnover speed is kept high. The speed of stock turnover is one of the key figures in the control procedure. When calculating turnover speed, care should be taken that the average stock value is properly established. If inventory is taken after a period of exceptionally high sales the value of goods in stock will be unusually low. Consequently the turnover speed will appear unrealistically high. To establish a proper average stock value, inventories ought to be taken at regular intervals, at least a few times per year.

A high turnover speed will not in all cases prove economical. Against the advantages of low stock values we must consider the rebates which may be obtained if goods are purchased in bulk quantities. In some instances the interest on capital investment in stock may prove to be lower than the gains from quantity rebates. In such situations a lower rate of stock turnover would appear to be more advantageous.

Auditors:

At the very outset it is necessary to differentiate between external and internal auditors. External auditors are contracted by the owners of the

business establishment to undertake the formal control. This control is of a rather general nature and the results are conveyed in a report to the general body of owners. Internal auditors, on the other hand are employed by and responsible to the management. Their tasks consist of helping the management to control the business and of advising on how to run it efficiently. The internal auditors as a rule tend to look into more details than the external auditors do. They may, for example, be requested to undertake special investigations into various matters and bring forth recommendations to the management. Small organisations often cannot afford to employ internal auditors. In such cases the management may decide to request the external auditors to undertake the work of internal auditors in addition to their ordinary duties.

The auditors' primary task is to see that accounting is formally correct, expenses verified and that no mis-appropriation or fraud takes place. These are their formal duties. As a rule however, the auditors have wide business experience, and the far-sighted management can benefit much more from their expert advice. The auditors may be requested to comment on the developments of profitability, on the organisational pattern, on personnel planning, financing requirements, etc. It is essential that there is proper understanding and confidence between the management and the auditors. Where this is not the case, the suggestions and recommendations of the auditors tend to be disregarded. In such situations the business organisation certainly does not derive the full benefit of the money spent for the payment of auditors fees.

SOURCES OF CAPITAL SUPPLY AND LIQUIDITY NEEDS

The cooperative organization belongs to its member-users. It should, therefore, preferably be financed to a high extent through member subscribed capital. A high degree of self-financing will increase the independence of the cooperative organisation and will help it to devote its full attention to its members' interests. In the South-East Asian countries, where the membership of cooperatives very often consists of relatively poor people, it may be difficult to get sufficient capital through members' share subscription. Where this situation prevails, it becomes necessary to obtain the needed capital from other sources. At the same time it seems essential to develop various ways and measures to increase the member contributions to the capital formation of the cooperative societies. In this context it is interesting to scrutinize some of the capital generating policies adopted by the Swedish Consumer Cooperative Movement. In the local societies the member share capital is mainly collected by retaining part of the patronage refund due to the members. In this way cash contributions, which may be burdensome to the members, are avoided. The wholesale society, by adopting certain rules and regulations has ensured its own speedy capital growth. One per cent of its turnover with the affiliated societies, declared as patronage refund, is always retained with the wholesale and added to its share capital. Through this procedure the member societies have over the years acquired very large amounts of share capital in the wholesale. The wholesale in many respects acts as a central bank for the retail societies. Any surplus capital which the societies may possess is deposited with the wholesale. The wholesale will thus be in a stronger position to help its

member societies when capital need arises. Various other measures have been adopted to acquire additional capital. The wholesale society issues debentures and operates savings deposits for the individual members of the local societies. There are certain risks in mixing banking with wholesaling in this way. Liquidity, for example, has to be maintained at very high levels. The strong liquidity position, on the other hand, enables the wholesale to pay cash for all deliveries from its suppliers. Through the cash payments favourable extra rebates can often be obtained. The various capital accumulation measures contribute to a high degree of self-financing and economic independence. Some of the experiences of the Swedish Consumer Cooperative Movement can certainly be adopted in the cooperative development efforts in South-East Asia.

In the South-East Asian Region, particularly when building up new cooperative ventures, it is often difficult or even impossible for the members to subscribe sufficient amounts of capital. In most countries of the Region the governments have, therefore, established agencies which provide capital assistance to cooperatives, either as loans or in the form of share capital. Government capital participation in cooperative enterprises certainly carries with it the risks of excessive government influence and interference. Very often, however, it is the only way to obtain the necessary capital amounts. An interesting example of government participation and subsequent withdrawal is the development of cooperative sugar factories in India. The capital investment needed to establish a sugar plant amounts to several million U.S. Dollars. The Indian Government provided loans and participated

in the share capital when the factories were set up. From the beginning there was a clear understanding that the government capital would be gradually replaced by the increase of the members' share capital. This increase would be brought about by the member contributions amounting to a few U.S. Cents per ton of sugarcane delivered. The most successful of the factories have by now been able to repay most of the original government contributions. It is interesting to note that the cooperative sugar industry in Australia went through a very similar development.

In most of the South-East Asian countries cooperative business ventures can also get capital assistance from cooperative banks at various levels. In India and Japan there is a complex cooperative banking structure covering the whole country. In the Philippines, the Philippines National Cooperative Bank assists in the financing of non-agricultural cooperative enterprises. Successful business cooperatives can also obtain loans from commercial banking institutions.

COOPERATIVE INVESTMENT CONSIDERATIONS

The earlier parts of this report have brought out the necessity of budgeting before deciding on investments for new cooperative establishments. The budget should be based on a carefully undertaken feasibility survey in which factors like supply of raw materials, managerial capabilities, labour and power, availability of transport facilities, market demand and prices have to be carefully considered.

The benefit which will accrue to the members from the new business venture is another consideration of great importance. Are the members suppliers of raw materials? If this is the case, will they get better prices than under present conditions? Are they the consumers of the final product? What will then be the benefit accruing to them from the new activity? Could they or members of their families be offered employment in the new establishment? These are some of the important questions to be asked before going into a new cooperative venture.

A number of other factors also have to be taken into account when framing cooperative investment policies. Unemployment, scarcity of capital and foreign exchange are prevalent conditions throughout the South-East Asian Region. To what extent will the new venture create new employment opportunities? Choice of technology is an important factor to be decided upon. As a rule, the more capital intensive technologies bring about higher efficiency. However, when unemployment is a problem and labour consequently cheap, a labour intensive approach might be a better alternative, both from the social and economical point of view. Efficiency usually increases with size. Some types of industrial production are not economically feasible unless the size of output exceeds a certain figure. Will it be possible for the cooperative organisation to invest sufficient amounts of capital to establish a production unit of optimum size? How much capital is needed? How much can be provided by the actual or prospective members? From where can the remaining requirements be obtained? Will the new establishment be able to contribute to increased exports for the country or will it perhaps substitute some of the imports in the home market?

In what way will the new cooperative venture contribute to the development of the line of production or trade in which it will be involved? What is the structure of the competitors? Can they satisfy the full needs of the market, or is additional capacity needed? Is the competitors' channel of distribution rationally organised? If not, could the new cooperative contribute to the development of a more direct channel along which the product would move from producer to consumer, thereby cutting the costs of the middleman?

Private investors try to measure the profitability of new investment ventures. It is difficult or even impossible to apply the profitability check when considering cooperative investments. The benefit of the new venture may accrue to the members not in the form of profits, interest on capital, nor even as patronage refund, but may simply consist of better prices paid for raw materials supplied by them, or lower sales prices in the case of consumer cooperatives. Instead of estimating the profitability, cooperative investment planners may try to compare the cost structure of the new cooperative organisation with costs in similar private or cooperative enterprises. The new venture will certainly be economically feasible and beneficial to members if its operating costs are equal to or lower than the costs in comparable enterprises. Many points have to be considered and questions asked in connection with investment planning. A detailed budget taking all the above considerations into account will have to be prepared. Comprehensive budgeting of new ventures will certainly help in avoiding costly disappointments and failures.

SUGGESTIONS & FOLLOW-UP

The Seminar concluded with a session during which the participants were invited to make observations and suggestions.

Some of the delegates expressed the opinion that more time should have been devoted to specific problems confronting the participants in their respective duties. The practical approach of the Seminar and in particular the case studies used were much appreciated. It was, however, pointed out that the cases should as far as possible be oriented to specific cooperative situations and apply to the problems prevalent in the Region. One of the delegates proposed that in future seminars of a similar nature, the various country delegations might be requested to prepare realistic cases, outlining a problem confronting the cooperative movement in their country. These cases might then be discussed by all the participants in the Seminar.

A number of delegates supported the idea of follow-up of this Regional Seminar by national seminars on the same subject in the various countries of the Region. These national seminars might be organised by the ICA Member Organisations in the respective countries with the help of the Government Cooperative Departments, wherever needed. The support of the ICA Education Centre ought to be made available in organising such national seminars in some of the countries.

The idea of processing the documentation brought out during the Seminar into a Management Manual, was strongly supported. In this work, detailed attention should be given to the selection of relevant material, to the

farming of suitable case studies and to bringing out realistic problems to be included in the manual. Some of the material brought out in the national seminars mentioned above, could also be used in this connection. The manual ought to be prepared so as to be suitable both for individual and group studies. It should be directed towards the Managers and prospective Managers of cooperative societies at different levels.

The Seminar recommended that this report as well as the manual discussed above, be distributed to all ICA Member Organisations in the Region as well as to the Government Cooperative Departments in the various countries. The ICA in its contacts with the Governments of the countries in the Region ought to emphasise the importance of promoting the development of a strong and efficient cooperative management cadre.

Feelings of gratitude were expressed towards Messrs Bertil Tronet and Helge Perklen, Swedish Cooperative Union and Wholesale Society (KF) for the time and effort which they devoted to participate in the Seminar, for their valuable contributions to the discussions and for the interesting information provided by them about cooperative developments in Scandinavia. The Seminar benefitted considerably from the valuable contributions of Mr E.V. Mendoza, General Manager of the Central Cooperative Exchange and other Filipino lecturers invited to the Seminar. A special vote of thanks was directed to the CCE for the excellent practical arrangements and the detailed attention to ensure the comfort of all participants.

Background Paper

ADMINISTRATIVE SET UP FOR POLICY MAKING AND CONTROLLING
OPERATIONS : AREAS OF RESPONSIBILITY AND LEADERSHIP : ROLE
OF THE GENERAL MANAGER

Sohan Singh
Secretary
Punjab State Coop Supply & Marketing Federation Ltd
Chandigarh. India.

Presented at the

National Seminar on Cooperative Management
Kuala Lumpur. Malaysia. June 26-30,67

Organised by

The International Cooperative Alliance
Regional Office and Education Centre
18 Friends Colony, New Delhi.14

Cooperative Union of Malaya Ltd
8 Holland Road
Kuala Lumpur. Malaysia

ADMINISTRATIVE SET UP FOR POLICY MAKING AND CONTROLLING
OPERATIONS : AREAS OF RESPONSIBILITY AND LEADERSHIP :
ROLE OF THE GENERAL MANAGER

by

Sohan Singh

The purpose of this presentation is to discuss the nature of administrative set-up for policy making and controlling operations in Cooperatives; define the roles of the Board and the Manager for sustaining an effective and smooth business-relationship; analyse the reasons for erosion in relationship, locate areas of disagreement and discuss ways and means to prevent rifts and frequent breakdowns.

INTRODUCTION

Cooperatives are forms of business organisations with democratic ownership and control by members having common needs, serving themselves on a non-profit basis and receiving benefits proportional to their participation. These principles are reflected in the set-up and constitution of the cooperatives. The cooperative law and the bye-laws of the cooperative societies provide that ultimate authority relating to the administration of the affairs vests in the General Body of members exercising one vote irrespective of their share-holdings. Accordingly the administrative structure of a cooperative institution is essentially to be so designed as to ensure that its members have strong influence in shaping its operational policies and in the management of its affairs.

In small societies, or at the initial stages of a cooperative organisation, introduction of a purely democratic administrative set-up, with full control with the General Body is practical. In such cases, the membership being limited is in a position to meet frequently and manage the operations of the society. Honorary workers might also be available from amongst the members to look to the day-to-day work. But with the expansion of members and extension of the activities of the society, such an arrangement can no longer work. Firstly, it will not remain easy for the General Body to meet

frequently. Secondly, the personal touch among the members would be missing. Thirdly, the increased volume of work would need whole-time attention, and technical jobs would require handling by specialists. Consequently, need will arise for a type of administrative set-up in which, while on the one hand, the members should have adequate influence, on the other, a machinery is provided for efficient handling of the affairs of the society.

ADMINISTRATIVE SET UP

The Cooperatives being democratic institutions organised and run on the basic principle of one member one vote, the ultimate authority has to vest in the General Body. How-so-ever big a cooperative society may grow, the General Body of members retains supreme control of the affairs and has the following powers normally reserved for itself:-

- i) Approval of the annual plan and programme prepared by the Board of Directors.
- ii) The election, suspension and removal of the elected members of the Board of Directors.
- iii) The fixing of maximum credit limits for raising loans and deposits from non-members.
- iv) The consideration of the annual balance-sheet and profit and loss account.

While zealously guarding the democratic set up, any cooperative society has to have business efficiency for its ultimate success. It has to provide a set-up which is capable of meeting regularly at short notice and taking quick decisions. To meet this objective a small decision-making body is constituted from amongst the members by themselves for carrying on the various functions and for formulating and implementing policies for promoting their economic interests specified in the bye-laws. This body is called the Managing Committee or the Board of Directors.

The stewardship responsibilities of the Board of Directors as embodied in the bye-laws of various types of cooperative societies are broadly enumerated below:-

- a) To guide the institution to its objectives and to prepare blue prints and to lay down policies of business and generally to organise

direct, coordinate and control the affairs of the cooperative institution prudently and efficiently and in the best interest of the cooperative with due regard to the security of the funds and interests of the members,

- b) to decide the terms of the purchase and supply of agricultural production inputs and the marketing, grading and processing of agricultural produce;
- c) to arrange for the storage of stocks;
- d) to appoint, dismiss or remove the employees;

The responsibility of the Board of Directors for the discharge of the above functions has been recognised in the cooperative law which provides that members of the Board shall exercise the prudence and diligence of ordinary men of business and shall be responsible for any loss sustained through acts contrary to the law, byelaws and stated objects of the institution. This amply underlines the importance of the position of the Board of Directors in the administrative set-up of the cooperative institutions.

NATURE OF ADMINISTRATIVE STRUCTURE

General Body:

The general body of a society comprises of all its members. Individual members have to be present in person to exercise their rights of membership. In their case no proxies are allowed. In the case of cooperatives having mixed membership, the society members are represented through their duly accredited nominees. When the area of operation of a cooperative society is quite wide spread it may not be possible for several reasons for all the members to participate in the General Meeting. In such cases the area of operation of the society is sub-divided into zones and the members from such zones are invited to send a certain number of delegates. Such elected delegates then constitute a general body.

Board of Directors

A Board of Directors is elected by the General Body. The election of the Board of Directors is generally made keeping in view fair representation of the various interests in the institution. For example, in such societies where the membership is comprised of cooperative societies as well as individuals,

a certain number of percentage of the total number of directors is specified for representatives of individual share-holders. Again in case of large societies having a wide area of operation such as, Apex Marketing Societies, the area of operation is sub-divided into manageable zones for the purposes of representation of members on the Board of Directors. Such zones may be co-terminus with revenue division, or district as may be convenient.

Board Committees:

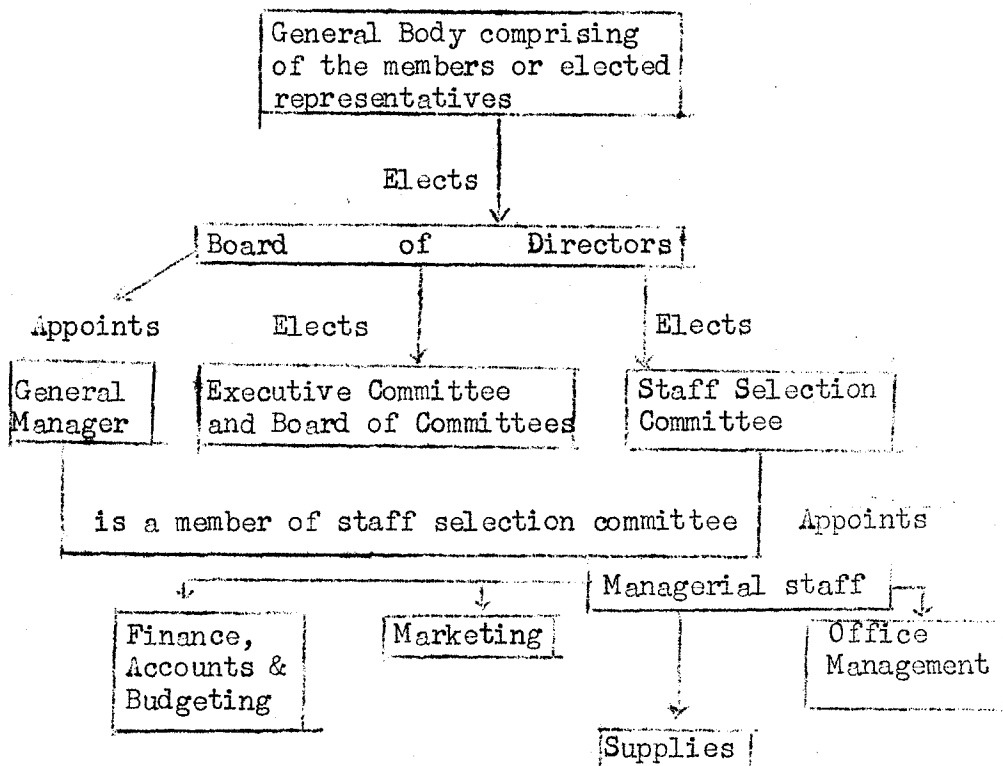
The byelaws provide that the Board of Directors may constitute a standing executive committee of a limited number of members and delegate such of its powers and duties as may be considered necessary. In fact there may be a number of fact-finding sub-committees or Board Committees with limited area of responsibility to deal with specific problems or assignments and come to a well considered decision for advising the Board. The decisions of the Board committees are referred to the full board whereas the executive committee actions are subject to review and ratification of the Board. This position, however, may vary from society to society and the powers and duties of a particular Board committee are actually derived from the specific resolution of the Board creating such committees. It is considered that the Board committees are conducive to arriving at a more fair, much quicker and rational decisions after studying all facets of the problems and getting ready all necessary data for final decision.

EMPLOYED MANAGEMENT

In a small cooperative institution, the supervision and planning of activities can be conveniently handled by one or more elected representatives on the Board of Directors. As soon as an institution gets in stride and expands both its membership and volume of work, the directors may not have the time for supervision and follow-up. The nature of the work very often involves technical and complicated matters which are beyond the scope of an average director. It becomes necessary to employ specialised staff to take charge of various tasks in order to ensure full-time attention. A number of officers are needed to look after the work of purchase, storage, grading, marketing, and processing. The maintenance of accounts also needs

separate staff. At this stage of development necessity is felt for appointing a full time General Manager whose main task will be to coordinate the various activities of the institution, to direct its day-to-day operations and to project its further development. The selection of the General Manager or other top key personnel rests with the Board of Directors. The Directors are under an obligation to the ordinary cooperative member to ensure competent managerial staff with certain recognised standards and proved ability.

The administrative set up as it emerges from above discussion is illustrated as under :-



SELECTION OF DIRECTORS ON THE BOARD - THEIR QUALIFICATIONS:

The cooperatives are expanding their activities, widening their horizons and there is both horizontal and vertical development. The job of a director, if he has to participate effectively, is at once complex. The selection of best qualified and most competent persons to serve on the Board is, therefore, a matter of crucial importance. The directors should have background experience related to the objectives and

functions of their cooperative. They should be loyal and have team-spirit to work in a group. They should be able to assess the progress of the enterprise and evaluate the **performance** of the management in a most objective and detached manner.

The directors who have to play a leading role are elected by General Body. It is, therefore, essential that members should be educated in regard to their rights and duties and basic principles of cooperation so that they vote for the most suitable person to serve on their Cooperative. In fact building of an effective educational programme appears to be the cornerstone upon which further cooperative development can be projected. The tendency to elect directors on the consideration of caste, religion or politics should be effectively curbed.

ROLE OF DIRECTORS:

The Board's most important function is that of laying down broad current policies and formulating long terms projects. The policy matters should be based on realistic grounds and the targets should be capable of achievement. Once a decision has been taken on a policy matter its implementation should be left to the employed management. The Board should not interfere in the execution of jobs, but only ensure that the decisions of the Board are translated in practice.

GENERAL MANAGER - HIS ROLE:

Owing to its intermittent existence, the Board or the Executive Committee cannot assume actual control and direction of the day to day affairs of an institution with expanded activities. The Board can meet only after periodical intervals and its decisions can be taken only in the meeting. As soon as the meeting is over, the Board becomes non-existent. But in a business institution, problems arise daily and have to be settled without delay, otherwise the business suffers. Here arises the need for a whole-time General Manager to supervise and control the activities of the institution and direct its day-to-day operations. The General Manager who is a chief executive has not only to coordinate activities among his staff, but has also to show the skill and capacity to operate and manage business. He should have all the attributes which are essentially required

to guide the organisation to the object set before it. Much will depend on the combination of his skill, knowledge, attitudes and general behaviour for conducting the affairs. He has to be the prime mover and initiator in expanding the working, bringing in economy and presenting a realistic picture of the affairs of the organisation entrusted to him. A competent Manager will invariably surround himself with persons of similar calibre and quality. He should be believer in the ideology of the cooperative movement and should possess a cooperative bias. In summary, much depends on the proper selection of the General Manager of an institution as his business capabilities and administrative talent will alone determine the success of the institution.

RELATIONSHIP BETWEEN BOARD AND GENERAL MANAGER

In practical working of any business institution, new problems have to be tackled promptly. Many of them need handling with great technical and specialised skill. In order to avoid the impact of unfavourable abrupt fluctuations, speedy decisions are also required. These matters cannot brook delay until the Board's meeting. In the circumstances, in the interest of efficient business, General Manager should have adequate well defined powers to take decision on day-to-day problems. He should be completely incharge of staff under him. He should, of course, keep the Board posted about such decisions and present a report in the meetings. If the Board of Directors does not agree to a particular decision, it will criticise the action of the Manager, who will be cautious in future and will not repeat the wrong decision. The General Manager should not resent the criticism since he is the agent of the Board and subject to its control and direction. The broad guide-line in maintaining satisfactory relationship is that the formulation of policy and projects should be the domain of the Board of Directors, whereas execution of the policy should be delegated completely to the General Manager. The demarcation should be respected. An occasional lapse should not undermine the relations but should be helpful to avoid pitfalls.

The second vital factor conducive to maintenance of smooth relations is that the General Manager should constantly keep in view that he has dual responsibility. One is that he has to be as efficient in the business operations of the cooperative as any other type of business and the other is that he must strive to retain the cooperative character of the organisation. Since the Board is responsible to the General Body who repose confidence in it for efficient service consistent with cooperative practices, any other priority will not be appreciated by the Board. The directors appraise results of cooperative working by comparing them to other concerns. The efficiency in cooperative sector should, therefore, be comparable, if not superior. The General Manager should be able to project the right image of his Cooperative. His reports should reflect the various activities in a realistic manner. The public relation aspect should be given proper attention.

The General Manager should always be detached and impartial in all his dealings. He should be above board and party affiliation. He is responsible to the Board and not to any individual director. One of his most important duties is that he should try to convince the board with statistics and data relating to the working of the cooperative so that no one can get any opportunity to challenge the veracity of his statement. The directors do not live in isolation, but have innumerable contacts with the growers and the producers. They are apt to believe what reports they received from some persons, whether they are based on real facts or not. It is for the Manager to dispel these doubts, if any, and convince in logical and subtle manner all those who have any ill-based doubts about the efficient working in the institution in his charge.

The promotions to the management staff should be recommended by the Manager on merit and assessment of their performance for which a criteria should be fixed. Although the General Manager should observe strict discipline within the management, yet he should be sympathetic and courteous.

CONCLUSION

For the smooth and efficient working of a cooperative institution, the Manager should enjoy full confidence of the Board of Directors. The Directors should not retain to themselves too detailed control of the business and should not involve themselves in minor matters after delegation of the powers. It may, however, be clearly understood that inspite of the very clear demarcation of powers, the healthy relationship will always largely depend on the personalities of the manager and directors respectively, and the complete mutual understanding of the purpose and objectives of the institution.

AK/ 29/ 5/ 67

GOALS OF THE CO-OPERATIVE MOVEMENT IN THE CONTEXT OF THE
PRINCIPLES OF CO-OPERATION.

by
J.M. Rana.

I. Advantages of Goals.

1. Provides understanding of the results to be achieved:

A clearer definition and understanding of goals helps us to know what we are seeking to achieve.

Such decisions we take in everyday life, some times unconsciously. For instance, when you are driving a car, it is important for you to know where you want to go rather than merely going at a terrific speed. The goal is to reach a place desired and, as the traffic posters say, safely. (Direction is more important than Speed).

2. Helps to achieve Unified Planning and effective Administration:

A proper definition of goals helps in the formulation of proper policies, organisation structure and deciding about the facilities required for achieving the goals. Thus the formulation of goals helps in providing guiding factors in deciding upon the needs for achieving the goals.

"A clear statement of purpose universally understood is the outstanding guarantee of effective administration" (L Gulick, Administrative Reflections from World War Two)."

3. Provides for voluntary co-ordination:

When goals are not defined in an organisation, various departments may act on the basis of their own conception of limited goals concerning their departments. This may lead to double thinking, double talk and confusion or else much avoidable inter-departmental conflicts. Thus it is necessary that the assumptions upon which policy-making is founded is made explicit for proper functioning of the various departments in a co-ordinated manner.

4. Provides Standards for Controls:

Goals provide check points against which to evaluate results, and thus help develop a system of controls.

5. Provides individual motivation:

A sense of accomplishment, i.e. of meeting of objectives, is desired by people at all levels. Without a recognised objective people will not be able to put forth the best possible efforts they are capable of. For example, when a newly-constructed bridge is to be opened before certain dead-line, the engineering and other staff work steadfastly, if necessary overtime, to make sure that this goal is accomplished. Example of Super Bazar in New Delhi. An interesting anecdote is given below."

"A common labourer was asked to dig a three-foot hole in the yard beside a plant. When he had finished, his foreman asked him to dig another hole a few feet away. Then, the foreman requested a third hole at a different spot, and a fourth. When the foreman asked for a fifth hole, the workman threw down his shovel in disgust and said, I quit. Although, well paid he was unwilling to dig three foot holes aimlessly. The foreman had neglected to tell him that the purpose of digging the holes was to locate a clogged drainage pipe. Once the man understood the purpose of his work, he continued digging holes willingly until the pipe was finally located."

II. Various Types of Objectives.

1. Distinction between Long-Term and Short-Term Goals:

The long-term objectives are general statements of the results expected over a pretty long period. This may be an indication of the hopes and aspirations. These hopes and aspirations should be concretised in terms of short-term goals, the realisation of which step by step, will lead to the achievement of the final goals. Such short-term goals may be for a period of three-five years, subsequently broken down into annual targets (goals).

2. Departmental Objectives:

While the objectives for the whole co-operative organisation or a company are defined in overall terms, the overall objectives would need to be expressed into departmental objectives. For example, a retail consumer co-operative society has various departments such as groceries, hardware, textiles, footwear, etc. In order to meet the overall objectives of the society, the various departments will have to define their own specific departmental objectives.

3. Job Objectives:

Even within a department, the supervisor has to give directions to various individual employees. These individual assignments are important from the point of view of fulfilling department objectives. In the case of individual assignments, it is necessary that the directions should be expressed in as much quantitative terms as possible. Even the quality of goods to be produced should be expressed in measurable terms, through the use of standards already established.

III. Some Remarks on Objectives:

1. An organisation or a department may have multiple objectives. It may have one dominant mission but there may be several other objectives. For example, the manager of an industrial co-operative society may have the major objective of producing goods of the quality and quantity decided upon for a particular year. But he has other objectives also, of keep the operating costs low, maintaining morale among the labour force, and ensuring that the machinery and equipment is carefully used. It may not be possible to reconcile the various objectives and therefore some balance may have to be struck.

2. The environment in which a company operates is not static. In view of this the short-term objectives may have to be varied in the context of changed situation. A certain degree of flexibility should therefore, be provided for in deciding upon objectives.

3. The long-run objectives of an organisation would provide a broad idea or a picture of what is to be achieved. However, the short-run objectives or department objectives need to be much more specific and should be expressed as far as possible in quantitative and measurable terms. Objectives should be written out because they will then be less vague.

4. Defining objectives is not enough. They should be communicated to the executives and workers. To communicate and clarify objectives to all the employees in the co-operative society and to the members is a continuing task. One comes across office employees who are dedicated to do their particular jobs while at the same time being indifferent to the broad overall company objectives.

IV. Goals for the Co-operative Movement:

The remarks about the objectives mentioned above are valid for the co-operative movement as well. However, there are certain special features of the co-operative movement which makes it necessary to

discuss the subject of "goals" specifically with reference to the co-operative movement.

1. Federal Structure:

The co-operative movement comprises a structure having primary and federal societies at various levels. Overall objectives should be formulated for the co-operative movement as a whole and both the federations and the primaries should try to achieve these goals, through their individual as well as joint effort. For purpose of this paper, the term "co-operative movement" is used to mean federal bodies and primary societies in any single field of economic activity e.g. consumer co-operative movement or housing movement. Thus the objectives for the co-operative movement in any particular economic field, say consumer co-operatives, would have to be kept in view in planning their policies, activities, etc. by both the federal as well as the primary societies. Very often we hear complaints that there is no integration between the primary and the federal societies or that there is a lack of loyalty from primaries to the federal societies and lack of necessary support and services by the federal societies to the primaries. These complaints indicate that the primary and the federal societies have not systematically attempted to defining the goals for the movement. Each of these movements in their annual or bi-annual conferences should give attention to defining the common goals for the movement as a whole. The Conferences may also give specific direction to the individual primary societies and the federal societies with regard to planning to be done by them in respect of their goals and activities for realising the over-all aims of the movement.

2. The long-term objectives for the individual co-operative societies and the federal bodies are found in the bye-laws of the co-operative societies. Usually the bye-laws adopted by most of the societies are standard bye-laws developed by the government co-operation departments. When organising the societies, it is essential for members to discuss the aims suggested in the bye-laws and make the necessary modifications in the light of their own aspirations and circumstances. Once these aims have been carefully thought through and are incorporated in the bye-laws, they provide the long-term goals for the co-operative society.

Subsequently it is essential for the general body meeting of the co-operative society to fix short-term goals which the co-operative society will try to achieve. An important function of the general body meeting is to define the goals and to evaluate at successive meetings whether the goals are being achieved to what extent, and the reasons for insufficient achievements.

3. The over-all direction the co-operative movement should pursue and the business structure it should have are indicated through the co-operative principles. Thus a clearer understanding of the co-operative principles is essential by all types of co-operatives and their secondary organisations also there should be common understanding with regard to the interpretation of these principles. In view of this a brief description of the co-operative principles as reformulated by the ICA Congress in 1966 will be given later on.

4. The movement in developing countries has given greater emphasis on the co-operative aspect of the movement but not adequate attention to business efficiency. A conscious attempt needs be made to define business goals by the Movement.

V. Principles of Co-operation.

The principles of co-operation are outlined below:-

1. Membership of a Co-operative Society should be voluntary and available without artificial restriction or any social, political,

racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.

2. Co-operative societies are democratic organisations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights to voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies, the administration should be conducted on a democratic basis in a suitable form.
3. Share capital should only receive a strictly limited rate of interest, if any.
4. Surplus or savings, if any, arising out of the operations of a society belong to the members of that society and should be distributed in such manner as would avoid one member gaining at the expense of others. This may be done by decision of the members as follows:

- (a) by provision for development of the business of the co-operatives;
- (b) by provision of common services, or
- (c) by distribution among the members in proportion to their transactions with the society.

5. All co-operative societies should make provision for the education of their members, officers and employees and of the general public, in the principles and techniques of co-operation both economic and democratic.

6. All co-operative organisations, in order to best serve the interests of their members and their communities, should actively co-operate in every practical way with other co-operatives at local, national and international levels.

VI. Goals of the Farmer Co-operatives in the U.S.A.

The goals of farmer co-operatives in the U.S.A. are given below as an example:-

1. "To help farmers get a better price for their products.
 - (a) by encouraging expansion of co-operative marketing so that the farmer, if he is so inclined, can sell his crops and livestock advantageously through co-operatives, and
 - (b) by encouraging co-operatives to add processing, packaging and merchandising services for their members products and to distribute them to retailers and consumers whenever this will significantly.
 - (i) reduce the farmer-to-consumer price spread;
 - (ii) improve product quality, or
 - (iii) increase marketing efficiency.
2. To help the farmers reduce their operating expenses
 - (a) by encouraging organisation and expansion of co-operatives so that the farmer, if he is so inclined, can buy his major production supplies and services through co-operatives.
 - (b) by urging these co-operatives to fully integrate retail and wholesale distribution, manufacturing, and raw material production, and
 - (c) by helping these co-operatives serve non-farm families who may wish to use their services.

3. To help farmers gain enough economic power so they can control the integration of agriculture through co-operatives and bargain effectively in the modern economy.

4. To enable all those who use the services of a particular co-operative to maintain effective, democratic control over its policies and operations as the co-operative itself grows in membership and complexity.

5. To work alongside private and other public agencies, helping rural and small-town residents use co-operatives to develop the resources of rural areas and to live better.

6. To help low-income farmers use co-operatives either to join the ranks of commercial producers of food and fiber or to move into other productive, satisfying rural occupations."

VII. Suggested Goals for a Developing Co-operative Movement.

As a rough generalisation, the author ventures to suggest following long-term goals. Needless to add, that the goals for any co-operative movement should be worked out in the context of economic activities performed, the problems faced, the aspirations and the assessment of resources that could be mustered.

1. To improve the social and economic conditions of the members.
2. To provide services to the members at the lowest possible costs.
3. To achieve growth by the movement and the individual societies so that in future the services can be given more efficiently and to an increasing number of people.
4. To strengthen the members' economy, such as the household economy in the case of consumer societies or the farm economy in the case of agricultural co-operatives.
5. To begin with, to develop competitive capacity that is equal to, if not greater than, the private enterprise, and then to achieve sufficient economic power so that the movement could make an impact on the market with which it comes into contact viz market with regard to consumer co-operatives or supply of agricultural requirements.
6. To achieve integration between the primaries and the federal bodies.
7. To provide educational facilities to the members and/or their families.
8. To train managerial personnel in sufficient numbers and of required standard.
9. To maintain democracy in the affairs of the co-operative and develop civic qualities among the members.
10. To maintain the image of co-ops as honest and efficient business enterprises.
11. To be a model employer.
12. To utilise effectively the various facilities offered by the government and to achieve self-sufficiency and independence of government control, and
13. To contribute to the development of the economy of the nation.

VIII. Summing Up.

Formulation of goals is extremely important for ensuring effective administration in co-operative societies, for ensuring voluntary co-ordination among various departments and for developing standards for controls.

Several of the goals for the co-operatives can be derived from the principles of co-operation. However, greater emphasis on defining business goals needs to be given by co-operatives. Further the movement not only needs to define overall goals for the movement as a whole but also goals for the individual primary and federal societies. A close and co-ordinated functioning by the primary and federal co-operatives is of vital importance in achieving the overall goals of the Movement as well as their individual goals.



120

THE NATIONAL CASH REGISTER COMPANY (MALAYA) SDN. BERHAD

(INCORPORATED IN WEST MALAYSIA)

DATA PROCESSING • ACCOUNTING MACHINES • CASH REGISTERS • ADDING MACHINES • SUPPLIES • SERVICE

5 2 2 0

2-4 JALAN CAMPBELL, KUALA LUMPUR

P. O. BOX 350—PHONE: 81173-5

TELEGRAM: NACARECO

June 30, 1967

Ladies and Gentlemen:

It was an honour and a privilege to be invited to address the Malaysian Co-operative Management Seminar earlier this week and we were most grateful for the kindness and courtesy shown by the delegates during the address.

NCR Accounting Machines are available in Malaysia from \$5,000.00 to \$50,000.00 and upwards. The particular machine required for any individual Society could only be discovered subsequent to discussions with the Committee regarding the operation of the Society and the requirements of a mechanised system. The machine demonstrated at the Seminar was programmed to prepare deduction lists as presently prepared by the Malaysian Armed Forces Credit & Investment Co-operative Society Ltd. and we also demonstrated a ledger posting operation similar to that carried out at the Jaffnese Co-operative Thrift & Loan Society Ltd. We are most grateful to these two Societies, both users of NCR machines, who allowed us to use items of their stationery at the demonstration.

NCR, having branches all over Malaysia, is proud of the esteem in which we are held by our many users and is particularly proud of our high standard of service both prior to the installation and throughout the life of the machine.

In this modern expanding economy where more figures are needed more quickly, undoubtedly modern mechanised accounting techniques assist management in obtaining better control and a more efficient operation of any organisation. Most Co-operative Societies at one time or another have considered installing a mechanised accounting system and NCR would welcome the opportunity to discuss this matter with them without cost or obligation.

We would once again thank the Malaysian Co-operative Union of Malaya Ltd. for inviting us to address the Seminar and trust that you found our session of some interest and use.

Yours very truly,

F. G. Bendell
Manager

Data Processing Division

BRANCHES: 16, BISHOP STREET, PENANG—PHONE: 21271

6, BREWSTER ROAD, IPOH—PHONE: 2431

66, B-C, JALAN MUNSHI ABDULLAH, MALACCA—PHONE: 2242

A926, TELUK SESIK PARK, KUANTAN—PHONE: 553

3181-A, JALAN SULTAN IBRAHIM, KOTA BHARU—PHONE: 1174

172, JALAN KUNDOR, SUNGAI KOROK, ALOR STAR, KEDAH—PHONE: 1134

252, PADUNGAN ROAD, KUCHING—PHONE: 3000

49, GAYA STREET, JESSELTON—PHONE: 4279

6, KAMPONG NYABOR ROAD, SIBU—PHONE: 374

ROOM 1-B, CHARTERED BANK CHAMBERS, SANDAKAN—PHONE: 3000

MECHANISED ACCOUNTING

by F. G. BENDELL

PART I

"Why should Co-operative Societies Install a Mechanised Accounting System"

The first installation of a mechanised accounting system in a Co-operative Society in Malaysia was made some eleven years ago when the Malayan Co-operative Wholesale Society installed one accounting machine. However, the first installation in a Co-operative Thrift & Loan Society was made some five years ago when the Police Co-operative Thrift & Loan Society in Kuala Lumpur installed two accounting machines. Since then several of the larger and more progressive Societies have also installed mechanised accounting systems and many others are considering their installation.

In this first article let us look at some of the advantages to be gained by Co-operative Societies with the introduction of modern mechanised accounting techniques.

The advantages can be briefly divided into three major sections:-

- I. Increased Efficiency
- II. Economic Savings
- III. Better Security

I. Increased Efficiency

1. A properly designed and efficiently installed mechanised accounting system will be able to maintain your members' accounts balanced and up to date daily by using one machine for approximately 6,000 members. One machine of course only requires one operator.

2. On one member's ledger card the complete position of the member, both his total on deposit, total subscriptions paid to date and the balance on his loan account, is clearly shown and in addition, the machine can automatically calculate the nett position of each member.

3. Passbooks will no longer be required as a mechanised accounting system will automatically prepare a yearly statement of account which can be despatched to the member within the first month of the following year. This statement of account will show all entries relative to the member's account with you and his closing balances at the end of the year.

4. The work is proved automatically by the accounting machine each day so that mistakes made by the operator are immediately detected.

5. Each month a trial balance is prepared using the accounting machine and therefore the accounts must be balanced each month, errors are easily detected and corrected at that time. Assuming that your Co-operative Society has a membership of 1,500 the trial balance would take approximately three days only and can be carried out at any time during the month and need not be carried out at the beginning of the month which is usually the time when the majority of cheques are received.

6. An accounting machine, in addition to maintaining the members' accounts for the Society, simultaneously and automatically will prepare the Cash Book.

7. As many Societies have a membership of between 1,000 and 2,500 members it would be possible to use the spare time available on the machine to prepare the official Society's receipt, the monthly deduction statements if applicable and all the other accounts of the Society.

II. Economic Savings

1. An accounting machine suitable for installation in Co-operative Societies would cost approximately \$25,000.00. This price may be considered high but it should be remembered that an accounting machine is usually guaranteed for ten years. The installation in the Malayan Co-operative Wholesale Society is in fact reaching its eleventh year and the machine is still working most efficiently.

The actual cost, therefore, being applied on a ten year basis represents an amount of \$2,500.00 per year, i. e. just over \$200.00 a month. The cost of a mechanised accounting installation, therefore, can be approximated to the cost of one clerk. It therefore must not be assumed that because the machine will not be fully occupied during the month it will not be an economic proposition.

2. In a Society having 1,500 members there would be approximately 4,650 entries per month made up of the following:- 1,500 postings to the subscription register, 850 posting of the loan repayment and loan interest to the loan register, 600 postings to the deposit register, 1,500 entries in the receipts cash book, 100 entries in the payments cash book, 100 entries in the various registers for cheques paid out and possibly 1,500 entries in the passbooks although passbooks entries are rarely made each month, thus a total number of entries of 4,650.

All these entries to be made would probably occupy two, three or even more clerks.

This volume of work can be easily completed on one machine and would allow for at least a 100% expansion in membership.

3. Loose leaf ledger cards are usually cheaper than bound books as bound books require both more printing and expensive binding.

4. The office space taken up by an accounting machine and operator is approximately the same as an ordinary office desk and clerk. Assuming that you have two or three clerks now in your office and that this will be reduced to one machine operator and a machine there would be a considerable saving in office space. Any office space will be suitable as accounting machines do not require to be installed in air-conditioned offices, etc. We even have accounting machines working from car batteries.

5. Skilled accounts clerks are not required to operate the accounting machine, your operators can be easily trained in our Operators' Training School. Such training takes approximately one to two weeks and is carried out both prior to the installation and throughout the life of the equipment.

III. Better Security

1. The provision of a statement which can be sent out to each member immediately at the end of the year and which is a carbon copy of his account with your Society ensures that all entries in your books of accounts are in fact "audited" by the individual members.

2. Clear machine printed figures are easily read and cannot be mistaken as can hand-written figures.

3. All balancing, totalling and proving is carried out automatically by the accounting machine and thus mistakes associated with manuscript accounting are eliminated.

4. A unique system of proof is built into the accounting machine system so that the operator can only make entries to the correct members' accounts and cannot bring forward wrong figures. Should the operator attempt to bring forward incorrect figures or post to the wrong members' accounts, this will be immediately detected by the machine which will refuse to operate until the error has been correctly rectified.

5. A complete printed record of every transaction is available for your auditors to check the correctness of the operation.

6. A complete print-out of every member's account is prepared on the machine automatically each month and must be balanced with the control cards in your general ledger each month. This trial balance is also available for your auditors and can be prepared in several copies so that the members of the committee may in fact receive a complete schedule of all members' accounts each month.

The above are some of the many advantages which will accrue to your Society with the introduction of a modern mechanised accounting system.

Most accounting machine companies are usually only too pleased to carry out a full investigation of a Society's accounts without cost or obligation and would welcome the opportunity of discussing this possibility with you in greater details.

You pay your NEB bill and receive a machine printed receipt, your water bill is probably receipted using a receipting machine, your bank statement is more than likely prepared on an accounting machine, if you have an account at the Post Office Savings Bank your account is maintained on an accounting machine and if you have a savings account with any of the commercial banks, your passbooks will probably be written on an accounting machine. Over 1,300 accounting machines are installed in Malaysia and maybe your Society should consider the possibility of installing a mechanised accounting system.

Reprint from The Malaysian Co-operator - April 2, 1967

MECHANISED ACCOUNTING

by

F. G. BENDELL

PART II

"The Installation of a Mechanised Accounting System in a Co-operative Society".

In Part I we dealt with the reasons why a Co-operative Society might consider installing a mechanised accounting system. In this brief article I hope to give a few details that should be considered in preparation for installing a mechanised accounting system. Of course, it must be appreciated that all Co-operative Societies vary in their accounting operations and the comments in this article are of a general nature only.

I would also point out that the details given in this article relate to the installation of one of my own Company machines and the details will certainly vary from machine company to machine company. They must not be taken as the necessary standard of all machine company operations.

Having decided that a mechanised accounting installation would be advantageous it is then necessary to decide which particular make of machine should be installed. There are many different types of accounting machines available in Malaysia and there are four main reasons which should be applied to ensure that the correct equipment is purchased by your Society:

(a) The most important reason is a full study of the systems proposed by the manufacturers or local agents. In view of the somewhat complex nature of most Co-operative Society accounting this first reason will probably eliminate most of the simpler types of bookkeeping machines. A demonstration of the machines should also be organised and maybe even a visit to an already mechanised Society can be arranged.

(b) The second reason is a consideration of the Technical Service offered complementary to the accounting machines being considered. It would prove no use at all to your Society to choose an accounting machine which in two years time cannot be repaired due to lack of spare parts or a change in the agents' policy. In addition to which your Society may be operating not in one of the major towns and to have the machine out of action for one or two days or possibly weeks awaiting spare parts and service may completely eliminate the advantages of a mechanised accounting installation.

(c) The third consideration must be the efficiency of the support services offered by the manufacturer or agent. This may include training of your staff not only prior to the installation but throughout the life of the machine, the availability of a representative of the manufacturer to be present at the time of the installation to ensure a smooth take-over of the accounts and the willingness of the manufacturer or agent to continue this support service throughout the life of the equipment.

(d) The fourth consideration and perhaps the least important is the price of the machine. When you buy the cheapest you can never be sure. It is always unwise to pay too much but it is much worse to pay too little. When you pay too much you lose a little money - that's all! but when you pay too little you sometimes lose everything because the machine you bought may prove incapable of operating the system it was bought to complete.

Assuming, therefore, that you have finally decided on the particular machine you wish to install and that you have placed the order, before the machine is actually installed the stationery must be designed and you may be able to obtain the services of a representative of the machine company to assist in the design of stationery.

The staff must be trained in the operation of the machine and it is always wise to train at least two members of your staff in the operation of the machine otherwise sickness, annual leave, etc. can mean that the machine stands idle whilst the one member of the staff trained to operate it is away from the office. In larger Societies where a Chief Clerk, Secretary or Treasurer is employed, then he should also be trained; not so much as a machine operator, but to be able to control the system and he should be given a knowledge of how the machine actually operates.

The stationery has now been printed either by the Society's printer or preferably by a printer recommended by the supplier of the equipment who can thus ensure that the initial supply of stationery is correctly printed; your staff trained in the operation of the machine, we now come to the actual installation.

Just prior to the installation suitable accommodation and an electrical power point must be provided. Most accounting machines occupy approximately the same space as a standard office desk and often the manufacturer's representative is able to advise on the exact siting of the equipment in your own office.

The great day arrives and the machine is duly delivered. The machine usually arrives with a technician who is responsible for ensuring that the wiring is correct, that the plug is properly fitted and that the machine has not been damaged in transit to your office. The salesman will probably be also present as well as the manufacturer's installation personnel. The machine is duly delivered and tested. The technician and salesman leave your premises. The installation operator or site representative is left with you to demonstrate to interested members of the staff and members of the Society the exact operation of the machine and system. We usually allow one or two days for this so that the machine ceases to be one of the modern wonders of science, crowded round with interested persons but just a piece of your office furniture.

We can now happily proceed with the installation proper. The individual member's ledger card having been delivered to your Society a few weeks ago has by now been headed up with the name, membership number and other details of the member. These cards are arranged neatly in a filing tray and sorted into membership number order.

Many Societies' accounts are somewhat in arrears and it is quite usual for the balancing of the manuscript accounts to take one, two, three or more months before the balances can be agreed and brought forward to the machine ledger cards. Whilst your clerks are carrying out this balancing process all entries after the date chosen will be posted to the new machine ledger cards only.

Because the accounting machine produces the subscription to date, total on deposit, and balance of loan outstanding figures automatically, and as you have not yet brought forward the figures applicable prior to the machine installation, the ledger cards for the first few weeks or months show some very unusual figures.

Each day the posting to the various ledger cards, debits and credits are agreed and proved to be accurately done. Any mistakes are rectified under the eagle-eye of the site representative and at the end of the first fortnight a trial balance is taken out on the machine using the machine figures. This trial balance usually takes two days for each thousand members. The trial balance agrees with the control account which itself is also maintained on the machine.

Your staff are delighted, the Secretary of the Society walks round with a pleased expression on his face, the Chairman congratulates all involved and the site representative leaves you happy in the knowledge that the system is working properly.

Some two or three months later when the manuscript balances have been finally agreed by your Auditor, the site representative returns to your organisation and supervises the bringing forward of the agreed balances to the appropriate members' account cards. The balances on the accounts cards now represent the true picture of the member's account and in future will be up to date and in balance daily. Your machine system is working properly, your members can obtain up-to-date information and your staff no longer need to work many hours overtime to have the accounts up to date.

One more successful mechanised accounting installation has been made.

At the end of the year to the amazement and delight of your members you can now send out an up-to-date neatly printed statement of account within a few days of the year-end. Passbooks are eliminated and up-to-date figures are readily available at all times.

Very few people now expect to receive a manually prepared statement from their banks, most banks use accounting machines. Only a few Co-operative Societies have followed their lead but we hope that this brief article will give you some idea of the method by which a successful mechanised accounting system is initiated and can be installed.

National Co-operative Management Seminar
26th to 30th June, 1967

" A critical Look at the Accounting and Financial Aspect of
the Management Problems in Co-operative Societies"

(Abu Mansor Basir - Auditor & Accountant,
Dept. of Co-operative Development - Malaysia)

A co-operative society, before it can achieve its social objectives as incorporated in the co-operative principles, must first ensure itself to be financially sound and successful. In fact, without the first requirement being fulfilled, there is no possibility of ever achieving its other objectives successfully. Thus, however scrupulously applied the principles of co-operative in any organisation, the inescapable fact remains that the arts and expertise common to commerce and the business sector, are essential elements in the ingredient of management of that organisation, and are in fact, integral factors in its livelihood. One of the basic elements of this necessity, is the accounting and financial aspect of the organisation.

2. There are at the moment some 3,000 co-operative societies in this country consisting of different types and activities. It is not so much the size of the movement, or the amount of capital involved, or the vast number of members that represent the problems to management. But it is because of the lack of awareness among members of the need to have good management, and the lack of sufficiently good number of capable personnel who can carry out the managerial and business activities of these societies, the existence of many societies, particularly in the rural areas many of which are individually uneconomic and sterile of any workable management; the long practised habit of having elected committees to run the business irrespect of whether such committees are capable or not, and this is coupled with the failures of such committees to appreciate the need to employ capable staff to augment their shortcomings; these are all major problems and factors in making a large number of co-operative societies examples of failures both in management as well as an effort at community development.

3. The two aspects, accounting and financial, are fundamental and underline almost every effort in co-operative development. This paper does not endeavour to elaborate on this subject from the technical and cut-and-dry angle, since there are countless books and journals already available on this subject, but merely to touch briefly on the human and economic side of the problem, and more so, those aspects which are commonly found locally.

4. There is quite a common tendency among committees of co-operative societies to regard matters pertaining to accounts and finance as something which is strange and unwelcome. At best such effort in dealing with these subjects will be shelved to the times when accounts are already audited, or until circumstances, such as the pressing demands of creditors, or complaints from members, would those responsible be prompted to take a forced retreat to face with the subject. If we are to take those precautions and regular exercises which are employed by the business firms and companies in respect of accounts and their finances as a yardstick, then we will surely find that the standards found in co-operative societies are sadly short of even the minimum requirement. There are many societies, which cannot claim to be able to know their financial position at any relevant time, except of course when it is already too late. In order to plan ahead, a society must be able to know what its existing resources are, its potential; its anticipated income and expenditure for a given period hence, and to these the society must also be able to compare with its past performances and examine and remedy its shortcomings and consolidate its advantages and sharpen its potentiality. All these, in one brief word, cannot be available if there are no proper accounts. It would be futile to

plan ahead; to talk of sophisticated financial budgets and objectives; to assume and even make the members believe in success, if the basic data and information is not available. It should be of paramount concern to the co-operative movement that such shortcomings must be curbed. There are already far too many failures around us which have disappointed many from the ideals of co-operative principles, and blunted any further interest from these members to participate any more in any co-operative venture.

5. The fact that there is an acute shortage of managerial skill is undeniable. But what is most important is that attempts should be made by the co-operative societies to attract and retain those available skill, and lay out an effective programme to train members to be able to participate in management usefully. Against this suggestion we must consider what are the present background. By and large, the co-operative movement in this country has been managed by the elected members. But it is disheartening to find that many committees are content to allow themselves to handle the manual chores of the societies activities, to do all those work which they are more often than not, poor and incompetent amateurs. Perhaps such incompetence is deliberately done to hide a mass of irregular transactions or perhaps such incompetence arose from honest ignorance. But the material result is still the same. There are a large number of societies, particularly Thrift and Loan, retail stores and processing societies, which have lost hundreds of thousands of dollars merely from the simple fact that there is no proper system of payments and receipts of monies. It is also quite common to find committees who frown on any idea of employing a full-time employee, simply because they felt that the work can be done by one of the committees. Or at times, the engagement of a full-time staff is on a very low and unsatisfactory scheme of service. The outcome is almost definitely to follow the same pattern:-

- (a) poor quality staff will be employed.
- (b) unsatisfactory work is produced, creating almost unascertainable amount of mess in the society, books, and subsequent loss.
- (c) because of the low salaries, there is no incentive to promote and organise the society efficiently.
- (d) temptation to misappropriate and embezzle the society's funds.

6. It is also common practice for committees to allow themselves to carry out the day to day functions and routine of the societies on an honorary basis, perhaps a few dollars being paid for allowances. But in almost all societies, where the accounting records and the financial transactions are done by such people on this basis, the result is invariably a story which is the same whenever one finds a society which is now bankrupt and defunct, or at best, having a mediocre existence. The pitfalls are already obvious from the beginning; it is difficult to imagine a person being able to carry out the functions necessary to make a society successful if he is only doing them on honorary and part-time basis. Here, not only the element of proper know-how is missing, but the incentive and inducement necessary in any form of enterprise are absent. As an example, there is now a processing co-operative society, employing more than a million dollars of capital, which only functions for two to three hours a day in the evening because these times are suitable for the honorary officials of the society. This particular society is now defunct and bankrupt.

7. Thrift and Loan and Investment societies, are by far, those type of societies which have the most number of members and also the most amount of share capital, deposits and working funds available for their activities. A vast number of the members, particularly the lower and middle income group, have been faithful enough to save and deposit a little of their income each month, with the hope that they might reap the rewards of their investments in years to come. It is these loyalty and spirit that we must safeguard. But on innumerable occasions, it has been found that such societies, representing the savings and hopes of these members, are in fact entrusted to the care of a very few individuals. There might perhaps be an elected committee in the society consisting of respectable and high ranking officials, but it is quite often that the actual running of the society is left to a few clerks. Even if committees exercise some sort of supervision and check, these are usually ineffective and casual. Attempts to invest the monies of the members in the best possible manner are few and scarcely worthwhile, resulting in those monies being used for a less fruitful schemes. Those who borrow are at the expense of those who save. The cumulative effects of all these deficiencies cannot be readily ascertained. What is usually apparent, in cases of those societies where accounts are haphazardly kept, where amounts due to or from members are not ascertainable, where one or two individuals in the committee or staff can misappropriate thousands of dollars, is only in terms of amounts of dollars lost as disclosed by the Balance Sheet.

8. There are bitter experiences in the co-operative societies of having to endure losses arising from schemes and ventures that have proved in the end to be failures. In this respect, it is usually found that such failures are the result of schemes which have not been properly assessed and where practicability is often set aside in the initial stages of such ambitious venture. Schemes are often launched involving the use of thousands and in some cases, millions of dollars, where from the very outset no proper system of accounting, financial control and supervision, and least of all any sense of budgeting estimates and control, are ever thought of. This is not only found in respect of schemes in the rural areas, but also those pertaining to the urban sector, where the members are more knowledgeable about those problems. The failure here, is the inability to recognise what is required, in terms of personnel and managerial bodies, in order for such a scheme to be implemented properly. Committees are largely at fault, either through ignorance or deliberately, in not bringing the element of inducement and incentive into the management, and of doggedly pursuing the belief that the management can be run entirely by themselves and thus save the expense of paying salaries.

9. It is with these problems in mind that a practicable and worthwhile solution must be found; both to make members more conscious of their roles and responsibility, and also to emphasise on the need of good management. To make members more conscious of their responsibility, they should be fully aware of what is happening in their societies, and in order to achieve this, societies should be able to give more information to members, both for the members' individual interest, and also for the members collectively as a community. The crux of the matter is therefore information, which can only be given if there are proper records and accounts; sufficient staff to execute these duties and a concise and simple manner of explaining such information.

10. It is therefore suggested here the various ways and means, to which such an effort should be directed:-

- (a) to emphasise on the need to engage a reliable, good and efficient staff.
- (b) to encourage small societies to consolidate among each other for use of facilities such as accounting machines; office premises and even full-time staff.

- (c) to tighten up the laws governing co-operative societies so as to make it compulsory for information to be given to members, and would be members, pertaining to Accounts, assets and liabilities and office-bearers. Such information to be given not only when such societies invite people to buy their shares, but also periodically.
- (d) to have a more effective system of training members to become executive and managers and to take into consideration ways and means of inducing existing managerial skill in the co-operative movement from being drained into the business sector.
- (e) to blend together the principles of co-operatives with the techniques and expertise of the business sector, where initiative and industrious effort are often rewarded.
- (f) to call on managers and experts from the business sector from time to time to enable them to enlighten both members and management in the co-operative societies, in residential courses.
- (g) to hold more seminars and such similar vehicles to promote the emphasis on management.

11. There will always be the argument stating that those societies which are small and inadequate in ~~its~~ resources, cannot afford to employ a full-time staff who will be able to maintain satisfactory records and accounts, and who will be able to perform the daily routine of the societies' activities. But if from the very beginning, members are aware of the shortcomings and their inadequate resources to remedy them, almost certainly they will question the very fact of why the society should exist on such a basis, which would perhaps end in a sorry state as those societies whose failures they themselves can see. If such awareness is possible, and if members can fully appreciate the dictum that incentive is synonymous with effort, that loyalty alone does not build and promote an enterprise, then the alternatives are obvious. They should consolidate with others to achieve a more stable base and adequate resources, or they should refrain from promoting small societies which will not have a future. To both of these objectives, there is now considerable effort both from within the societies and also from outside, to render the co-operative movement a more realistic base and structure to strive for the ideals of co-operative ventures which have been furnished by inadequate but ambitious efforts. These changes must be radical, and any co-operative venture and scheme must be practicable; and the effort must be solid and not merely ambitions. There are far too many failures, far too many incidents of misappropriation and misuse of funds, far too many disillusioned members, that for the co-operative movement to acquire an attractive, robust and competitive spirit, the effort must be made. The changes will be difficult to implement, entitlements and pride must be overcome. But if co-operators are resolute and honest, such task of consolidating and streamlining the co-operative societies through efficient management may be possible.

OFFICE MANAGEMENT

(Notes on talk by Enche Abu Bakar bin Haji Abdul Majid, Training Officer, Government Staff Training Centre, Malaysia to the Malaysian Co-operative Management Seminar on 27. 6. 1967)

1) Importance of Office Work

In to-day's modern administration and enterprise, office work is both a vital and integral part of management because most activities are preceded, accompanied and followed up by a piece of paper. It is the vital medium through which the various activities of an organization are fused together towards achieving an established objectives.

Most office work deals with collecting, processing, recording and transmitting information. And on these informations records, data etc. those responsible for management of an enterprise depend as pre-requisites for effective performance of their management activities such as decision making, planning and organizing.

Although office work is not an end in itself, it is an essential element in the means-to-end. Individual work of practically every department in an enterprise is implemented by office work. Office work is performed to help others such as the top executive officers and various departments and components of an enterprise to carry out their activities and operations successfully through the aid of records, data and other informations of all sorts.

2) The Role of Office Management

Having discussed and appreciated the importance of office work as a vital and integral part of management of an enterprise, it follows that proper and efficient office management is both essential and desirable in order to obtain effective office operations.

Management is a broad and universal term. It relates to all enterprises, including those of business, government, school, public utilities and social organizations. And it spreads over many specialized areas such as factory management, farm management, personnel management, records management and office management. Although the areas of application differ, the basic concept of management is the same and that it is made up of definite functions and activities. These functions and activities will be discussed in the following paragraphs and is, however, centred around office management

since this is the subject area of this paper.

3) Process and Functions of Office Management

"Definition". Office Management may be simply defined as "the process of getting office work done effectively in order to achieve predetermined objectives". And this process consists of four fundamental basic functions namely :-

Planning,
Organizing,
Actuating and
Controlling.

(i) Planning

Planning is to determine what is to be done and how it is to be done. It is a pre-determined course of action. Planning, therefore, has two aspects i.e.

- . end-result planning and
- . means-to-end planning.

In planning, the office manager should first determine the objective of his office. What is to be done? What are the goals to be achieved? Sometimes the objective or objectives are determined at and passed down from higher levels but in some, and for that matter, in most cases they are rather general. So the office manager has to determine his own specific objective or objectives in consistence with the general directive. Determining objectives is essential in all forms of management because a successful management is a management by objectives. Course of action can only be determined when the objectives are clearly understood.

In planning, both to determine objectives and course of action, some forecasts should be made to enable a suitable and viable plan be made based on available facts and data and even assumptions. And there should also be choice of alternatives to ensure the most feasible objectives and course of action to be selected.

In planning, first a definite major objective should be determined and then sub-divide into sub-objectives for purpose of detail planning, priorities and balance and flexibility. Sub-objectives will also help in the distribution of work among sub-units of an office or individual or groups of workers in an office.

(ii) Organizing

Organizing is to set up a structure, both human and material, for the purpose of carrying out the

work of an enterprise. In organizing, the office manager should divide the work to be done in orderly manner e.g. even distribution of work, the right person for the right job. Responsibilities and authorities to be clearly defined and delegated. In addition proper work-places and working conditions should be provided, that is, the appropriate equipment, materials, machines, lighting, space, communication etc. In brief, organizing deals with the establishing of proper relationships among the components of the work to be done, designating the people who are going to do it and providing the work environment in which the tasks will be done.

Basic process in organizing office work is :-

- . Identify the work to be done
- . List out all jobs and functions to be performed to do the work.
- . Group the jobs and functions according to similarities (principle of homogeneous assignment).
- . Determine the requirement of positions necessary to perform the work
- . Set up an Organizational Chart
- . Allocate personnel to the positions established
- . Prepare a clear and comprehensive list of duties.
- . Lay down work methods and procedures.
- . Arrange staff to ensure smooth work flow and effective communication
- . Training of Staff.

(iii) Actuating

Office Management Actuating is another vital process. Planning and Organizing will be of no avail if they are not being effectively carried out by people who are involved. Human elements are vital in all form of organization. It is people who primarily makes an organization work. They manipulate equipment, machines, materials etc. People therefore, must be properly motivated. This means to inspire people to work to highest productivity. It is getting people to work because they want to not because they have to. Actuating and motivating includes :-

- . selection of the right people. The office manager should see that people who join his office are compatible with himself and with those whom they work.
- . providing for communication and participation, see that his people are sufficiently informed and heard on matters affecting them and that they participate in preliminary discussion and analysis of decisions that directly involve them.

- providing proper training and coaching to instil confidence in your staff and to help them to make achievements and thereby raise morale.
- providing suitable working conditions
- providing the proper leadership and maintaining good staff/human relations.

(iv) Controlling

Controlling is to see that work is being done in conformity with established standards. It is, therefore, an essential process in office management. Desired results can only be brought about by proper "follow-up" or "control". Standard should be related to measurable factors which include such things as quantity, quality, cost or time bases. And these are again related to established policies, principles, rules, regulations and procedures. The process of controlling includes :-

- setting the standard
- laying down method for checking standard -- should be simple and direct; excessive and superfluous checking, reports, returns etc. should be avoided.
- Evaluate performance in terms of standards.
- Corrective actions
- Re-set standard if necessary and practicable. This is tied up with flexibility of minor or sub-objectives.

4) Interdependence and Application of the Fundamental Functions

The four fundamental functions of office management are interdependent, each is a complement of the other and of all functions as a whole though each has its own individual elements and factors for separate study. These functions are applicable to the office work as a whole and also to each of its various parts and components for instance, they may be applied to each of the office work services, such as filing, record keeping, duplicating, communicative services etc.

Some of the spheres covered by the four fundamental functions of office management are :-

- Planning the work and office environment which include planning office work and procedures, planning for office equipment and machines, planning for office space, working conditions and office layout.
- Organizing the work of the office which includes division of work, establishing relationship among workers and defining and delegating responsibilities and authorities.

- Actuating office employees which includes motivating personnels, job evaluation, recruiting and selecting staff, training, office safety, office supervision and development of subordinates.
- Controlling the office work which includes standards and standardization in the office, controlling, improving and simplifying office procedures and methods, office forms, measuring and timing office work, maintenance, circulation, distribution and use of office manuals.

5) Public Relations

Another aspect of office work which is important and increasingly receiving attention now is relation with the public. The public comes to office everyday for one thing or the other. For office work to be carried out successfully, public understanding and co-operation is essential. Public Relations is concerned with maintaining good and sound relationship with the public to enable an office work to be carried out effectively.

Public Relations work consists of planned long-term project which mostly involves "mass media" such as publications, civic meetings, radio and television programmes etc. But public relations in office work concerns the day-to-day dealing with the public particularly the clientele of an agency through the following points of contacts, namely :-

- Telephone
- Correspondence
- Service at the counter

For all these, the components of good public relations are :-

- Unfailing courtesy
- Prompt service
- Accurate information
- Evidence of a genuine desire to assist; office staff has, therefore, to be properly and sufficiently trained to perform this aspect of office work.

6) Summary

Office work is a vital and integral part of today's modern management. Proper office management is essential for effective performance of office work. Process of office management consists of four fundamental functions namely office management planning, office management organizing, office management actuating and office management controlling. All these functions are interdependent and applicable to office work as a whole or to various aspects and components of office work. Finally, an increasingly important aspect of office work is Public Relations. The office is the immediate and direct link between an enterprise and its public. So maintaining good and sound relationship with the public is a vital and integral part of office management.

BELMONT - WHITE COMPANY

Two months ago at an operating committee meeting, the president of the Belmont-White Company asked Thornton Peet, the general sales manager, and Paul Robb, manager of the organization planning and procedures department, to get together and determine if better forecasts of sales and of inventory requirements could be made available in order to improve factory schedules, financial planning, and so on. Bert Kent and Charles Stevens, both of whom worked for Robb, and Robert Henry, Edwin Merrill, and David Spitz of the sales department were assigned by Robb and Peet, respectively, to work on the problem. Stevens and Henry, being older and more experienced and being regarded as rather senior men, immediately became the informal leaders of the work group. The five men worked out the technical problems to the satisfaction of both Stevens and Henry. The group attempted to consult with their immediate superiors as the work progressed. After the study had been under way for some time, Robert Henry told Stevens that he, Merrill and Spitz seemed to be blocked by the opposition of the product division managers. Henry also told Stevens that he felt he "could not go over the division managers' heads" to Mr. Peet, the general sales manager, and he asked Stevens to have his boss, Mr. Robb, inquire of the Sales manager whether a conference might not be held to appraise the progress of the work. Stevens told Mr. Robb of Henry's request and the reason for it. Accordingly, Robb talked to Peet on the matter. Thornton Peet, the sales manager, acquiesced, as he believed the problem ought to be solved as rapidly as possible. Peet invited the four product division managers. Paul Robb, and the five-man working group to the conference and set the time for it. Peet told Henry to go ahead with Stevens and set up the presentation to be made at the conference.

As Henry and Stevens planned the conference, they decided that the group from the sales department - Henry, Merrill, and Spitz - were really on the spot. Henry, Merrill, and Spitz all agreed that in order not to embarrass them on their bosses the presentation of the joint conclusions of the working group ought to be made by Stevens.

At the meeting, Thornton Peet, the four product division managers, and the three men from sales who worked on the study were present, as were Paul Robb of the organization planning and procedures department, and his two assistants, Stevens and Kent. When Mr. Peet asked who was going to report progress, Henry suggested that Stevens was the best man to present their findings. Peet asked Robb if that was "O.K.". When the latter agreed, Stevens used half an hour to outline the concept of their work; he stated that both groups had agreed upon details and believed their recommendations would work; they were prepared to take personal responsibility for them. Both Merrill and Spitz asked Henry to amplify certain points during the presentation. It seemed to Robb that they had in mind clarifying matters for their own bosses who might be opposed or might not understand.

Following Stevens' statement, the sales manager called upon his product division managers to give their reactions to proposals. One of them gave the plan lukewarm support; the three others said it could not be accomplished. There was much discussion among the three who were opposed. Occasionally, Henry, Merrill, and Spitz tried to get a word in edgewise without much success. Once Bert Kent asked Division B manager a question; the effect seemed to be mild anger at being interrupted.

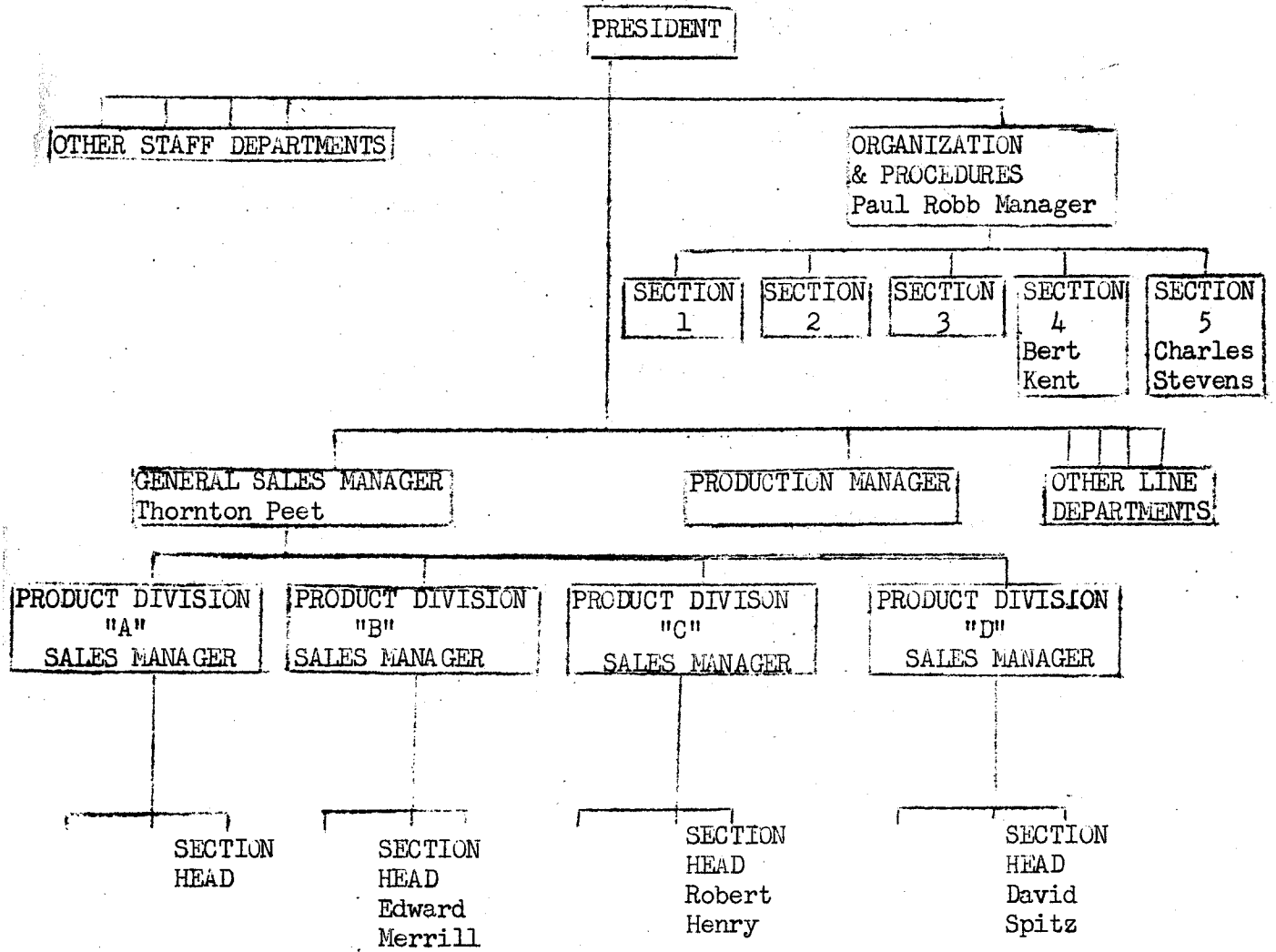
Paul Robb watched the whole proceeding with interest. He recalled that it had seemed to him that for the past two years this same group of four product managers had opposed every step involving changes in methods or procedures. In his opinion, "their delaying tactics" had been costly to the company. Robb knew that the president expected him to break some of these bottlenecks. Robb was only a staff advisor but he knew he "had the president 's ear" whenever he needed it. He considered the sales manager to be progressive and thought Peet could not tolerate these conditions much longer. It seemed to Robb that Peet had line responsibility to get something done in this area. Robb liked these "old line" product managers, and did not want to hurt them if he could avoid it.

While Robb was in the midst of these musings and after two hours of apparently fruitless discussion, Thornton Peet turned to him and said: "Robb, you have heard this whole discussion, what do you think we ought to do next?"

QUESTIONS

1. On the basis of material presented here, what would you say was going on :
 - (a) Within the Belmont-White organisation ?
 - (b) During the Conference itself ?
2. In Robb's position at the end of the case, what would you say or do :
 - (a) Within the next minute ?
 - (b) Within the next twenty-four hours ?
 - (c) Within the next week or two ?

BELMONT-WHITE COMPANY
PARTIAL ORGANIZATION CHART



The Anatomy of An Industrial EnterpriseIntroduction.

The talk is aimed to give a simplified schematic view of the fundamental nature of an enterprise with the objective of making participants to think and analyse the activities of a business in the general frame in which the enterprise operates.

The general objective of an enterprise, whether it be a factory, workshop, office, agriculture estate or government department is to produce products or services in the most economical way.

2. Operational Activities.

The core of every enterprise may be said to be the eight operational activities, viz :-

- (a) Idea,
- (b) Study,
- (c) Design, Research or License,
- (d) Develop,
- (e) Supply,
- (f) Produce,
- (g) Market and
- (h) Distribute.

No distinction is made between intellectual and manual activities.

(a) Idea.

What is meant? It may be ideas of any sort, with regard to product, service, method, process and etc. Every human activity begins with an idea. The Idea may stem from a sudden impulse, or from the concentrated work of a team, or from another enterprise, or from an observation. Of course, one of the important duties of the management is to make a climate conducive to creation of ideas within the organisation.

Wherever it may originate, and whatever its nature, the next step is to make a study.

(b) Study.

One has to study the feasibility of the idea in terms of the finance, demand, raw material available, manpower available and so on. The extent of the study and the thoroughness of the investigation will depend on the nature of the idea.

(c) Design, Research or License.

If studies prove that the idea is practical and likely to be profitable, or likely to provide needed service, then the end product, the equipment, method of operation, tool, service or function has to be designed, or some research has to be done. In some cases it may be a question of obtaining a license to manufacture or operate a service.

(d) Develop.

It is rare that a new design or service is right first time from every point of view. It has to be examined and tried out by everyone concerned so that defects and shortcomings may be eliminated before it is put into production or operation on a large scale. Development is necessary to bring about near perfection.

(e) Supply.

This supply activity refers to material, equipment and manpower, managerial as well as technical and operatives. It embraces everything and everybody whose services have to be obtained to run the enterprise.

(f) Produce or Operate.

This is the stage at which the raw material is converted into the finished product or the service is actually operated. It could be the extraction of mineral and its processing to the point of despatch. It could be the running of the train or bus or the manifold operations of an estate.

(g) Market.

Here the activity embraces the whole process of inducing the prospective customer to buy the product or use the service. It includes advertising, sales promotion and the act of selling.

(h) Distribution.

The physical delivery of the finished product to the customer whether he is the consumer, wholesaler, agent or retailer.

3. REMARK.

Although the operational activities have appeared in sequence that do not mean they cannot overlap or be carried out in a different order.

4. FINANCIAL FRAME.

The eight operational activities are not self sufficient, they need money to keep them alive. They exist, in fact within a frame of finance representing the whole of the resources available to the enterprise at any one time. Continuous pressure is exerted between the financial frame and the operational activities to maintain balance. Expanding the activities would require more finance but by improving the efficiency or productivity more outputs could be achieved without straining the financial frame. Too tight finances can lead to bankruptcy. When there is a large gap between the financial frame and the operational activities, there is too little pressure to maintain balance. As a result money available is not fully utilised and thus the profit margin would be low.

5. HUMAN ELEMENT.

When all is said and done, although an enterprise could have an economic purpose, it is also made up of people who have to work together for the good of themselves and others. Apart from satisfaction or dissatisfaction with rates of pay, relations formal and informal between them will affect the zeal and energy with which the people concerned, apply themselves to their work.

Good people make a good enterprise. It is the job of management to create a healthy, happy and contented work force which would contribute towards creating and maintaining a productive community. The human element permeates through the organisation.

6. OTHER FACTORS.

An enterprise does not live in splendid isolation. It lives in a real busy, busy world, the world of the country in which it is located and of the great international world beyond.

Political factors and government policies could have large effects on imports, exports and taxation, which in turn could affect the location of an industry, the levels of employment and etc. In the case of Malaysia, the government is diversifying its economy from agriculture to industrialisation.

Economical factors, like the strength and weakness of the countries economy, a slump or a boom, the ready availability or lack of foreign exchange, the general purchasing power of the population and its standard of living are of great importance to an enterprise.

The social climate in which the industry or service has to operate would determine to a large extent the type of people that would be attracted to work in the industry and also the popularity and demand for its products or services.

Finally, technological changes can wipe out one industry for another. Synthetic rubber is posing a threat to the very root of our economical structure. Producing palm oil instead of natural rubber could possibly bring about a large change in the pattern of our exports.

Attachment - Schematic diagram of the Enterprise.

* * *

In discussing this paper I propose to confine myself to the legislation affecting co-operatives in this country. The laws for the promotion and development of Co-operative Societies were enacted in 1922.

Let us consider the reasons which promoted Government to introduce the Co-operative Laws. The economic conditions of the urban salary earners and that of the farmers and small holders in rural plantations was no better. They were heavily indebted to money-lenders and shop-keepers. In the absence of any financial institution catering for their financial needs, they were forced to depend more and more on the money-lenders who charged exorbitant rates of interest, thus causing hardship and misery to the borrowers and their families. To eradicate this unhappy and unhealthy situation, Government considered it desirable to introduce co-operative societies in order to enable the people to free themselves through their own efforts from the grip of the unscrupulous money-lenders and at the same time to inculcate into them the virtues of thrift, self help and self reliance. The introduction of Co-operative Movement necessitated the introduction of co-operative laws. The early Co-operative Laws were more or less similar to those enacted in various States in India. Subsequently some changes were effected to meet the need of the growing Co-operative Movement and quite recently (as from 1st April, 1966) certain other amendments were made in the light of experience gained with a view to encouraging the orderly growth of the Movement and to ensure the efficient and proper conduct of co-operative societies.

The Co-operative Laws include the Co-operative Societies Ordinance, 1948, the Co-operative Societies Rules, 1949 and the registered by-laws of co-operative societies. As it will not be possible to discuss in detail all the provisions of the Ordinance and the Rules within the period allotted to this paper, I propose to touch on some of them, which I consider will evoke some discussion at this seminar.

Before we proceed to discuss some of the important aspects of the Co-operative Laws, let us attempt to define what a co-operative society is. It is a form of organisation wherein persons voluntarily associate together on equal terms for the purpose of promoting their common economic interest in accordance with the co-operative principles.

The 6 main principles are:-

- (a) Open membership
- (b) Democratic control
- (c) Distribution of surplus to members in proportion to their support to their Societies
- (d) Limited interest on capital
- (e) Political and religious neutrality
- (f) Promotion of education

Registration.

Only an organisation which has as its objects the promotion of the economic interest of its members in accordance with the co-operative principles will qualify for registration under the Co-operative Societies Ordinance.

The minimum number of persons required to form a co-operative society is 10.

The word "Co-operative" shall form part of the name of every society registered under the Ordinance.

A Society may be registered with limited or unlimited liability.

Limited liability means that a member is not liable for debts incurred by the Society over and above the nominal value of the shares subscribed by him. If limited by guarantee every member guarantees to pay a certain sum towards payment of debts incurred by the Society in the event of liquidation.

In a Society with unlimited liability members on the liquidation of the Society will be jointly and severally liable for and in respect of all its obligations. This means every member of the Society is liable for the payment of the debts, on the liquidation, up to the full amount of his possessions.

For the purpose of registration and application shall be made to the Registrar in the manner required under the forwarding copies of the by-laws of the Society. If the Registrar is satisfied that the Society has complied with the provisions of the Ordinance and Rules and that the proposed by-laws are not contrary to the Ordinance and Rules, he may, if he thinks fit, register the Society and its by-laws and appeal against the refusal of the Registrar to register the Society can be made to the Minister within two months from the date of refusal.

Amendments to by-laws.

The Ordinance provides for amendments to by-laws of Society. If the Registrar is satisfied that any amendment to the by-laws is not contrary to the Ordinance or Rules, he may, if he thinks fit, register the amendment. An appeal against the refusal of the Registrar to register any amendment can be made to the Minister within three months from the date of such refusal. "Amendment" includes the making of a new by-law and the variation or rescission of a by-law.

Qualification for membership in a co-operative society.

- (a) a person should have attained the age 18 years
- (b) be resident within or in occupation of land within the Society's area of operations as described in the by-laws.

Votes of Members.

No member of a Society is entitled to more than one vote in the conduct of the affairs of the Society. In the case of equality of votes in a Society, the Chairman is not entitled to a casting vote.

Liability of past member and estate of deceased member.

The liability of a past member for the debts of a Society as they existed on the date on which he ceased to be member will not continue for a period of more than two years reckoned from that date.

The estate of deceased member will not be liable for the debts of the Society as they existed on the date of his deceased for a period of more than two years reckoned from the date of his deceased.

Loans.

Loans may be made by Society:-

- (a) to members
- (b) to another registered society with the consent of the Registrar
- (c) to its employees with the consent of the Registrar.

Investment of Funds.

Apart from utilising the funds of a society for its stated objects, it may invest or deposit its funds:-

- (a) in the Post Office Savings Bank;
- (b) in any of the securities specified in Section 4 of the Trustee Ordinance ;
- (c) in the shares or on the security of any other registered society approved for this purpose by the Registrar;
- (d) with any bank or person carrying on business of banking

approved by the Registrar or
(e) in any other mode approved by the Registrar.

Disposal of Profits.

One fourth of the net profits or such lesser sum as may be prescribed by the Minister, will have to be carried to a reserve fund. The Minister may determine, from time to time, the amount that should be paid to any educational institution or to any co-operative organisation established for the furtherance of co-operative principles. Sums paid to these organisations may be deducted from the amount to be contributed to the reserve fund.

After the payments indicated above, the balance together with the balance of profits of past years may be utilised for all or any of the following purposes:-

- (a) the payment of bonus (rebates), dividend, to members;
- (b) the payment of honoraria to office bearers of the Society to such extent as may be prescribed by the rules or by by-laws, the allocation of monies of any funds constituted by the society (e.g. common good fund, Scholarship fund, death benefit fund, etc.);
- (c) not exceeding 10% of the profits (after payment to reserve fund and educational institutions or co-operative organisations) to any charitable purpose or any other purpose approved by the Registrar.

Audit.

The Registrar will audit or cause some person authorised by him to audit the accounts of a society once at least in every year. There are provisions in the Ordinance empowering the auditor to call for books, papers and documents and to summon any officer or servant to give information regarding any transaction of the society.

Inspection.

The Registrar or person authorised by him is entitled to have access to all books, accounts papers, securities and also inspect cash in hand of a society at any time.

Inquiry and Inspection.

The Registrar on his own motion, or on application of a majority of the Committee or of not less than 1/3 of the members, has the right to hold an inquiry or direct some person to undertake an inquiry into the constitution, working and financial condition of a society.

Dissolution.

If after any inquiry or on receipt of an application made by $\frac{3}{4}$ ths of the members, the Registrar is of the opinion that the Society ought to be dissolved, he may make an order for the cancellation of the Registration of the Society.

Any member of a society may, within two months from the date of cancellation of the registration of the society, appeal against such order to the Minister.

If^{at}/_{any} time it is proved to the Registrar that the membership of the society is reduced to less than 10, then he may make the order cancelling the registration of the Society.

Suspension or removal of the Committee.

After inquiry, if the Registrar considers it necessary in the interest of the Society, he may either suspend all or any of its activities

for such period as he may specify or suspend or dissolve the Committee. Provisions are also made in this section for:-

- (a) consultation with all creditors of the society before the Registrar making the order;
- (b) the period for which the order will be effective, including provision for extension provided that the period in the aggregate will not exceed 4 years;
- (c) the appointment of a person (including a body corporate) to manage the affairs of the Society under suspension;
- (d) the person appointed to manage the affairs of the society to assume all the powers conferred on the Committee of the Society;
- (e) the payment of remuneration to the person appointed to manage the affairs of the society from its funds;
- (f) the removal of any member or members of the Committee or any employee of the society by the Registrar if it is in the interest of the Society for him to do so;
- (g) the appeal to the Minister against the order of the Registrar within 21 days from the date of making this order.

Disputes.

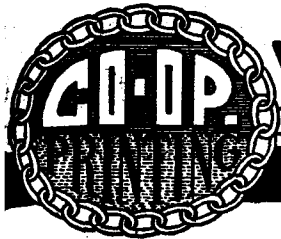
Any dispute touching the business of a Society among members, past members or between the member, past member and the Society, its committee or any officer of the society or between the society or its committee and any officer of the society or between the society and any other registered society, shall be referred to the Registrar for settlement.

Privileges accorded to Co-operative Societies.

As co-operative societies are self-help and non-profit seeking organisations and as they play an important role in raising the standard of living of the people, the Government has accorded them certain privileges. The privileges are:-

- (a) exemption from the payment of Income Tax;
- (b) exemption from the payment of stamp duty;
- (c) exemption from the payment of turnover, the payroll tax;
- (d) registration of societies without cost;
- (e) settlement of disputes touching the affairs of the society by means of arbitration;
- (f) payment of monies due to deceased member to nominees;
- (g) deduction facilities.

In addition to observing the co-operative societies laws, the co-operative societies are obliged to conform with the provisions of all other laws that become applicable in their transaction except if exempted, e.g. Banking Ordinance exempt co-operative societies; Housing co-operatives exempted from the provisions of the new Housing Developers Act, etc

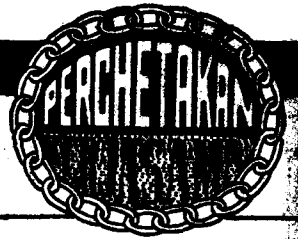


SHARIKAT PERCHETAKAN KERJASAMA SA-MALAYA BERHAD

PETI SURAT 154, PETALING JAYA.

THE MALAYAN CO-OPERATIVE PRINTING PRESS SOCIETY LTD.

120, JALAN SEMANGAT, PETALING JAYA.



Printers, Publishers,
Book-Binders and
Rubber-Stamp Makers.
Tel. No.

Your Ref:

Our Ref:

Peti Surat 154
Petalang Jaya
Selangor

.....1st June...1967

Saudara Ahli Kerjasama,

Dengan suka chita-nya Kami mema'alumkan bahawa Sharikat Perchetakan Kerjasama sa-Malaya Berhad sudah mulakan pekerjaan perchetakan-nya. Kami berharap kepada sokongan tuan2.

Kerjasama tuan akan membantu memajukan gerakan Kerjasama di-Tanah Ayer kita.

Dear Co-operators,

We are pleased to inform you that the Co-operative Printing Press Society Ltd. has commenced printing business as from to-day. We earnestly solicit your support.

Your co-operation will help to further develop the Co-operative Movement in the country.

S. Alexander,
Ketua Pegawai Pentadbir,
Sharikat Perchetakan Kerjasama sa-Malaya Berhad.



SHARIKAT PERCETAKAN KERJASAMA SA-MAYANG BERHAD

PERI SURAT KEA-RETALING JAYA

THE MAYANG CO-OPERATIVE PRINTING WORKS SOCIETY LTD

100, JALAN BEMANGAT, BEMANG, JAYA



100, Jalan Bemang,
Bemang, Jaya

Our Ref:

Your Ref:

100, Jalan Bemang, Bemang, Jaya

THE MALAYAN CO-OPERATIVE PRINTING PRESS SOCIETY, LIMITED.

President: Enche Ahmad Hourmain bin
Dato Haji Mohd. Esah,
Vice-President: Enche P. Ratnadurai, P.P.N., P.J.K.,
Hon. Secretary: Enche P. Krishnan,
Hon. Treasurer: Enche N. Jeganathan.

Telephone No: 85456 KL.
P. O. Box 154, P. Jaya,
120, Jalan Semangat,
Petaling Jaya,
Selangor.

1st June, 1967.

Dear Co-operators,

Your Own Printing Press

Further to our Circular letters to all Co-operators on the 29th September 1965, much has been done in the Progress of getting your Own Printing Press into a working shape.

The progress can be seen by you if you make it a point to visit your Own Printing Press at 120, Jalan Semangat, Petaling Jaya, opposite M/s Guthrie & Company and between G.E.C. and Rothmans.

We are glad to let you know that the Press started working on 1.6.1967 with the first orders Printing. Besides Printing, we intend doing Binding, Rubberstamp Making, Posters, etc.

We have an efficient staff who will be able to give you efficient and prompt service.

We are glad to let you know that more societies have come forward to join us in the form of share holders. We are confident that many more will come in. You are aware that the cost of the Shares are very nominal and every one can buy few shares in the Printing Press of yours. We earnestly appeal to you to contribute generously, at least to the value of 300 shares so that you may reap the benefits of the Press for the good of your members in your Society. If each Society can take at least one share per member on the register - then you would have gone a long way to help us and help yourself. In addition to this you can encourage each member of your Society to take at least shares worth \$100/-.

We would like you to look at the example set up by you in the case of the Malaysian Co-operative Insurance Society Limited. Your Co-operation gave them the lead in the Insurance Field of Malaysia. Similarly, you can be proud of your Press if only Each One Of You decide to take one share on your own and on behalf of the members of the Society.

We, shareholders, as Co-operators can help to bring in business to the Press. Write to our Chief Administrative Officer, or to any one of the Directors. They will be able to supply you with further information you may require.

Your Co-operation and Assistance will be greatly appreciated.

Yours in Service,



(P. Krishnan)
Hon. Secretary.

148
SHARIKAT PERCHETAKAN KERJASAMA SA-MALAYA BERHAD.

Yang Di-Pertua: Enche Ahmad Hourmain bin
Dato Haji Mohd. Esah,
Naib Yang Di-Pertua: Enche P. Ratnadurai, P.P.N., P.J.K.,
Setia Usaha: Enche P. Krishnan,
Bendahari: " N. Jeganathan.

Peti Surat 154, P.J
120, Jalan Semangat
Petaling Jaya,
Selangor.

1hb Jun, 1967.

Saudara2 Perkerjasama,

Sharikat Perchetakan Kepunyaan Tuan Sendiri

Lanjutan kapada surat pekeliling kami kapada semua pekerjasama bertarikh 29hb September 1965, ada-lah di-maalomkan bahawa banyak kema juaan2 telah terchapai untuk mengujudkan sa-buah Sharikat Perchetakan kepunyaan tuan sendiri.

Kemajuan ini boleh-lah tuan2 saksikan sendiri sekira-nya tuan datang melawat Sharikat Perchetakan tuan itu yang terletak di-No: 120, Jalan Semangat, Petaling Jaya, berhadapan dengan Sharikat Guthrie dan di-antara Sharikat2 G.E.C. dengan Rothmans.

Dengan bangga-nya ingin-lah kami memaalomkan ia-itu kerja2 menchetak di-Sharikat ini telah pun di-mulakan pada 1.6.1967. Di-samping menjalankan perchetakan kami juga menjalid, membuat chap (Rubber Stamp), pelekat dan lain2 lagi.

Kami mempunyai kaki-tangan2 yang mahir yang boleh memberikan tuan2 perkhidmatan2 yang baik dan chepat.

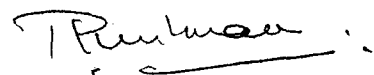
Dengan sukachita-nya kami maalomkan bahawa lebeh banyak lagi Sharikat2 telah tampil ka-hadapan menyertai kami sachara pemegang2 saham. Kami mempunyai keyakinan ia-itu lebeh ramai lagi akan turut berbjat demikian. Tuan2 tentu-lah sedar harga2 saham ada-lah berpatutan dan tiap2 tuan2 boleh memberli berapa banyak saham daripada Sharikat Perchetakan tuan ini. Ingin-lah kami merayu agar tuan2 memberi Sumbangan dengan ikhlas-nya, Sekurang2-nya mengambil sa-banyak 300 saham supaya tuan2 juga akan dapat sama2 menikmati keuntungan Sharikat Perchetakan bagi faedah ahli2 dalam Sharikat tuan2. Jika tiap2 Sharikat dapat mengambil sekurang2-nya satu saham tiap2 ahli yang ada dalam daftar tuan2 mempunyai masa depan, yang chemerlang untuk membatu kami dan juga diri tuan2 sendiri. Di-samping ini pula tuan2 boleh-lah menggalakkan tiap2 ahli dalam Sharikat tuan mengambil sekurang2-nya saham yang berharga \$100/-.

Suka-lah juga kami menarek perhatian tuan2 terhadap chontoh yang telah tuan2 laksana menubuhkan Sharikat Berkerjasama Inshoren Malaysia. Kerjasama tuan2 itu telah membawa mereka ka-lapangan inshoren di-Malaysia. Bagitu juga-lah tuan2 juga boleh berbangga terhadap Sharikat Perchetakan tuan2 ini jika sekira-nya tiap2 sa-orang mengambil satu saham untuk tuan2 sendiri dan bagi pehak ahli2 Sharikat.

Kami, pemegang2 saham, sebagai perkerjasama boleh menolong menguruskan perniagaan kapada Sharikat Perchetakan ini. Tulis-lah surat kapada Ketua Pegawai Pentadbir, atau kapada sebarang anggota Lembaga Pengarah, Mereka boleh-lah memberikan ma'alumat lanjut sekira-nya tuan2 kehendaki.

Kerjasama dan bantuan tuan2 itu sangat2-lah di-hargai.

Yang menjalankan tugas,


(P. Krishnan)
Setia Usaha.

THE MALAYAN CO-OPERATIVE PRINTING PRESS SOCIETY, LIMITED.

APPLICATION FOR MEMBERSHIP

(BY INDIVIDUALS)

Application No:

Serial No:

Date:

The Board of Directors,
The Malayan Co-operative Printing Press Society Ltd.,
P. O. Box 154,
Petaling Jaya.

Dear Sirs,

I wish to apply for admission as a member of the Malayan Co-operative Printing Press Society Limited, Kuala Lumpur.

FULL NAME:
(in block letters)

(I.C. No:

OCCUPATION: AGE

2. I propose to acquire (.....)
shares for a total value of \$ (Dollars

3. I enclose herewith a crossed cheque/money order covering the

(a) Entrance Fee \$2.00

(BC shares at \$10/- each. \$
 \$
 =====

4. I agree to abide by the by-laws of the Malayan Co-operative Printing Press Society, Limited, and undertake to remit the balance of the value of the shares taken by me as and when called upon to do so by the Board of Directors.

Yours faithfully,

.....

| |
|---|
| <u>For use of Board of Directors only</u> |
| Date of Approval |
| Signature of President |

150
SHARIKAT PERCHETAKAN KERJASAMA SA-MALAYA BERHAD.

BORANG PERMINTAAN MENJADI AHLI

(Oleh Persaorangan)

No. Permintaan

Bilangan Siri

Tarikh

Lembaga Pengarah,
Sharikat Perchetakan Kerjasama Sa-Malaya Berhad,
P. Surat No: 154,
Petaling Jaya.

Tuan,

Saya memohon menjadi ahli Sharikat Perchetakan Kerjasama Sa-Malaya Berhad, Kuala Lumpur.

NAMA PENOH
(Dalam huruf besar)

I.C. No:

ALAMAT

PEKERJAAN UMOR

2. Saya berchadang hendak membeli (.....)
saham2 yang harga-nya berjumlah \$ (Ringgit)
.....)

3. Saya kirimkan bersama2 satu crossed cheque/Money Order kerana: -

(a) Bayaran Masok \$2.00

(b) saham berharga \$10/- satu \$ _____

\$ _____
=====

4. Saya bersetuju mengikut kehendak2 Tambahan2 Peraturan Sharikat Perchetakan Kerjasama Sa-Malaya Berhad dan senggop membayar baki harga saham2 yang di-beli oleh saya pada bila masa di-kehendakki oleh Lembaga Pengarah itu.

Yang benar,

.....
Tanda Tangan.

Bagi kegunaan Lembaga Pengarah sahaja

Haribulan di-luluskan

.....
Tanda Tangan Yang Di-Pertua

THE MALAYAN CO-OPERATIVE PRINTING PRESS SOCIETY, LIMITED.

(APPLICATION FOR MEMBERSHIP

(By Co-operative Societies)

Application No:

P. O. Box 154, P.Jaya,
120, Jalan Semangat,
Petaling Jaya,
Selangor.

The Board of Directors,
The Malayan Co-operative Printing Press Society, Ltd.,
P. O. Box 154,
Petaling Jaya.

Serial No:

Date

Dear Sirs,

We, on behalf of
Society Limited, apply for admission as a member of the Malayan Co-operative Printing
Press Society Limited, Kuala Lumpur.

2. Our Society proposes to acquire (.....) shares
for a total value of \$ (Dollars)

3. We enclose herewith a crossed cheque covering the following:-

| | | |
|-----|-----------------------------|-------------------|
| (a) | Entrance fee | \$5.00 |
| (b) | Shares at \$10/- each | \$ |
| | | <u> </u> |
| | | \$ |
| | | ===== |

4. We agree to abide by the By-laws of the Malayan Co-operative Printing
Press Society Limited and undertake to remit the balance of the value of the shares
taken by our Society as and when called upon to do so by the Board of Directors.

Applicant's address:

Yours faithfully,

.....
Chairman

.....
Hon. Secretary

.....
Hon. Treasurer.

| |
|--|
| <p><u>For use of Board of Directors only</u></p> <p>Date of Approval</p> <p>..... Signature of President</p> |
|--|

NOTE

By-law No: 20(ii) is quoted for your information:-

(ii) Member Societies shall be represented at General Meeting as follows:-

- (a) a member society having up to 500 shares shall be represented by one delegates;
- (b) a member society having between 501 and 1,500 shares shall be represented by 3 delegates;
- (c) a member society having more than 1,500 shares shall be represented by 5 delegates.

Every delegate shall be eligible for one vote only.

SHARIKAT PERCHETAKAN KERJASAMA SA-MALAYA BERHAD

PERMOHONAN MENJADI AHLI
(Oleh Sharikat Bekerjasama)

Peti Surat 154,
120, Jalan Semangat,
Petaling Jaya.

Bil Permohonan

Bil. Siri

Lembaga Pengarah,
Sharikat Bekerjasama Perchetakan Sa-Malaya Berhad,
Peti Surat 154,
Petaling Jaya.

Tarikh

Tuan,

Kami bagi pihak Sharikat Bekerjasama

.....
memohon menjadi ahli Sharikat Bekerjasama Perchetakan Sa-Malaya Berhad, 120, Jalan Semangat, Petaling Jaya.

2. Sharikat kami berchadang hendak mendapatkan saham yang berharga sa-banyak \$ (Ringgit

3. Kami sertakan bersama2 ini chek yang berpaling yang meliputi seperti berikut:-

- (a) Bayaran Masok \$5.00
 - (b) saham berharga \$10/- tiap satu \$ _____
- \$
=====

4. Kami bersetuju mematohi undang2 kecil Sharikat Bekerjasama Perchetakan Sa-Malaya Berhad dan bersetuju menjelaskan baki harga saham yang di-ambil oleh Sharikat kami manakala dan apabila di-kehendaki berbuat demikian oleh Lembaga Pengarah.

Alamat Pemohon

Yang benar,

.....
Pengerusi
.....
Setia Usaha
.....
Bendahari

Untuk kegunaan Lembaga
Pengarah sahaja

Tarikh di-luluskan

.....
Tanda Tangan Yang Di-Pertua

INGATAN:

Undang2 kecil Bil 20 (ii) ada-lah di-nyatakan bagi pengetahuan tuan:-

(ii) Anggota Sharikat akan di-wakili dalam Meshuarat Agong seperti berikut:-

- (a) Sesa-buah Anggota Sharikat yang mempunyai sa-banyak 500 saham akan di-wakili oleh sa-orang wakil.
- (b) Sesa-buah Anggota Sharikat yang mempunyai di-antara 501 dengan 1,500 saham akan di-wakili oleh 3 orang wakil.
- (c) Sesa-buah anggota Sharikat yang mempunyai lebeh dari 1,500 saham akan di-wakili oleh 5 orang wakil.

Tiap2 wakil ada-lah berhak mempunyai satu undi sahaja.

The Hon. Secretary,
The Malayan Co-operative Printing Press Society Ltd.,
P. O. Box 154,
Petaling Jaya.

Sir,

The Society
of
(Postal Address)
wishes to acquire/additional/shares to the value of and enclose herewith
a cheque for \$ (Dollars)
for this purpose.

Yours faithfully,

Hon: Secretary,
.....

N.B. Value of a share is \$10.00

Entrance fee is \$5.00

By-law 6 (i) on shares is quoted below.

"A Member Society shall subscribe to not less than 100 shares provided
that the Board may under special circumstances allow a Member Society
to have a lesser share holding."

Setia Usaha,
Sharikat Perchetakan Kerjasama Sa-Malaya Berhad,
Peti Surat No: 154,
Petaling Jaya.

Tuan,
Sharikat Bekerjasama
.....
(Alamat Pos)
ingin mendapatkan saham/tambahan yang berharga dan bersama2 ini di-
kirinkan cek sa-banyak \$ (Ringgit
.....) bagi tujuan ini.

Yang benar,

Setia Usaha Kehormat.
.....

Ingatan: Harga satu saham ia-lah \$10.00

Bayaran Masok ia-lah \$5.00

Undang2 kecil 6 (i) mengenai saham ada-lah di-perturunkan di-bawah ini:-

"Sesa-buah Anggota Sharikat boleh-lah membayar tidak kurang daripada 100
saham, kechuali Lembaga Pengarah boleh-lah di-bawah hal2 yang tertentu
membenarkan sesuatu Anggota Sharikat itu mendapatkan saham yang kurang
daripada-nya."

DIFFERENT TYPES OF PARTICIPANTS

THE AGGRESSIVE TYPE: Criticises others and others' ideas, degrades and rebukes others, is very hostile towards the group.

Keep cool. Don't let him irritate you. Don't lose your head nor allow others to do so. Keep on being friendly with him, do not allow participants to be personal. Stick strictly to the topic and use pertinent questions.

THE OBSTINATE TYPE: Resists the course, the other participants, everything; blocks the discussion and progress by holding on tight to own opinions. Does not listen to others; prejudiced and stubborn.

Can wreck a conference if not handled properly. Keep cool and keep a pokerface. Use the other participants, especially the most experienced ones to deal with him. Do not get into an argument with him yourself. The others will take care of him.

THE SHY TYPE: Does not talk, withdraws. Others wonder why he is silent.

Encourage him to participate. Call on him by name to give his opinion. Ask him easy questions to be sure he can answer.

THE TALKATIVE TYPE: Talks a lot; has difficulties in stopping when warmed up. Uses every opportunity to request leave to speak.

Prevent him from entering by asking direct questions to others. If he still enters discussion too frequently, you can tactfully interrupt him and ask others to comment. Occasionally you can also remind the group of the rule that statements should be short, and everybody's viewpoints wanted. Look deliberately at others when asking questions.

If he still talks too much, you may have to talk to him about it in private.

THE DISINTERESTED TYPE: His thoughts may wander. He will have a bad influence on the other group-members.

We can put direct questions to him. Make use of him; ask his advice on things which you know he is interested in. Refer to his

(DIFFERENT TYPES OF PARTICIPANTS - Continued, Page 2.)

statements, give him credit for achievements in and outside the group.

THE GRUDGE TYPE: Constantly attacking others. Loves to fight mentally.

Avoid discussions on his peeves. Get group to support that every statement should aim at helping the group to solve the problem under consideration. If the grudge is between two individuals you can bring in the other participants. This problem can also be avoided by proper composition of the group. One of the trouble-makers can be cut out or placed in another group.

THE EGOISTIC TYPE: Is very egoistic and self-centered. Prefers to talk about himself, own feelings, motives and problems. Do not encourage him to speak; bring in others. Ask if his statements have anything to do with the topic under consideration.

THE SCHOOL LUMINARY TYPE: Has got all the "right" answers. Too eager to answer. Cannot understand why others do not understand.

Do not bother too much with him. Time will help in curing his malady. He has been too concerned with text books and definitions.

Let the more experienced practitioners in the group take care of him. He can take several kicks without being hurt.

THE HOBBY-HORSE TYPE: Has prejudiced attitudes which are almost impossible to rock.

Do not make use of him too often. Let the other participants take care of him.

THE JOKER TYPE: Can be useful. He can help get a good atmosphere. Don't let him overdo the joking.

All these different types shall be welded together into a team. They have different backgrounds, different experiences, meanings, opinions and feelings and must be helped to work together towards common goals.

The task of the leader is not an easy one.

Question TechniquesTHE USE OF QUESTIONS

When preparing his outlines, the leader should write down a few questions. The use of questions will help him to avoid errors, to deal with people and draw out their opinions, viewpoints and experiences, and to make sure all participate. The leader must use the most effective techniques, i.e. by the proper use of questions and the ways of directing them. There have been volumes written on question techniques. We will consider a few types of questions.

1. One type is the informational question. That is a question asking for information of some kind, preferably facts and figures, or "yes and no" answers. Here are some examples:

"What is the population of Malaysia?"
 "How long have you worked in this department?"
 "How often has it happened?"

2. Another type is the exploratory question. We try to explore what is meant, what is behind or the hidden motives, or we may want some more details. We try to explore the degree of conviction with which an opinion is held.

Exploratory questions usually fall into the how, why, what, when, who and where category.

Here are some examples:

"Why do you think so?"
 "Where else will it apply?"
 "How could it happen?"

But not all are exploratory that begin with these words - why, what, how etc.

"How long have you worked in this department?" is an informational question.

3. A question can be phrased in a way so that the thoughts of the member, and consequently his answer, are directed in a certain direction. They are called leading questions.

Here are some examples:

"We can purchase some white paint with a discount of 15%, what colour shall we choose?"
 "Would it be a possibility to transfer the man?"
 "Is this the only possibility?"

4. A question can be phrased in a way so that the members have a choice between two or more alternatives. It is called a Choice Question.

Here are some examples:

"Shall we paint it red or green?"
 "What is your opinion, yes or no?"

5. A question can be phrased so that the members are not influenced at all. They are free to say whatever they want. It is called a free question.

Here are some examples:

"What colour do you want?"
 "What are the possibilities?"

WAYS OF DIRECTING THE QUESTIONS

There are certain ways of directing the questions to the members and the group. In other words, we can say there are certain ways of communicating with the group.

1. One way is to ask the question and answer it yourself. It is called a rhetorical question.

Hesitate for a few seconds before you give the answer, thus getting the participants on the alert to think it over and reason for themselves.

Set before the group a statement which must very likely be accepted by the group, otherwise you may get opposition and resentment which can disturb the good relations.

It clarifies a problem without taking time to get the individual viewpoints of each member.

It is a very useful device, especially to speakers who are talking for a long time. We will use it in our introductions to discussions.

Here is an example:

"Don't we all spend a lot of time in meetings?"
"Of course we do."

2. The direct question is aimed at a particular member. It can be so phrased that it starts out as a question to the group and then is directed at some individual, or the name may be mentioned first and then the questions asked. The latter is to be preferred if we want the mentally absent member to "save face".

The value of the direct question is based on the fact that certain types of people for various reasons hesitate to participate in the discussion.

Sometimes the facial expression or the posture of a member indicates that he is mentally absent. His thoughts are elsewhere. A direct question will bring him back.

If the "shy" member does not participate you may give him an easy question which he may have a pretty good chance of answering.

Two members starting a private little discussion of their own, constitute a disturbance to the rest of the group and a challenge to the leader. A good way to break up this is to ask a direct question to one of them.

We can also use it if we want to get the experience or the judgement of a certain member we feel is qualified to answer.

We may want some confirming views or opposing views, and we use our knowledge of the participants to call on the one who is likely to provide the wanted statement.

The too talkative member can also be kept under control by asking direct questions to others.

3. As a variation we can use a sub-group question. It is addressed to a fraction of the total group and can help to speed up the discussion. If you call on a special group, one of its representatives will soon say something on behalf of the group and the others may follow.

4. The overhead question is addressed to the entire group. It is up to the individuals if they would like to answer. It gives a feeling of freedom and relaxation.
5. Frequently questions are asked of the leader, especially in newly-established groups. It is poor leadership to set the habit of answering. It is better to use a re-directed question, returning it to the same member, another member, a sub-group or ~~the~~ the whole group.

The leader should keep in mind that there is equal danger in using exclusively one or two of these ways of directing the questions. He should use them all and deliberately mix them for maximum results.

Vary the pattern and keep the group alert.

* * * *

Group I.

29th June, 1967.

Chairman: Enche Ahmad Hourmain bin Dato Hj. Esah.
Secretary: Enche G. Reginald.

Personnel Management

This group feels that in the interest of the Co-operative Management, Co-operative societies, depending on its size and functions, should endeavour to employ full time staff so that a smooth running of co-operative societies is possible. We also feel that the staff so employed should possess academic qualifications so that the staff so employed could work efficiently and independently. However, the general supervision of office management should be the responsibility of the Committee of Management or the Honorary Secretary as deemed fit by the Committee.

2. It is also felt that it is the duty of the Committee of Management to distribute the work fairly and properly to each staff employed so that each of them could co-ordinate and work for the development of the Society.

3. The group is also of the opinion that smaller societies, which are not in a position to employ their own staff, could pool their resources and organise a Central Secretariat with a Manager to supervise the staff at the Secretariat. This would, by some way, overcome difficulties especially undue delay in correspondence, etc, which are generally encountered by societies and also to economize expenditure.

4.(a) Participation by the Employees in Trade Union Movement.

It is felt that staff in Co-operative Societies should be encouraged to join Trade Union Organisations.

5. It is also suggested that each Co-operative Society should have a scheme and condition of service for the employees.

GROUP IReport of the Group Discussion on paper "Office Management"

Enche K. Sivasampu (in the Chair)
and nine members.

Most of the co-operative societies in this country are run by Part-time Honorary workers who may not have the required academic or practical qualification which is essential in the modern enterprises. The group is of unanimous opinion that Honorary workers and paid employees should be given facilities for training in the office management as the office work is vital and important.

2. We suggest that the Co-operative Union of Malaya should engage some experts to give training to the officials of the various societies.

3. We in the group feels that the fundamental rules set out in the paper is adequate.

Group I

Report of the Group discussion on paper "Facilities to or Restraints on Management of Co-operatives due to Co-operative Law in Malaysia".

Chairman: Enche Ahmad Hourmain bin Dato Hj. Esah
Secretary: Mr. K. Achuthan

In the absence of Enche A. Namasivayan, Enche K. Achuthan was unanimously elected as Secretary.

After a lengthy discussion the group recommend the following:- Government participation in certain societies, i.e., Printing, Paper Mills, Housing Societies, etc. are necessary as their capital will be insufficient to meet the demands. The group is also unanimous that in view of Government investment and capital it was felt that a Government nominee could be appointed to serve the societies involved.

The group also recommend that Government should formulate separate legislation in respect of Co-operative Banking and Agriculture. In regard to Co-operative Insurance, it is felt that Co-operative Insurance Societies should be exempted from registration under the Insurance Act. This is in order to avoid duplication of work.

As regard the Co-operative Ordinance on registration of co-operative societies the group is unanimous that there should be no change on the present law in respect of registration whereby at least 10 prospective members is sufficient to form a society. The group also discussed the recent ruling of the Registrar of Co-operative Societies whereby External Auditors should submit their audit reports first to the Department of Co-operative Development before submission to respective societies is causing considerable delay to societies to hold their meetings in time and felt that the ruling should be withdrawn.

In keeping with the democratic principle that election of committee members should be carried in a democratic manner the group does not feel that any restriction should be imposed on a member to stand as candidate and to have some form of training before holding any positions. As regards joint venture the group felt that in order to safeguard the co-operative principles co-operative societies should not ally themselves with the capitalist sector.

Group 2 26th June, 1967

Facilities to or Restraints on Management of Co-operative Societies
due to the Co-operative Law in Malaysia

Chairman: Mr. Lee Ah Leng
Secretary: Mr. K. Parames Varan
Present: 14 members

Q1. Is it necessary for Government participation in the shares of the Co-operative Societies?

A. The opinion of the Group is that it is not necessary for Government to participate in the shares of the Co-operative Societies as the Societies are in a position to manage their affairs generally although the Government could assist the Societies indirectly by way of financial assistance in that the Government could grant loans to the Co-operative Central Bank at very nominal rates so that the Bank can in turn grant loans to the Societies at rates lower than in the open market.

Q2. If so should Government take part in the activities of the Societies?

A. In view of the opinion to Question No. 1, the Group does not welcome direct participation by the Government in the affairs of Societies.

Q3. Should the Government consider promulgating separate legislations for the various types of Co-operative ventures in this country?

A. The Group is of the opinion that the existing laws are adequate and it would be advantageous to maintain the existing Ordinance generally as any amendments as visualised to cater for the various categories of Societies would make interpretation difficult. The Group recommends that suitable amendments may be made administratively from time to time rather than changing the framework of the existing Ordinance and it is of the opinion that separate enactments would formulate an invisible barrier breaking the movement into different classes according to their functions thus breaking the existing cohesive nature of the movement which acts as a whole.

Q4. Is it more convenient for Co-operative organisations to be registered under the Co-operative Ordinance and other legislations at the same time?

A. The Group is of the opinion that it is not advantageous to register a Society separately until and unless the activities of the Society requires its registration under more than one law. This belief is founded on the fact that more than one enactment will necessarily become binding on a Society only if its activities are such that such registration is necessary in the interests of safeguarding the interests of its members.

Q5. Do you consider the existing Co-operative Law adequate in itself?

A. The Group feels that the existing laws are adequate and any amendments may be made from time to time according to changing conditions and without manifestly changing the existing cohesive spirit of the Law or making such amendment as considered necessary detrimental to the interests of any other Society.

Q6. The Department of Co-operatives carries out both the functions of registration and enforcement as well as development. Do you think that the CUM can take over the function of development?

A. The Group feels that the Union is not in a position to take over the function of development as it does not have the material or the resources to do so at the present.

Q7. Do you consider that the Co-operative movement should be given more privileges?

A. This Group does not feel that it would be a fair request to request for further privileges in the light of the privileges already existing.

Q8. Do you think that only those who have had previous training or experience in the Co-operative movement whether locally or overseas should be allowed to serve in Committees of Co-operative Societies?

A. The Group does not feel that this restriction would be beneficial to the Co-operative movement as a whole.

Q9. Do you consider that some portion of the assets of a Society should be invested in Co-operative banks and other organisations within the movement?

A. This Group feels that it need not be mandatory for Societies to invest their funds within the movement and it should be up to member Societies to encourage investments within the movement as any compulsion would violate the fundamental right of freedom of association.

Q10. Has the time come for co-operative societies to embark in Joint ventures with private or public organisations?

A. The Groups does not feel that co-operative societies should be encouraged or permitted to partake in any such endeavours for the present.

Q11. Do you consider that the membership and capital for newly formed societies according to their functions should be stipulated by law before such societies can be registered?

A. The Group does not welcome any such legislation as it can be detrimental to the creation of new societies and act as a curb against the advancement of the movement. It would suggest that officers of the Department of Co-operatives be asked to investigate the potential and the aims of the Society to ensure that it will function after registration in a satisfactory manner.

Facilities to or Restraints on Management of Co-operative Societies
due to the Co-operative Law in Malaysia

Chairman: Mr. Lee Ah Leng
Secretary: Mr. K. Parames Varan
Present: 14 members

Q1. Is it necessary for Government participation in the shares of the Co-operative Societies?

A. The opinion of the Group is that it is not necessary for Government to participate in the shares of the Co-operative Societies as the Societies are in a position to manage their affairs generally although the Government could assist the Societies indirectly by way of financial assistance in that the Government could grant loans to the Co-operative Central Bank at very nominal rates so that the Bank can in turn grant loans to the Societies at rates lower than in the open market.

Q2. If so should Government take part in the activities of the Societies?

A. In view of the opinion to Question No. 1, the Group does not welcome direct participation by the Government in the affairs of Societies.

Q3. Should the Government consider promulgating separate legislations for the various types of Co-operative ventures in this country?

A. The Group is of the opinion that the existing laws are adequate and it would be advantageous to maintain the existing Ordinance generally as any amendments as visualised to cater for the various categories of Societies would make interpretation difficult. The Group recommends that suitable amendments may be made administratively from time to time rather than changing the framework of the existing Ordinance and it is of the opinion that separate enactments would formulate an invisible barrier breaking the movement into different classes according to their functions thus breaking the existing cohesive nature of the movement which acts as a whole.

Q4. Is it more convenient for Co-operative organisations to be registered under the Co-operative Ordinance and other legislations at the same time?

A. The Group is of the opinion that it is not advantageous to register a Society separately until and unless the activities of the Society requires its registration under more than one law. This belief is founded on the fact that more than one enactment will necessarily become binding on a Society only if its activities are such that such registration is necessary in the interests of safeguarding the interests of its members.

Q5. Do you consider the existing Co-operative Law adequate in itself?

A. The Group feels that the existing laws are adequate and any amendments may be made from time to time according to changing conditions and without manifestly changing the existing cohesive spirit of the Law or making such amendment as considered necessary detrimental to the interests of any other Society.

Q6. The Department of Co-operatives carries out both the functions of registration and enforcement as well as development. Do you think that the CUM can take over the function of development?

A. The Group feels that the Union is not in a position to take over the function of development as it does not have the material or the resources to do so at the present.

Q7. Do you consider that the Co-operative movement should be given more privileges?

A. This Group does not feel that it would be a fair request to request for further privileges in the light of the privileges already existing.

Q8. Do you think that only those who have had previous training or experience in the Co-operative movement whether locally or overseas should be allowed to serve in Committees of Co-operative Societies?

A. The Group does not feel that this restriction would be beneficial to the Co-operative movement as a whole.

Q9. Do you consider that some portion of the assets of a Society should be invested in Co-operative banks and other organisations within the movement?

A. This Group feels that it need not be mandatory for Societies to invest their funds within the movement and it should be up to member Societies to encourage investments within the movement as any compulsion would violate the fundamental right of freedom of association.

Q10. Has the time come for co-operative societies to embark in Joint ventures with private or public organisations?

A. The Groups does not feel that co-operative societies should be encouraged or permitted to partake in any such endeavours for the present.

Q11. Do you consider that the membership and capital for newly formed societies according to their functions should be stipulated by law before such societies can be registered?

A. The Group does not welcome any such legislation as it can be detrimental to the creation of new societies and act as a curb against the advancement of the movement. It would suggest that officers of the Department of Co-operatives be asked to investigate the potential and the aims of the Society to ensure that it will function after registration in a satisfactory manner.

Chairman: Mr. Lee Ah Leng
 Secretary: Mr. K. Parames Varan
 Present: 9 members

Goal and Organisational Structure of Co-operative Societies in the context of Principles of Co-operative

The Group was of the opinion that the Co-operative Societies in this country have not reached that goal and in general the multifarious societies that are in existence are individualistic and are contented merely to look into matters in the light of their own societies instead of the Co-operative Movement as a whole. The "goal" as visualised was that the movement should be considered as a whole embracing all members in the Co-operative organisations designed to attain that state of affairs where the movement is in a position to assert itself as a socio-economic force and endow its membership with all the privileges, wants and the smaller luxuries through the medium of co-operative enterprises. The ultimate aim would therefore be to make all economic activity a product of co-operative ventures.

2. The Group accepted that in Malaysia, the Credit Societies are the backbone of the Co-operative Movement and were, in the main, the organisation responsible for the creation and the setting up of national bodies like the Co-operative Central Bank, Malaysian Co-operative Insurance Society Ltd., etc. which have played a larger role in bringing the benefit of co-operation in a larger sphere of activities. It felt that ways and means should be devised to obtain the specific goal and in order to do so the Co-operative Union of Malaya should take in more active role to assess the present situation and establish the reasons for the apparent lack of centralisation, co-ordination and advanced activity in the movement. In order to do so it felt that a select ad-hoc committee should be appointed by Co-operative Union of Malaya to study the existing defects and suggest recommendations in the light of investigation carried out and in the light of situations existing in countries that have reached an advanced state of economic activity through the medium of the Co-operative Movement.

3. The immediate solution appeared to be to pool the resources of the various societies in the Co-operative Central Bank so that this fund could be utilised to develop societies in less advantageous position. The funds now lying dormant in the accounts of individual societies cannot exert that extent of influence and aid which they could do if they were pooled together for common objectives. That little extra profit that any society could earn by investing other than in the Central Bank could be utilised to far greater advantages were it to be utilised by the Central Bank with the object of assisting the Co-operative Movement as a whole. These societies should find comfort in the fact that through a little sacrifice they have played a larger role in improving the lot of other societies and in turn, the whole movement. It is convinced that there is no greater unifying factor than the Co-operative Movement to improve the lot of the common man in order to achieve that state of perfectness which is the goal of the movement in the part it plays with increasing influence in the socio-economic activities in the world. The movement has no religious, racial or territorial barriers and as such can form the only factor to unify the masses in a distressed world torn by turbulence and ideologies.

4. The group recommends that the Co-operative Union of Malaya as the national co-ordinating body should embark forth-with an intensive and incessant campaign to educate the members and the public at large on the benefits of the Co-operative Movement by way of holding more Seminars, study tours, courses, scholarships, overseas training and the likes of this to inculcate a sense of loyalty to the Co-operative Movement and its principles. It is convinced that co-operative education is the immediate factor that requires the concerted attention of the movement and there is no substitute for an enlightened public on the merits and blessings of the co-operative principles. The leaders at State and local levels should also in turn take efforts to educate their members and the movement should now resolve to give this aspect its most urgent and prompt attention with all the resources at its command. The present separatistic and individualistic attitude of most societies bears no good to the movement and an endeavour to re-orientate their outlook in the light of the interests of co-operation is a matter which requires the foremost attention of the education programme. Until and unless the individualistic and contented attitude can be eradicated, the movement can make no major headway. The movement should thus embark on a national attitude with the ultimate aim of bringing a sense of devotion and loyalty to the principles of co-operation so that in spite of smaller losses the societies which are in a secured position can go to improve the lot of another society elsewhere through the medium of indirect financial help and assistance.

5. Government cannot continue to take the dominant role of initiator and co-ordinator although it had to do so in the early years of the movement in this country and continues to do so. Government should in future be only regulatory and the movement should attach some importance to the role of voluntary participation in the economic forces of the country by voluntary organisation to forge a link between spontaneous group action and economic progress.

6. The Group recognises that there is a great deal to be done in forging the attitude of mind of the members in the voluntary organisation of the movement to embark on a mutual help programme and the formidable task can only be achieved by education and inculcating a sense of loyalty, devotion and dedication on the part of every co-operator to the movement as a whole. The existence of democratically run co-operative ventures in all phases of social and economic activities is a challenge that the movement should embark upon to give its members some experience of participating in the management of an autonomous business, whatever it may be and if necessary, the Government should be called upon to assist by way of long term interest-free or low-interest loans in the first place as, it feels that a virulent Co-operative Movement can go a long way to release Government later of many of its social responsibilities to its citizens.

7. It is a sad characteristic of many developing countries that they are found with wide extremes of wealth and poverty. A minority enjoys the luxuries of life and the riches whilst a majority have the bare necessities of life. A more even distribution of income can be brought about by co-operatives and the Group is convinced therefore that co-operatives are a healthy influence in the economy of the country. This then should be the goal of the Malaysian Co-operative Movement. Co-operation and mutual help has to be learned and the Co-operative Union of Malaya should take the initial steps to do this itself and the Group feels that its efforts to submit this paper have not been in vain and this Seminar will give that impetus for the formation of an education trust to re-orientate the outlook of members and create that spirit of unselfish mutual help for the greater interest of the movement

Subject: Public Relations and Co-operative Enterprises.

Present:

1. Enche Abdul Aziz bin Abdul Rani - Chairman.
2. Enche A. K. Rajaratnam - Secretary.
3. Enche Mohd. Aziz bin Mat Amin.
4. Enche Ishak bin Embong.
5. Enche Muyop bin Sitam.
6. Enche Robert K. T. Tan.
7. Enche P. Darma Pal.
8. Enche Mustafa Ja'afar.
9. Enche Sulaiman bin Haji Akil.
10. Enche S. B. Nathan.
11. Enche Lian Swee Chye.
12. Tuan Haji Ismail.
13. Enche G. Krishnan.
14. Enche Lim Ewe Chye.

Decision/Recommendations:

The Discussion Group is of the consensus opinion that there exists need for public relations work to be done in all Co-operative Societies to instil a sense of loyalty amongst the members of the Societies and subsequently create and present a good image of the Co-operative Movement to the public.

2. To solve this problem it is recommended that the Co-operative Union of Malaya initiate action to define the term "Public Relations" within the context of the paper submitted on this subject by Mr. N. A. Kularajah, taking into consideration the existence of different types of Co-operative Societies in this country.

3. In order to ensure that public relations in the spirit of what is intended, it is suggested that "Public Relations Courses" be conducted for the benefit of those personnel who may be appointed to perform this work.

.....
Chairman.

.....
Secretary.

Group 3

Chairman: Enche Abdul Aziz bin Abdul Rani
Secretary: Enche A.K. Rajaratnam
Present: 14 members

Recommendations of the Group:

1. The Discussion Group is of the consensus opinion that there exists a need for public relations work to be done in all Co-operative Societies to instil a sense of loyalty amongst the members of the Societies and subsequently create and present a good image of the Co-operative Movement to the public.

2. To solve this problem it is recommended that the Co-operative Union of Malaya initiate action to define the term "Public Relations" within the context of the paper submitted on this subject by Mr. N.A. Kularajah, taking into consideration the existence of different types of Co-operative Societies in this country.

3. In order to ensure that public relations work is carried out in the spirit of what is intended, it is suggested that "Public Relations Courses" be conducted for the benefit of those personnel who may be appointed to perform these duties.

Group 3 27th June, 1967

Chairman: Enche Abdul Aziz bin Abdul Rani
Secretary: Enche A.K. Rajaratnam
Present: 17 Members

Subject: Role and functions of the Board of Directors in the Administration of Co-operative Societies and Role and Functions of the Manager and his relationship with the Board of Directors.

Object: The Group was asked to define in broad terms the duties of a Manager.

In considering this subject the Group took into consideration a "Consumer Co-operative Society" and recommends that the duties of the Manager shall be as follows:-

1. Responsible, as far as possible, to advise the Committee of Management on business techniques;
2. Brief the Committee of Management periodically on the business progress in the Society.
3. Submit "Indents" to the appropriate authority for purchases, etc.
4. Responsible to maintain "Stock Book" of all purchases and sales and also to ensure that the stock is correctly accounted for;
5. Responsible for the maintenance of stocks and preservation of goods;
6. Responsible for the maintenance and replacements of stocks
7. Responsible for the display and sale of goods;
8. Fixation of prices subject to the approval of the "Pricing Sub-committee".
9. Maintenance of sanitation and cleanliness of the premises;
10. Training of the staff;
11. Supervision of the subordinates;
12. Information and public relations;
13. Responsible to ensure compliance of all statutory requirements insofar as the business is concerned;
14. Responsible for all losses suffered by the Society due to wilful negligence on his part in the normal execution of his duties;

The duties enumerated above may be considered as the main duties of a Manager in a Consumer co-operative society.

Group IV.

Personnel Management.

Chairman: Enche Abu Bakar bin Mohd. Ariff, P.P.N.

Secretary: Enche A. D. Mayer.

Present: 14 members.

The Group IV recommends:-

1. that there must be compulsory contribution by the societies towards the E.P.F. or to the Society's own Provident Fund Scheme for the benefit of the employees.
2. that as an incentive the Society should pay bonus or retirement benefits to its employees.
3. that it should be made compulsory for each co-operative society to provide free medical facilities for the employees.
4. that each co-operative society should have a scheme of service paid down as regards wages and other benefits for its employees.
5. In the case of a staff vacancy arising, the notification should first be given to members.
6. That the Society should establish certain standards with regard to recruitment of staff. Every other thing being equal, preference should still be given to the members' children who should, of course, satisfy the minimum qualification required for the post.
7. In service training in the line of his work is very essential in order to make ~~an~~ more efficient and more dedicated in his work. The best use should be made of the courses available in the Co-operative College and other institutions. The employees should also be sent to attend Co-operative Seminars, conferences etc.
8. The grievances of staff should not be ignored. The Co-operative Society should decide on the procedure as to whom the grievances should be notified and how they should be settled or redressed.
9. Close supervision of office staff is essential.

/ employee

Group IV

Chairman: Enche Abu Bakar bin Mohd. Ariff, P.P.N.
 Secretary: Enche A.D. Mayer
 Present: 11 Members

In the absence of a paper on "Goals and Organisational Structure of a Co-operative Society in the Context of Principles of Co-operative" from Mr. Rana, the Group IV discussed the organisational structure of a Co-operative Thrift and Loan Society.

The Group makes the following recommendations:-

1. That a request be made to the C.U.M. for the establishment of a Task force or Research body to investigate into the workings of the Thrift and Loan Societies in the country and to suggest a common programme for the benefit of the Thrift and Loan societies.
2. In formulating such common programme the following points should be borne in mind.
3. (a) The role the Central Co-operative Bank can and should play for the service of the Thrift & Loan Societies.
- (b) Ways and means how the problem of British war loan and securities held in Singapore by the Malaysian Co-operative Thrift & Loan Societies should be solved.
- (c) Formation of research bodies also for the other types of Co-operative societies such as consumers' housing co-operative societies.
4. To suggest that Thrift and Loan societies be known by other name to project a better public image.

Findings and Report by the Study Group V on Public Relations and Co-operative Enterprises.

- (a) It has been felt by everyone in this group that:-
 - (i) The Public Relations Office must be set up on a National level;
 - (ii) From this level it must descend to State level, District level, Mukim level and finally to the individual Societies.
- (b) (i) The question of training must be left either in the hands of the Co-operative Union of Malaya or a National Body. This union or body must deal with both rural and urban aspects of public relationship.
- (ii) The National Body can appoint officers. They will train the State level officers first, then these trained officers will in turn train or impart their knowledge to lower level officers i.e. District level officers.

The Societies should also approach the Co-operative College to train the associate Society Officers. In the case of small co-operative societies where training is wanted the Co-operative Union of Malaya should help to train their officers.

- (c) The question of payment was looked into. The group agrees that a paid officer at State and National level should initially be appointed. The Co-operative Union of Malaya could pay or train the officers from the funds contributed by the State level Societies for the specific purpose. The fund however is only to be utilised to meet these objectives.
- (d) The Government must also send us a Co-operative Development Officer to help the co-operative societies (us) in public relations. They can also nominate or recommend any other person to help or assist us in public relations.
- (e) It was also felt that Public Relations Officers at State level and/or District levels should have in their team who can impart public relations' objectives in both National Language and English.

[Handwritten Signature]

 Chairman
 Present 9/16.

[Handwritten Signature]

 Secretary.

Observation and Report by Study Group V on Internal Organisational Structure.

The group is of the opinion that most Co-operative Societies have more or less the same Internal Organisational Structure. The normal co-operative organisational structure stems from the Annual General Meeting which elects a committee of management and the president and vice-president. The committee at its first meeting elects an Honorary Secretary and Honorary Treasurer and Sub-committees. A few big thrift and loan societies have/paid secretary and paid clerical staff. There are few / a societies who have engaged professional firms to act as paid secretaries and treasurers in addition to Honorary Secretary and the Honorary Treasurer. The committee of management runs the Society as laid down in the objects of the Society and at the end of the financial year submits the Annual Report with audited Statement of Accounts to be tabled in the Annual General Meeting for the approval of members. State thrift and loan societies do elect district sub-committees e.g. Klang District to meet the members' needs in these districts.

Amendments to by-laws must have the prior sanction of the Registrar of Societies before it is submitted for approval by the members.

The above arrangement is common in most Thrift and Loan, Stores and Housing Societies.

NATIONAL SEMINAR ON "CO-OPERATIVE MANAGEMENT"Kuala Lumpur, Malaysia26 - 30 June, 1967LIST OF ICA PERSONNEL WHO ATTENDED THE SEMINAR

1. Mr J.M. Rana
Co-Director (EC)
International Cooperative Alliance
18 Friends Colony
New Delhi-14.
 2. Mr Hans Dahlberg
Joint Director (Adm.)
International Co-operative Alliance
18 Friends Colony
New Delhi-14.
 3. Mr Dharm Vir
Deputy Director
International Cooperative Alliance
18 Friends Colony
New Delhi-14.
 4. Mr Ashok Kandhari
Secretary
International Co-operative Alliance
18 Friends Colony
New Delhi-14.
-