

## MANAGEMENT TOPICS

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# Cooperative Principles

A cooperative society should have for its object the economic and social betterment of its members by means of ~~the exploitation of~~ an enterprise, based upon mutual aid, and should conform to the following six Cooperative Principles as formulated by the INTERNATIONAL COOPERATIVE ALLIANCE :

## 1. Voluntary Membership

Membership of a cooperative society shall 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. Democratic System

Cooperative societies are democratic organisations. Their affairs shall be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies shall enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration shall be conducted on a democratic basis in a suitable form.

## 3. Limited Interest

Share capital shall only receive a strictly limited rate of interest, if any.

## 4. Equitable Distribution

The economic results, arising out of the operations of a society, belong to the members of that society and shall 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 :

by provision for development of the business of the cooperative;

by provision of common services; or

by distribution among the members in proportion to their transactions with the society.

## 5. Cooperative Education

All cooperative societies shall 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.

## Mutual Cooperation

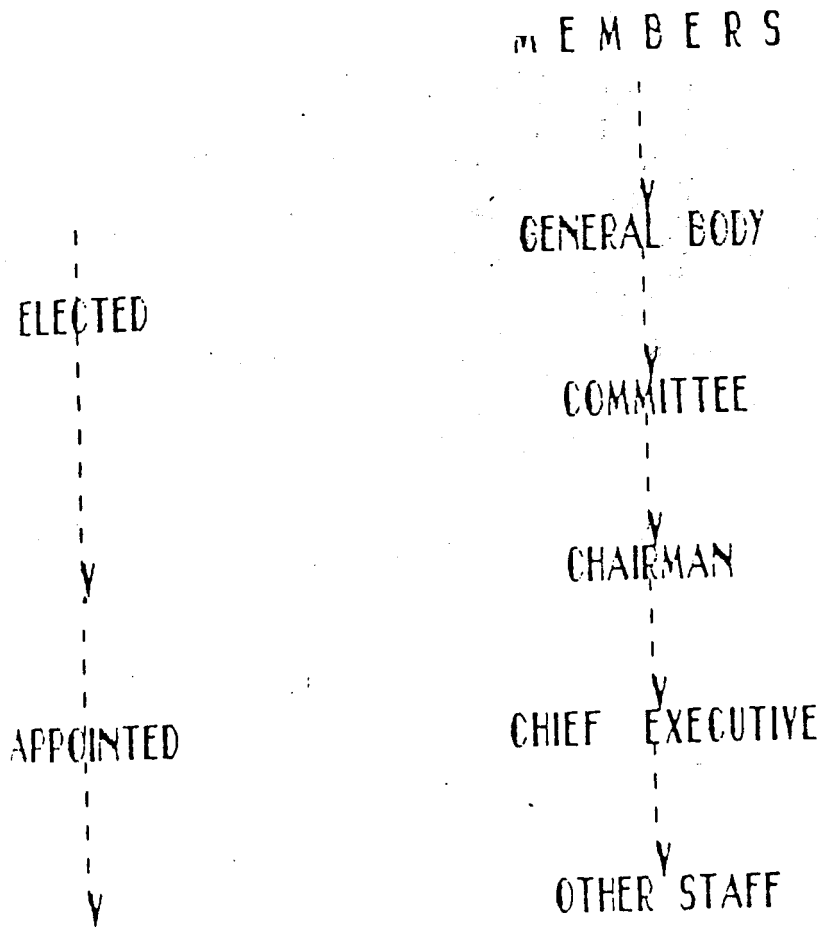
All cooperative organisations, in order to best serve the interests of their members and their communities, shall actively cooperate in every practical way with other cooperatives at local, national and international levels, having as their aim the achievement of unity of action by cooperation throughout the world.

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# STRUCTURE OF A COOPERATIVE



Rev. Gr./NDDB/Jan'89

Director of Cooperatives Roles' Perceptions

## MANAGEMENT STRUCTURE OF A COOPERATIVE

A cooperative is an association of persons or of societies, which has as its object, the economic and social betterment of its members, through the satisfaction of their common economic needs by means of a common understanding based upon mutual aid and profit elimination and which conforms to the cooperative principle.

A cooperative has its own management structure, constitution (bye-laws) and objectives. Members are the owners. Members in general meeting are supreme. They are the owners of the institution (its assets, services and goods) they are the electors, they elect their representatives on the board/Managing Committee, and ask them to conduct and carry out their policies and programmes and achieve the main objectives which they have laid down in their bye-laws. They can recall and dismiss their representatives if they were found dishonest or acting against the interests of members. They are the employers. They authorise their elected representatives to recruit a manager/secretary to execute the day to day business and also recruit other employees to look after other services. Members are the controllers because they review the work of Board/Committee every year, ask for details, and explanations, and authorise the committee to invest in buildings estates, machinery, goods etc. They control the funds of the society as they note and approve the audit report, budget and expenses. They are also the legislators as they adopt and amend the bye-laws of the society.

### Members Participation - Key Factor

The key factor in the management of a cooperative is the participation of members. By participation, we mean participation in business, in the democratic process and participation in the social factors relating to the cooperative activity.

Main business of Annual General Meeting (AGM)

1. To take account of business and other activities undertaken during last year.
2. To review and approve financial accounts and audit report.
3. Reappropriation of surplus;
4. To prepare a business plan for next year;
5. To elect Committee|Board for next year|term.

While taking decisions in the meeting, the members vote. Each member having only one vote. When members discuss and vote they participate, and the decisions taken are binding to all whether present or not. This is practical implementation of the principle of Democratic Management or control. This is how a cooperative is different from other types of business organisations.

Annual General Meeting of  
Sarvodaya Agri. Marketing Coop. Society Ltd.

Cooperatives are essentially business organisations and have to compete with similar business organisations in private sector. To emerge as successful business institutions, the cooperatives need to adopt modern methods and techniques of management because the image and utility of the cooperative sector to the community would be judged by their performance and efficiency of their operations. Enlightened membership, who fully understand the cooperative principles, their rights and responsibilities, the value of their vote, is therefore a pre-requisite for efficient management of cooperative societies. Enlightened and loyal members, are the biggest assets of cooperative movement.

Cooperative education is needed to educate the members and to develop in them a sense of responsibility and ability to take right decisions and to prepare them to exercise their rights and responsibilities intelligently, honestly and in the interest of members development only. The growth and development of a cooperative, depends on loyalty of members. A high degree of cooperative loyalty is a necessary condition for its expansion. The loyalty grows out of awareness of the purpose.

The education of members, in the ideals, of the movement, will bind them together into an effective force for the realisation of cooperative aims. To develop an appropriate cooperative education programme for members, is one of the essential and inevitable needs of the movement.

#### Managing Committee:

The managing committee is elected by members to plan and superwise the working - business of the society. The committee generally consists of nin members and meets once a month to review the working of the previous month and to plan for next month. The committee is a policy making body. It appoints manager and other staff for day to day affairs|operations of the society. The committee also controls financial matters and ensures effective democratic

process. The committee has to consider proposals for membership. It decides to hold Annual General Meeting and elections for the posts of retiring members. It also considers and recommends the balance sheet and audit report to the General Body.

#### The Manager|Secretary

The members of the society set the objectives and elect the managing committee for work, planning and policy making. The committee appoints a manager and supporting staff to carry out day to day working and activities of the society. He ensures that the activities are conducted in the interest of members and for their welfare.

The manager is supposed to be honest, sincere and committed to organisation. He should make proper reporting and review to the Managing Committee. He should be proud of his job as an employee of farmers. Since cooperatives have to be sensitive to the needs of members, the changing needs and aspirations of members should always be taken into consideration, and be responsive to their needs. He should properly understand and implement Cooperative Act, Rules, Bye-laws governing his society and also the the Cooperative Principles. He should try to win confidence of his members and earn credibility. He should always think of better ways and methods to serve his members.

## GENERAL BODY AND MANAGING COMMITTEE MEETING

In respect of General Body and Managing Committee Meetings, Cooperatives have to ensure that:

1. The meetings of General Body and Managing Committee are conducted in accordance with the Cooperative Societies Act, Rules and bye-laws of societies.
2. Members interest is created for their effective involvement in the affairs of cooperatives through these meetings.

In respect of point number 1 above, they have to see that all the legal formalities in respect of conducting the meetings are complete. Some of the important legal formalities in respect of General Body Meeting are as follows:

### 1. Notice & Agenda

Normally 14 days notice is required for calling the Annual General Body meeting. The agenda notes for the meeting should also be sent along with the notice.

### 2. Quorum

Generally quorum is 1/3rd of the total members or 10 whichever is more. If the quorum is not complete, the meeting is postponed and there is no need for the quorum in this postponed meeting.

### 3. Minutes

The minutes of the General Body Meeting are to be recorded in the Register prescribed for this purpose and immediately after the meeting, it must be signed by the Chairman.

### Powers and Functions of General Body

Generally following are the powers and functions of the General Body.



- a. Election of the members of the Managing Committee;
- b. Approval of the programme of activities for the ensuing year;
- c. Approval of the annual report to be sent to the Registrar;
- d. Consideration of the audit report;
- e. Disposal of net profits;
- f. Amendment of bye-laws;
- g. Expulsion of a member;
- h. Fixation of the maximum credit limit of the cooperative for the ensuing cooperative year.
- i. Election of delegates to different cooperative institutions and
- j. Consideration of any other matter which may be brought forward in accordance with the Act, Rules and bye-laws.

The Supreme authority in a cooperative is the General Body meeting of its members. All the members of cooperative are entitled to attend this general body meeting and each member holds one vote. Each cooperative society is required to hold Annual General Body Meeting immediately after the close of year.

For effective involvement of members in the AGM, the annual report of the society should be sent to each member. This annual report should explain in simple language the progress made by the society, the programme and activities for the next year and the final accounts of the society along with audit observations and their compliances. The proposals for appropriation of net profit should be properly explained in the meeting so that each member could understand and appreciate the reasons for giving dividend at a particular rates and appropriation of profit under different reserves.

### Special General Body Meeting

The Special General Body Meetings to be convened by the Managing Committee either on the requisition of members (1/5th of the total members) or on the basis of requisition from Registrar Cooperative Societies. If the Managing Committee fails to call this special general body meeting within one month, the Registrar or any person authorised by him can call this special general body meeting.

### Managing Committee Meeting

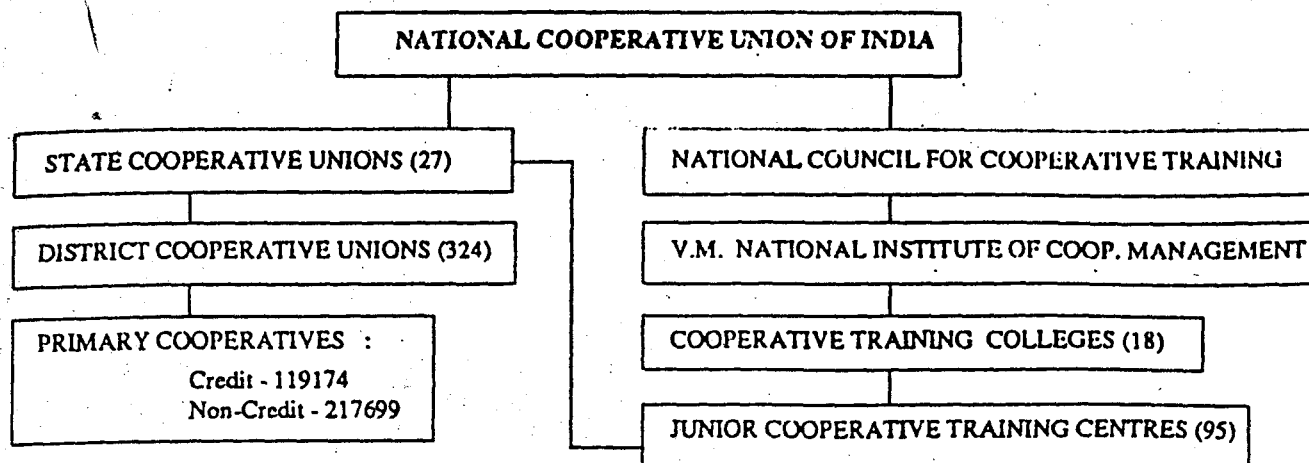
General Body of a Cooperative society elects Managing Committee for day to day management of affairs. The Managing Committee which is also known as Board of Directors consists of members as provided in the bye-laws. This Managing Committee is answerable to the general body and normally it meets once a month. For conducting a meeting of this Managing Committee, normally 7 days notice is required. Its minutes are also recorded on the minute book prescribed for this purpose on the same day and signed by the members who attended the meeting.

### Functions of Managing Committee/Board of Directors.

The following are the main functions of the Managing Committee/Board of Directors:

- To admit new members
- To appoint employees
- To sanction loan to members
- To ensure that the accounts books are kept in a proper order.
- To purchase shares in other cooperative institutions
- To institute, defend suits on behalf of the society and also to enter into contract in connection with the business of the society.
- To hire or purchase land, buildings etc. for the use of the society.

## STRUCTURE OF NATIONAL COOPERATIVE UNION OF INDIA



### MAIN FUNCTIONS

<p><u>NATIONAL COOPERATIVE UNION OF INDIA</u></p> <ul style="list-style-type: none"> <li>— Promote &amp; Strengthen of Coop. Sector.</li> <li>— Cooperative Education and Training.</li> <li>— Inter-national Cooperative Relations.</li> <li>— Publicity, Publications &amp; Public Relations.</li> </ul> <p><u>NATIONAL COUNCIL FOR COOP-ERATIVE TRAINING</u></p> <ul style="list-style-type: none"> <li>— Formulate policies and plans relating to cooperative training.</li> <li>— Facilitate planning and designing of Training programmes for CTCs.</li> <li>— Academic Guidance to Junior Training Centres.</li> <li>— Liaison with Government, Universities R.B.I., NABARD, NCDC, U.G.C. and Inter-national Cooperative Organisations.</li> </ul>	<p><u>YAIKUNTH MEHTA NATIONAL INSTITUTE OF COOPERATIVE MANAGEMENT</u></p> <ul style="list-style-type: none"> <li>— Caters to Management Development training needs of senior and key personal in cooperative sector.</li> <li>— Research and Consultancy.</li> <li>— Publications.</li> </ul> <p><u>COOPERATIVE TRAINING COLLEGES</u></p> <ul style="list-style-type: none"> <li>— Caters to the management/Development training needs of middle level cooperative personnel.</li> </ul>	<p><u>STATE COOPERATIVE UNIONS</u></p> <ul style="list-style-type: none"> <li>— Cooperative Education and Training.</li> <li>— Promote Inter-Cooperative Relationship.</li> <li>— Publicity and Publications.</li> </ul> <p><u>JUNIOR TRAINING CENTRES</u></p> <ul style="list-style-type: none"> <li>— Arrange Training of Junior level Cooperative Personnel.</li> </ul> <p><u>DISTRICT COOPERATIVE UNIONS</u></p> <ul style="list-style-type: none"> <li>— Guide and assist in organising Cooperatives.</li> <li>— Undertake education and training Activities.</li> </ul>
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### STATISTICAL DETAILS (Period April 89' to March '90)

<u>Education Projects of NCUI</u>	<u>Number</u>	<u>Persons Educated</u>	<u>Total Persons Educated Since Inception up to March '90</u>
1. Cooperative Education Projects in under Developed States.	15	48,958	5,58,570
2. Cooperative Education Projects for Industrial Cooperatives.	14	6,974	1,12,084
3. Cooperative Education Projects for Handloom Cooperatives.	14	8,871	2,02,678
4. Cooperative Education Projects for Handicrafts Cooperatives.	12	5,814	21,055
5. National Centre for Cooperative Education.	19 Courses	943	(7407 persons were trained)

#### Programmes by State Cooperative Unions/NCUI (700 Personnel)

1. Cooperative Education Programme/Cooperative Education and Development Scheme	0.949 Millions	20.31 Millions
2. Women Cooperative Education (78 personnel)	0.113 Millions	0.825 Millions
3. Youth Cooperative Education	0.213 Millions	1.15 Millions

#### Cooperative Training (88-89)

	<u>Persons trained</u>
1. Senior Level Officers (National Institute) -1	916
2. Intermediate level Officers - 18 Coop. Training Colleges	9,329
3. Junior Level Staff - 92 Junior Training Centres	15,416

## CO-OPERATIVE EDUCATION

Cooperative Education means imparting of knowledge about the principles, methods, aims and practices of cooperation among people and developing in them cooperative spirit and abilities to work together. Education is the means by which the principles of cooperation are made to function effectively. In a democratic institution, the members participation should be effective and enlightened. Through education, people understand cooperative values. Education is the instrument which enlightens the individual about his role in a democratic structure - cooperative institution.

Education is a vital factor for growth and expansion of cooperation as a socio-economic movement. Education motivates the beneficiaries to join the movement and to become loyal members. It leads to better participation in the activities of the movement, designed to reach the goal visualised. Education of members and potential members has to be an integral part of the movement.

The Rochdale pioneers evolved an on going educational activity for their members and earmarked a certain portion of their surplus for carrying out the educational activities. Similarly, cooperative societies acts in different states in India also provide for contribution to education fund of the Unions for the purpose of carrying on educational activities, for cooperative personnel i.e. members, potential members, committee members, office-bearers and employees.

Cooperative education is needed to educate the members and to develop in them a sense of responsibility and ability to take right decisions and to prepare them to exercise their rights and responsibilities intelligently and honestly. Cooperation and education are inseparable.

A cooperative, like any other organisation, also hires paid employees. They should be oriented to the needs

of the cooperative. They should be given training in cooperation and other technical subjects. Employees are the hub of a cooperative and they contribute by their good performance to the success of society's business.

### The objectives of Cooperative Education

1. To bring people within the fold of cooperative movement and to help them to rise above themselves.
2. To develop a sense of belonging to them - society belongs to them, its efficiency and prosperity depends on them.
3. To impart knowledge to members - to motivate them.
4. To assist in equipping the 'democracy' of cooperation.
5. To protect the society against the entry of vested interests, and anti-cooperative elements.
6. To inform the general public about ideals, principles and philosophy of cooperation and achievements of movement.

In view of above said broad objectives of cooperative education, a systematic programme of education for members, potential members including women and youths, managing committee members, and training of employees - institutional and government departments.

It may be re-emphasized here that, without intelligent participation of members, a cooperative loses, not only its democratic character, but also its efficiency and dynamism. The members should also be prepared, and trained to assume leadership roles in the managing committee of the society.

### Who should be educated

A programme for cooperative education and training to be operated by a cooperative institution may cover the following target groups:

- a) Education of Members
- b) Education of Managing Committee Members
- c) Education of Potential Members i.e. general public, youth and women.
- d) Education and training of cooperative employees
- e) Training of Government employees (officers of Cooperative Department).

#### Why Education?

Education is a basic necessity for peaceful coexistence in a community. Education is needed:

1. To develop self-respect, self-confidence for individuals;
2. To develop capacity to analyse and understand individuals;
3. To understand value-system;
4. To develop decision making capabilities;
5. To be able to express feelings and opinions;
6. To be able to avoid exploitation;
7. Encourages and motivates people;
8. Develops knowledge, skill and productivity;
9. Develops leadership qualities and organisational capacity.
10. Develops sense of responsibility and accountability, which helps in developing self-reliance.

## TRAINING

### Concept of Training

It is the process of encouraging, motivating and assisting personnel working with cooperative institutions to equip them with information, knowledge, skills and attitudes which in turn will enable them to do their job better. Thus training to the employees of cooperative institutions, organisations and department will orient them in performing their duties and responsibilities in more effective manner, consequently the societies on the one hand will become viable and on the other serve the members in a better manner.

In case of members of cooperative institutions, the education and training is basically to encourage, motivate and assist them so that they are well aware of their duties, responsibilities and rights and thus they develop positive attitude towards the organisation and become active participants.

### Objectives of Training

Broadly, the objectives of education and training in cooperative movement could be:

1. Imparting information about the objectives of the cooperative enterprise, various facilities available, duties and responsibilities of the officials, non officials and members with a view to improve their working.
2. Develop skills in handling their jobs efficiently. This can be done by giving sufficient opportunities to the trainee officers so that they may get themselves fairly acquainted with various aspects of the cooperative enterprise and may develop desired skills in handling various positions/responsibilities in the organisation.
3. Like any other training, cooperative training also aims at bringing about desirable changes in the behaviour of the employees. The behavioural changes are closely associated with the changes in their attitude. The

training should, therefore, change the attitude of the officers from different state to positive state towards their organisation, their job and the clientele.

4. The training should be need based, problem-centered and job-oriented so that it may meet the challenges of job performance.

### The Training Approach

The cooperative movement is multi-dimensional, inter-disciplinary approach involving a large number of people of different interest and socio-economic diversities in its process. To make the training programme more effective, it should be need based and tailored to suit different category of people. It will be worthwhile that separate training programmes for different categories of people are planned and implemented. All those who are involved in the cooperative development can be categorised as follows:

1. Cooperative leaders
2. Planner
3. Administrators
4. Grass-root level functionaries
5. Members

#### 1. Cooperative Leaders

Leadership in cooperatives is necessary to make the organisation dynamic. They also take policy decisions. This category of people consist of senior leaders like Cooperative Ministers, Chairmen of Apex Level Cooperative Institutions etc. While designing programmes for this category of people care should be taken that informative comprehension is given to them. They should not be unnecessarily burdened with detailed technicalities. The cross fertilization of ideas among leaders, ministers, top civil servants, business executives, academicians and technocrats with multi-disciplinary approach will be the most suited training programme for them.



## 2. Planners

The planners are top executives and technical experts working with different sectors of cooperative movement. They are expected to have comprehensive understanding of rural setting with particular reference to backward and forward linkages among various sectors and disciplines. The training programme for this category should therefore be of orientation nature with emphasis on understanding of concepts and philosophy of cooperation, cooperative law and administration. Knowledge about human behaviour, rural and social psychology should also be given.

## 3. Administrators

This category of people are involved in actual implementation of the decisions of cooperatives. They also supervise day-to-day working of the organisations. This category of people consists of middle-level civil servants of State Government located at District or Taluka levels or the cadre officers of cooperative organisations|institutions|enterprises. They are mainly concerned with getting the things done at the grass root level. Suitable training programmes both in technical areas like banking, marketing, processing etc. be arranged and also orientation programmes in philosophy, concept and methodology of cooperation, cooperative law and administration and rural development be signed.

The training of administrators and implementers should be conducted with a view to develop:

- i) A clear conceptual understanding of the concept and philosophy of cooperation and its multi-disciplinary and multi-dimensional approach.
- ii) Specialisation in the aspect with which they are directly associated.
- iii) Basic understanding of all other subject|aspects relevant to cooperation, with a view to enable them to recognise problems and to provide feedback.
- iv) To develop communication ability so that they can communicate with the beneficiaries, members, seniors subordinates effectively.

v) To develop leadership quality in them.

#### 4. Grass root level functionaries

In this category subject matter specialists located at the block and village levels such as Inspectors of Cooperative Societies, Secretary, Primary Agricultural Credit Society, clerical and other subordinate staff working with cooperative banks, land development banks and other cooperative institutions, are included. They need specialised training in subject matter areas, communication and extension methods, concept and philosophy of cooperation, rural development, rural sociology and rural psychology. Such training can be imparted through:

- i) Pre-service training programmes.
- ii) Induction training programmes.
- iii) In-service training programmes like:
  - a) on the job training
  - b) orientation training
  - c) refreshers' training

#### 5. Member Education Programmes

In this programme, members, prospective members and elected office bearers of village level primary cooperative society are inducted to the concept of cooperative way of life acquainted with the basic principles, philosophy and practices of cooperation by organising well designed education programmes by conducting propaganda through mass media like radio, TV, films literature, cooperative activity etc.

The member education programme may consist of class room lectures, group discussion, field visits to successful cooperative institutions etc. The following methods individually or in combination may be followed for member-education:

1. General member education classes.
2. Classes for elected members of managing committees | office bearers of PACS.
3. Classes for special category of members | prospective members such as youth | students, women, advisis, fishermen, weavers, industrial workers, village craftsmen etc.

4. Seminars and conferences covering either one single segment of a cooperative society or all sectors together.
5. Functional literacy through film shows, exhibitions and demonstrations.
6. Publication of literature on cooperation including periodicals, books, booklets, pamphlets, posters etc.

## COMMUNICATION

"Communication is the sum of all the things one person does when he wants to create understanding in the mind of another. It is a bridge of meaning. It involves a systematic and continuous process of telling, listening and understanding."

- Louis A. Allen

"The fundamentals of communication are:

- communication is preception
- communication is expectation
- communication makes demands
- communication and information are different and indeed largely opposite. Yet, interdependent. Communication keeps the members of the organisation informed about the internal and external events which are inter-related to their functions. Communication plays the same role in an enterprise, which the nervous system plays in a human body."

- Peter F. Drucker

"Communication is the cement that makes organisation."

- Norbert Wiener.

Communication affects the functions of management in several ways. Good communications are essential to coordination. They are necessarily upward, downward, and sideways through all levels of authority and advice for the transmission, interpretation and adoption of policies for the sharing of knowledge and information and for the more subtle needs of good morale and mutual understanding.

Thus communication plays an important role in the entire field of directing human activities. It serves as lubricant forstering the smooth operation of the management process. It ensures good human relations, coordination and cooperation amongst the employees and leads to effective leadership.

It is an important tool of managerial efficiency and act as a weapon of avoiding conflict, chaos and confusion among the employees by soliciting the willing cooperation and sense of belongingness towards the organisation.

Communication has assumed special significance in modern business organisations where face to face contact between different functionaries, managers, and subordinates is not usually possible and there is no alternative but to approach them through formal and informal communication channels.

#### Methods of communication

Following are the important methods of communication:

1. Formal communication - by authority with employees and subordinates.
2. Informal communication - Informal information
3. Downward communication - From top to bottom. From superior to subordinates.
4. Upward communication - From subordinates to superiors.
5. Sideways communication - Through seminars, meetings, conferences - departmental heads communicate to each other.
6. Verbal communication - Through spoken words - develops personal contacts.
7. Written communication - Recorded in black and white in office orders, instructions. Most reliable mode of sending information to different categories of persons.

### Channels of communication

1. Letters and Memos.
2. Office orders and Notices.
3. Conversation.
4. Telephones, Telegrams and Telex.
5. Reports.
6. Meetings, Conferences and Seminars.
7. Magazines, pamphlets, folders.
8. Suggestion Boxes.

The information conveyed should carry the meaning and sense proposed to be conveyed to the persons concerned.

The information should be:

- a. clear and unambiguous
- b. complete, concise and concrete
- c. correct.

### Important conditions for effective communication.

1. Clarity of Expression - Must be clearly worded.
2. Mutual Trust and confidence in the communicator.
3. Correct information: Wrong communication might do much harm to the organisation.
4. Continuity: Communication should be a continuous process.
5. Personal character: Communication is highly personal.

It may be noted that modern cooperatives have to pay continued attention to improving communication with the organisation and also with outside world. With increase in size of the society and with increasing number of membership longer channels of communication between the management and members and also between the management and employees should be established.

Cooperatives need to implement effective communication programmes for smooth flow of information to members

and feedback from them. Latest communication methods and technology should be adopted so as to develop basic understanding and ensure social and economic discipline.

Clarity, accuracy and relevance of purpose are the qualities required for successful communication process.

## COOPERATIVE LEADERSHIP

### Definition

A Leader is a person who is able to formulate the goals to be achieved through group activity and who can organise and direct, men and materials so as to achieve the defined goals.

### Three types of Cooperative Leaders:

1. Elected office bearers - Board members;
2. Whole time paid managerial personnel;
3. Senior Government officials.

"Cooperative leadership must have deep rooted conviction in the concept of cooperation and its ideals."

### Importance of effective Leadership in the development of Marketing Cooperatives:

Cooperatives need leadership, because "If people are to achieve the common objectives for which they band themselves together, some one must take the initiative, make proposals assume responsibility for carrying them out, keep direction, possibly inspire the rest with the will to achieve the results desired". Leadership is the sine-qua-non of democracy. Leadership is an element which makes the democracy dynamic. Where there is no leadership, there is no movement.

While those who are entrusted with the task of carrying and controlling the activities of the cooperatives are identified as cooperative leaders, cooperative leadership is understood in terms of the role of the leaders in bringing together, guiding and controlling the people in developing goals and working together for the common ends effectively and happily.



### Role and functions of Leadership

Co-operative is a democratic movement which could forge far ahead only in proportion to the foresight, dynamism displayed by its members in general and by the cooperative leadership in particular. The cooperative leadership though similar in many respects to that of other types of organisations, has its own distinct character in as much as it is called upon to reconcile efficiency with democratic control, strike a proper relation and balance between the Board and the Management on the one hand and the Board and its executives on the other. In short, the role of leader is:

- i) To lead from the front and provide stability, continuity and inspiration to members;
- ii) To run the cooperative democratically, yet on sound business lines;
- iii) To run the cooperatives within the statutory parameters i.e. within the framework of co-operative Act, rules and Bye-laws of the society;
- iv) To function in concert with the management, and
- v) To protect, the image of the institutions and represent them effectively.

Leadership in cooperation is a challenging proposition and does not require high level of education but should in ample measure have and reflect a fair mix of courage, robust common sense, and sincerity of purpose.

### Qualities|skills of a cooperative Leader

1. Ability to inspire others
2. Initiative: A cooperative must not depend on external stimulus for ideas;
3. Long-term commitment: Leaders must be courageous and persistent;

4. Willingness and ability to work hard: Inspiration comes generally through example, and all must work hard.
5. Selflessness
6. Decisiveness: A wrong decision may be better than no decision.
7. Management Ability: Managers can be hired or trained, but leadership and management are closely related.
8. Flexibility: Good leaders can usually admit their own mistakes and be ready to change.
9. Foresight: This is very important quality for a leader, but a good leader is always willing to learn from others.
10. Technical ability: Technical ability is a desirable quality for managing a cooperative.
11. Honesty: Honesty is essential to the reputation of the cooperative, dishonesty, could result in disaster.
12. Community influence and support: This very much helps but an inspired group can overcome suspicion and hostility.
13. Ability to present a convincing case: This is useful in impressing upon bankers, and government officials.
14. Previous Experience with cooperative management: Previous experience in respect of managing a cooperative would prove useful.
15. Qualifications: Inspired leadership or practical ability does not need educational qualification. Only cooperative education would develop in them the skill and attitude required for managing a cooperative.
16. Progressive and development minded outlook.
17. Tolerant - to tolerate the viewpoint of others.
18. Philanthropist.
19. Optimistic.

20. Democrat in temperament and attitude.
21. Foster and encourage new leadership.
22. Adopt new culture and technology.

#### Causes of weak leadership

1. Caste factors, family status, traditional leadership.
2. Lack or neglect of education or awareness.
3. Lack of cooperative skills - business skills.
4. Officials, filling the gap of non-officials.
5. Interlocking leadership at village level - Panchayat and cooperative leadership is interlocked.
6. Politicisation of cooperative leadership.
7. Suppression of emerging leadership - prominent cooperative leadership acting as an obstacle against the emerging second line of leadership.

"Wherever, you find flourishing cooperatives, giving good services over a long period of years, you always find a loyal band of devoted men and women giving leadership".

- A Canadian Cooperator.

The Leaders have to be developed and nurtured through a continuous process of education and training coupled with actual experience of directing the affairs of cooperatives.

"It is not necessarily wrong that a political person serves as a cooperative leader. What is wrong is when such a person puts his political purposes above the principles and purposes of cooperation. The cooperative can be a powerful instrument of its leaders, if they behave with decency, honesty, and integrity."

- Dr. V. Kurien.

MANAGEMENT OF COOPERATIVES BY  
ELECTED MEMBERS - GENERAL BODY, MANAGING COMMITTEE

The General Body.

The supreme authority in a cooperative is the general body meeting of its members. All the members of a cooperative are entitled to attend the general meeting, each member holds one vote. It is a statutory obligation to hold general meeting once in a year. Special general meeting can be held any time for special items of work. A general meeting is generally convened by Managing Committee or Board of Management. The quorum for holding general meeting is prescribed in the bye-laws.

Functions of the General Meeting

1. Approval of the programme of activities of the ensuing year.
2. Approval of the Annual Budget.
3. Approval of the annual accounts.
4. Consideration of the audit report.
5. Election of committee members.
6. Distribution of profits.
7. Amendment of Bye-laws.
8. Any other business with the permission of Chairman.

Managing Committee|Board of Directors

The general body of a cooperative elects and constitutes a managing committee in accordance with the provisions of cooperative Act, Rules and Bye-laws of the society, and entrusts the management of affairs of the society to such a committee by delegating certain powers. The Managing Committee generally consists of 9 to 11 members as provided in the bye-laws. The Managing Committee|Board of Directors, once elected, holds the office for a specific period as prescribed in the bye-laws. The Managing Committee is

answerable to the general body. The success or failure of the cooperative, primarily depends upon the quality of management available to it. The committee members are generally persons who take interest in public work and activities.

Functions of Managing Committee |  
Board of Directors.

Following are usually main functions of the Board of Directors (BOD):

1. BOD is a policy making body.
2. Responsible for overall progress of the cooperative.
3. Set Long term goals.
4. Ensure professionalisation.
5. Link between members and the organisation.
6. Should attend to the problems of the members.
7. Should hold Board meetings regularly.
8. Develop young leadership and involve women.
9. Interact and cooperate with other cooperatives.
10. Should be responsible for services to members.
11. Recruitment of proper qualified staff.
12. Raising of funds necessary for the business.
13. Appointing an Executive Committee or Sub-Committees for carrying out specific functions relating to the business of the cooperative.
14. Transacting such other business consistent with the objects of the cooperative.

Thus, the main functions of BOD is to achieve the organisational goals which the members have laid down and for which the society has been formed. In case of a society of agricultural producers, the BOD has to ensure maximum returns so that members are motivated to undertake greater productive activities. Maximum member advantage, with minimum cost

has always to be kept in view by the Board. The development of a cooperative organisation will depend largely upon the quality of leadership available to it.

The Board members should be honest, loyal and always safeguard the interest of members. They should never use cooperative for their personal gain. They should not be selfish and avoid political considerations. They should understand bye-laws, accounts and their rights and responsibilities.

### Convening the Meeting

Normally decision for convening meeting is taken by the Chairman. The Manager|Secretary in consultation with Chairman, prepares notice, agenda notes and issues to the members. The notice contains name of meeting, date, time and venue of the meeting, alongwith agenda. Notice should be sent in advance according to provisions of bye-laws.

The Manager has to keep all files and relevant papers ready for conduct of meeting. It is the responsibility of the Chairman to conduct and control the meeting with the cooperation of all other members. The manager has to draw the proceedings and draft the resolutions properly, write them down in the minute-book and take follow-up action on the decisions taken.

### Role of Elected BOD

1. To act as a bridge between the members and the society and also between a primary society and federal body.
2. To set the policies of the cooperative.
3. To keep the aspirations of the members in mind.

To achieve the above, the BOD must have:

- Faith in cooperative
- Knowledge of cooperative

- Active participation
- Understanding of problems
- Rapport|Access to members
- Business acumen
- No vested interest
- Respect for professionals
- Democratic leadership qualities.

Please keep in mind

The General Body enjoys highest authority in respect of a cooperative society. The managing committee|Board of Directors manages the affairs of the society for which it has necessary authority and works under the frame work of the cooperative societies Act, Rules and the bye-laws under the overall guidance and policy decisions of the General Body.

## MEMBERS PARTICIPATION

### What a member is to a Cooperative?

Conceptually, a cooperative organisation is essentially a "member-centred" organisation. A member in a cooperative is not a mere borrower or a beneficiary. In fact, he is the 'organisation' himself. A cooperative must not lose sight of what a member is, and what a member means to a cooperative. A member in a cooperative has significance as:

1. A member is both the owner and the beneficiary. There is 'owner-user' identity.
2. A member is not as much dependent on a cooperative as a cooperative is on him.
3. A member is not an interruption to the work of a cooperative, he is the purpose of it.
4. A member is not a cold statistic. He is a flesh and blood human being with feelings and emotions, with biases and prejudices. He is responsive to the treatment, care and services he gets.
5. A member is not someone to argue with. No body ever won an argument with a member.
6. A member is a person who brings his wants to the cooperative. It is the job of the cooperative to handle them profitably to him and to the cooperative.

### Why a Member Relations Programme

Cooperatives today are facing many opportunities and challenges. However several serious problems must be recognised and solved not only for survival but also for growth. Foremost is the complex member relations problems associated with organisation's size brought about by amalgamation and merger, acquisition and internal growth. Newly acquired or attracted members are frequently neglected in the scramble for post merger reorganisation. It has been observed that active participation often declines with



the extensive growth of a cooperative.

Experience shows that the major need of cooperatives today is to be big and yet to seem small. Big enough to be a potent force in the market place, yet seem small enough to keep the confidence, loyalty and support of the member. Cooperatives must grow as fast or faster than their private competitors if they are to survive yet in achieving rapid growth, the member should not feel neglected and uninvolved.

#### Member Relations Programme:

For members interested in becoming actively involved in an organisation, cooperatives offer a unique opportunity. In most cooperatives members participation is primarily in the form of patronage. Some members may not be interested in actively participating in cooperative programmes.

Cooperative communications programme can provide members with information they cannot readily get elsewhere. Programmes can be designed for special interest groups including women, youth and young members. A variety of programmes can create a greater opportunity for participation.

One of the methods usually employed for communicating with the members is by direct mail, in addition to the statutory requirement of sending the annual report and notices of meetings and other official intimations. It is desirable that members know news about their society - good or bad - which is likely to affect the prospects of the cooperative. Communications should be easy to read, free from jargon and well presented so that the recipient receives a good impression of the efficiency of the cooperative. It is being widely realised and has almost become an accepted policy that printed annual report and accounts should be used as a positive public/member relations instrument. It is not a good policy to publish a lavish annual report if the accounts reveal a loss in the year's work.

Member relations programme can be achieved through:

- Cooperative Education Programmes,
- Meetings and group discussions

- House journals,
- Bulletin Boards,
- Films,
- Suggestion Book
- Awards and Incentives,
- Grievance handling.

Member relations programme does not end with an activity. It is a continuous education activity and should provide for two-way effective communication between the society and the members. An effective member relations programme should ensure this.

A member relations programme should be based on sound business and management principles and should be dependent on specific research data and information on the cooperative. It should be composed of effective communication techniques and oriented to include maximum personal contact. It must be planned to create a favourable image and should be imaginative, informative and innovative.

Effective Member Relations - Impact  
on the functioning of cooperative organisation.

An effective, carefully planned member relations secure a full and genuine understanding of a cooperative society, its philosophy, policies and practices within the organisation. It also generates a sense of participation besides a feeling of pride amongst the society personnel at all levels.

A well informed member who understands the organisation, its policies and actions generally will -

- remain more loyal,
- have fewer complaints,
- take a greater interest,
- patronise the cooperative when given a choice,
- stay with the organisation when the going is rough,
- offer more constructive criticism and suggestions,
- inform his neighbours about the organisation in terms they understand,

- serve as an effective salesman for the organisation,
- meet his obligations and pay dues to the cooperative,
- help stop rumours and defend the cooperative,
- develop a favourable climate of understanding between members, employees and directors,
- promote a progressive attitude,
- build member confidence in the cooperative and its management,
- develop a pride among members and the community in the cooperative as a business organisation, and
- inform the community of the cooperatives contribution to the local economy.

### Member Participation in cooperatives

What exactly do we mean by member participation? Members participation in a cooperative generally implies:

- i) Participation in decision making
- ii) Participation in the implementation of decisions;
- iii) Participation in the benefits resulting from the organisation of the society; and
- iv) Participation evaluation and control over the working of the organisation. rking

- i) Participation in decision making means identifying organisational goals, priority areas of action, model of organisations rules and also electing leaders.
- ii) Participation in implementation requires members involvement in the management of operation of the society and members voluntary contribution from own sources to the society.
- iii) Participation in benefits by members calls for service to all members in proportion to their needs and sharing the surplus in proportion to transactions carried out with the organisation.
- iv) Participation in evaluation and control means that the members have knowledge of their rights, have access to factual information and they are in a position to evaluate and control the operations based on evaluation. at the