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**INTERNATIONAL
CO-OPERATIVE ALLIANCE**

Regional Office for East and Central Africa

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**REPORT ON THE PROCEEDINGS
OF THE
REGIONAL SEMINAR ON**

**PROBLEMS IN THE DEVELOPMENT
OF CONSUMER CO-OPERATIVES**

Co-operative College Moshi
12th - 17th November, 1973



**ICA Regional Office for East and Central Africa,
P O. Box 946 - MOSHI - Tanzania.**

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P R E F A C E

Until recently, the development of Consumer Co-operatives in the Region of East and Central Africa has been far from satisfactory. Indeed, at one time, reports and information reaching the regional office showed that failures appeared to be more common than successes. According to surveys carried out in different parts of the Region, the main reasons which contributed to this gloomy picture of Consumer Co-operative development were attributed to the following factors:

(a) External Factors (i.e. factors which make the establishment of Consumer Co-operatives difficult).

These are:

- splintering of trade into small units which can operate with small overhead costs;
- unfair competition (as a result of the above point).

(b) Internal Factors

- insufficiently trained leaders and employees;
- dishonest personnel;
- disloyal members;
- insufficient capital.

Today, however, there are indications that the situation is slowly improving. Widespread interest in Consumer Co-operatives has been recorded in different parts of the Region - particularly in large urban centres. In those areas, Consumer Co-operatives have been steadily springing up, one after another. It has been reported that Dar es Salaam alone has about 30 independent Consumer Co-operatives. Nairobi has 19. The same trend of development can be said to be true in the other big cities, provincial towns and the rural areas - particularly in Tanzania where the structure of an Ujamaa Village also includes a Co-operative shop.

This widespread enthusiasm for Consumer Co-operatives can be attributed to the following main factors:

- i) Workers and farmers are becoming more and more involved in money economy.
- ii) Worsening economic conditions characterised by on the one hand, almost stagnant growth of income of workers and farmers and, on the other, inflation and widespread price increases of food-stuff and other commodities.

- iii) General shortages of consumer commodities.
- iv) Unchecked exploitation carried out by unscrupulous traders.
- v) General enlightenment of people on the benefits of Consumer Co-operatives.

Despite the encouraging signs of progress, Consumer Co-operative development still faces great problems ahead. So far, the development is sporadic and haphazard. The old problems mentioned above are still as serious as they have always been. This means that if Consumer Co-operatives are to make any impact at all, more efforts have to be made to prepare the ground for further development and consolidation. In this respect, clear policy formulation for Consumer Co-operative development is of vital importance. It was with this in mind that the ICA Regional Office organized this seminar to give opportunity to policymakers concerned with the development of Consumer Co-operatives, to survey problems which they face and, on the basis of their findings, draw up guidelines which can be used in formulating policy for future development in the Region.

Finally, having provided reasonably well for the development of agricultural and other rural co-operative activities on a multi-functional basis throughout the Region, it would now appear opportune for increased emphasis on the development of consumer and other types of urban oriented co-operatives, in the endeavour to produce well rounded movements embracing all possible fields of co-operative enterprise. Also, as its small contribution in this vast little exploited field, the ICA Regional Office will soon have a Consumer Co-operative expert assigned to it, who will initially be available to member countries on a consultancy basis. The outcome of the deliberations of the seminar will therefore be of direct help in determining, inter alia, priorities for the ICA Consumer expert.

July, 1974
Moshi.

A.M. Kimario

SECTION ONE

RESOLUTIONS

SEMINAR RECOMMENDATIONS

We, the delegates attending the ICA Regional Seminar on Problems in the Development of Consumer Co-operatives representing Co-operative Colleges, Departments of Co-operative Development and National Apex Organisations in Kenya, Uganda, Tanzania and Zambia as shown in the appended list of delegates do hereby recommend as follows:

RESOLUTION ONE

- * Noting the serious efforts made everywhere in the Region of East and Central Africa to establish consumer co-operatives, as revealed in the Country Reports, the Seminar recommends that a more concerted effort be developed nationally and regionally when dealing with the various problems and set-backs confronting consumer co-operatives.

RESOLUTION TWO

- * Realising that member information and education have not been pursued vigorously, a fact which, more than anything else, has contributed to retarded development of consumer co-operatives in the Region, the Seminar recommends that National Co-operative Apex bodies in conjunction with the Co-operative Development Departments and Consumer Co-operatives create a permanent machinery to undertake in a systematic and co-ordinated way, the functions of information and publicity through radio, television, pamphlets and other suitable media available so as to spread the consumer co-operative ideology to the masses and, in particular, to members.

In the same way, in order to give a better insight and orientation to co-operators and leaders of all kinds, Co-operative Colleges and wherever possible, other educational and training institutions be urged to include consumer co-operative subjects in their curriculum.

RESOLUTION THREE

- * Realising the fact that there are different development strategies for consumer co-operatives, the seminar recommends that in the Region of East and Central Africa, flexibility be exercised to allow consumer co-operatives to be initiated from below as well as from above, but the actual formation be left on the shoulders of the members themselves as a felt need.

RESOLUTION FOUR

- * Noting that the failure of consumer co-operatives, to a great extent, is attributed to lack of technical know-how on the part of the managing committee and the staff, the seminar recommends that the co-operative development divisions be urged to place technically qualified officers at district level and regional level to help advise consumer co-operatives on technical matters.

RESOLUTION FIVE

- * Realising the significant role played by governments in promoting consumer co-operatives at this stage of development, the seminar wishes to make its sincere thanks recorded and urges the respective governments to extend their support to include help in the form of aid, interest free loans, guarantees for bank overdrafts and where governments through parastatal bodies are involved in trade, favourable trading conditions.

RESOLUTION SIX

- * Regarding the financing of consumer co-operatives, the seminar recommends that as far as possible, consumer societies should rely on members' contributions and be discouraged from total reliance on borrowed funds, since the former increases members' consciousness as owners/customers, while the latter kills it. The seminar also recommends that where consumer co-operatives are unable to raise sufficient capital to finance all their operations, loans from external sources of finance, preferably from the existing co-operative financial institutions, e.g. Co-operative Bank, Savings and Credit Co-operatives, etc., be sought.

RESOLUTION SEVEN

- * Noting the possibility of tapping the financial resources existing within the Co-operative Movement, the seminar recommends that a system be developed whereby Co-operative Banks, Savings and Credit Co-operatives, Marketing Co-operative Unions, etc., could pool their surplus resources together, thus creating a cheap and reliable source of finance for consumer co-operative development.

RESOLUTION EIGHT

- * Noting the fact that consumer co-operatives, at this stage of development, are too small and weak to form viable economic units, the seminar recommends that in order to improve their effectiveness and efficiency, Co-operative Wholesale Unions which among other things, would buy in bulk on behalf of members and provide various other vital services which the individual societies cannot generate on their own, be formed in each country if they have not yet been formed, as a priority matter.

RESOLUTION NINE

- * Realising the fact that the existing machinery responsible for the planning and promotion of consumer co-operatives is not working satisfactorily, the seminar recommends that a National Consumers' Co-operative Promotion Committee composed of two representatives from the Government, two from the Co-operative Movement and one from the Co-operative College be formed in each country represented in the Region to undertake, inter alia, the functions of planning, co-ordination and research in consumer co-operative development.

RESOLUTION TEN

- * Realising the usefulness of such a seminar for the development of consumer co-operatives in the Region, the seminar recommends that such seminars be organised every year.

SECTION TWO

COUNTRY PAPERS

- KENYA
 - TANZANIA
 - UGANDA
 - ZAMBIA
-

ICA REGIONAL SEMINAR ON "PROBLEMS IN THE
DEVELOPMENT OF CONSUMER CO-OPERATIVES"

COUNTRY REPORT

K E N Y A

HISTORY:

Consumer Co-operatives in Kenya were first started by missionaries who had encouraged people-particularly teachers-to form Consumer Co-operatives so as to enable them to get their requirements at reasonable prices. The first Consumer Co-operative was established at Muranga District in the Central Province at a place called Kahuhia, in the year 1933. Unfortunately this Society did not continue long due to lack of management knowledge.

During the war 1939 - 45 the European Community formed the Nairobi and District Co-operative Society which operated for some time, but because of acute competition from the Asian traders and the fact that most of their sales staff were Asians, the Society was forced out of business.

After the second world war the Department of Co-operatives was formed under the Chief Secretary. Its functions were to advise, mostly Africans, on how they could form Co-operative Societies. At the same time it had the responsibility to register them once they were formed. During this time, the Department staff paid great attention to rural areas where farmers were forming marketing Societies to help them improve their standard of living.

One of the first Consumer Co-operatives to be formed by Africans in Nairobi was known as Starehe African Co-operative Society. This Society was formed by African Civil Servants residing in Starehe area in Nairobi and was registered in 1948. The Railway African Co-operative followed in 1949, but it was not registered until 1952. The third one in line was the Medical African Staff Co-operative Society which was registered in 1954. All these Societies were and are still operating in Nairobi.

At present there are Nineteen active Consumer Societies in Nairobi which belong to the following groups:-

Ismailia Community	1
African Employees of East African Community (e.g. Railways, Post etc.)	4
Civil Servants	8
Employees of Companies and other Organizations	6
<u>Total</u>	<u>19</u>

In order to serve these retail Co-operatives a Wholesale Society was registered in 1968. However, it was not until 1970 that it started its operations. All Consumer Co-operatives, except the one belonging to the Ismailia Community, are members of this Wholesale organisation.

CONSUMER CO-OPERATIVES IN RURAL AREAS:

There are also a number of consumer co-operatives in the rural areas. The best among them are the Consumer Society at Chemilil for people working in the Sugar Belt, and another one at Mwea for farmers in the rice schemes. There are others in the Coast Province particularly the Wundanyi Consumer in the Taita-Taveta District. Recently, Teachers in the rural areas have shown interest in Consumer Co-operatives and it is hoped that with proper guidance this will give a big boost to Consumer Co-operatives in most parts of the rural areas.

Today, Consumer Co-operatives in Kenya are coming up. It is encouraging to note the development of the recently formed Nairobi Civil Servants Consumer Co-operative which has had good results in many fields.

FUTURE DEVELOPMENT:

According to our development plan, we are going to have one big society in Nairobi instead of many small ones.

It is hoped that this will be started as an example which, later on, will be copied in the Provincial and District Headquarters all over the country. Consumer Co-operatives are also going to take up new activities like maize milling, the production of edible oils and soaps etc. With the help and co-operation of the Farmers Unions and the Kenya Federation of Co-operatives, it is hoped that consumer co-operatives will be able to undertake import and export of farming requirements.

There are also plans to manufacture fertilizers for farmers and, as soon as we are organised, the Government would be prepared to give us a licence to distribute farm produce such as rice, sugar etc. direct from farmers co-operatives to consumers without going through the hands of non-co-operative bodies.

The future of Consumer Co-operatives in the rural areas is still not bright. This is mostly connected with the standard of living and the attitude of farmers towards such societies. However, where Schools and Churches have initiated the formation of Consumers Societies, the chances of success have been rather good. It has also been observed that Multipurpose Co-operatives could be a useful alternative as a solution to the present problems in the rural areas if they involve themselves in the supply of consumer goods to farmers.

In the urban areas there is more room for the development of Consumer Co-operatives. The only major problems standing on their way are connected with member education and enlightenment, staff training and the development of ethics among the staff so that they perform their duties honestly.

PROBLEMS:

1. Personnel
2. Committee
3. Capital
4. Goods - Business
5. Laws of the Country - Government
6. Competition.

RECRUITMENT OF STAFF:

One of the major problems confronting the development of consumer co-operatives is in the recruitment of personnel because in most cases it is very difficult to get better qualified and honest persons for the job. Pilferage is very common in the shops belonging to the societies and, sometimes, thefts by employees do cause a big draw back to the progress of Consumer Co-operatives. Because of this many more Clerical Staff are employed to check the sales staff, thus, reducing the surplus of the society even further by increasing the costs.

Committee: Since a co-operative is a democratic institution, any person can be elected in the Committee. Sometimes, the wrong type of persons are elected because there are no qualifications needed for Committee Members.

Some of these Committee Members elected aim at promoting their personal interests and this creates a lot of problems in the society. Again, election of new Committee every year can cause big difficulties because it takes some-one sometime to be acquainted with the activities of the Society.

CAPITAL:

It is always difficult to finance Co-operative Shops with loans from Banks because it is normally not easy for them to offer security required by the banks.

Difficulties in getting Supplies: Since most of the goods sold in the Co-operative Shops are not manufactured by the Co-operatives, it is always a problem to get them at reasonable price. At the same time these manufacturers or importers would not give credit to the Co-operatives in the way they give to other traders.

Laws of Country - (Co-operative Act):

The Co-operative Law in Kenya was designed to suit Marketing Societies and although consumer societies are supposed to follow it, they only do so with some difficulties because there are some aspects in the Consumer Co-operatives which do not appear in Marketing Co-operatives. We cannot blame the Government for that because consumer societies are so few in comparison with marketing co-operatives and no presentation has ever been made to the Government to that effect.

Competition:

Although Competition is unavoidable in business field, here the Co-operatives are Competing with well established traders who have large Capital and sometimes they have a brother or a relative who are suppliers of the goods. In such a case, the problems would not be solved until the consumer co-operatives enter into Manufacturing of basic goods and also until the farmers societies agree to work together or deal directly with Consumer Co-operatives.

TANZANIA COUNTRY REPORT
(by F. X Haule)

First of all I would like to express my sincere thanks to the I.C.A. for the efforts made in arranging this important seminar here at the Co-operative College, Moshi. The seminar is a symbol of good cooperation which exists amongst the neighbouring countries represented in this hall to-day.

We, in Tanzania believe in cooperation as a tool for fighting or stamping out exploitation. That is why different types of cooperative societies, including consumer co-operatives which this seminar is here for, are to be found everywhere in the country.

Before Tanganyika attained her Independence in 1961, the economy of the country was largely in the hands of a few middle-men, most of them foreigners who had full support from the Colonial Government. Soon after Independence, our Government and the Party encouraged people to form their own co-operatives in order to avoid being exploited by few middle men.

By 1962, many different types of co-operatives had been formed in different parts of the country. The marketing societies, as a result of the introduction of a Compulsory Marketing Order which prevented private traders and middle-men from handling produce from farmers were the majority in number! Thus it became clear that only co-operatives were allowed to market produce from farmers. You know, the prices offered by these middle-men to farmers kept on fluctuating and it was hard to believe them because in one single day an Indian purchasing say simsim could offer three different prices for a kilo: in the morning 50 cents in the afternoon 45 cents and in the evening 40 cents. I have tried to talk about the marketing societies because consumer co-operatives are now the instruments which will drive away private traders who handle 90% of retail trade in this country.

In Tanzania, the history of Consumer Co-operatives starts when the Co-operative Supply Association of Tanganyika was registered in 1962. COSATA established branches in different regions and operated retail shops. The take off of COSATA was rather optimistic and it is not a surprise that after sometime this gigantic business had to close down and wound off. After a careful survey, many obstacles which led to the fall of COSATA were found and summarised as follows:-

- (a) Poor management:- Most managers and shop attendant employed by Cosata were hand picked and did not know much about retail business. At the sametime they were paid relatively higher salaries compared to their output. This is one of the major bottle necks, even now with other consumer cooperatives.
- (b) No member enlightenment
Prospective members were not informed and briefed about the aims of Cosata, and what benefits they could get if they joined. Worse still the initiative to start Cosata did not

come from them and, as such, in their eyes, COSATA was just like any other profit making enterprise.

(c) Lack of Proper Planning:-

There were no estimates showing how a branch should operate, and no control of stock or cash was exercised in the branches. There was no assortment planning at all. As a result one could find several expensive items and drinks in some branches where the demand for such items did not exist

(d) Cosata did not start small and gather experience as the time went on. Many shops did operate following Government working hours. On Saturday and Sundays all the shops were closed.

Despite the bad image left behind by COSATA, great progress has been made, particularly after the Arusha Declaration which emphasized the spirit of self reliance. We have to-date 100 single purpose consumer shops, 500 retail shops operated by marketing cooperatives and 1,000 small shops in Ujamaa villages. The concentration of single purpose consumer shops is in urban areas. Many of these single purpose consumer shops are to be found in Dar es Salaam, Moshi, Arusha, Mbeya, Tabora, Kigoma, Dodoma and Tanga regions.

Despite some problems, co-operative retail business is advancing at a satisfactory speed and to prove my statement, you can see by yourselves here in Moshi where we have big consumer cooperative called the Moshi and District Consumer Cooperative Society Ltd., which operates two supermarket shops, a bar, restaurant, Petrol Station and has six branches in Moshi town. The efforts made by the workers and members of this society have paralysed the business of other private traders to the extent of forcing them to close down their shops. The turnover expected for the current financial year is 10,500,000/- and the society has 2,300 members.

In order to protect the farmers from travelling long distances to purchase their requirements, many marketing cooperatives have established retail shops, thus, completing the multipurpose set up. Some small industries are also established. Most of the societies in Bukoba, Kilimanjaro Arusha, Coast, Mbeya and Ruvuma regions are operating retail trade.

In order that the entire economy remains in the hands of the people, the Government did not hesitate to take Whole-Sale Trade from a few middle men. As it is now, the State Trading Corporation is handling the wholesale trade and this has given quite a great relief to consumer societies as far as getting supplies is concerned. Together with the S.T.C., we have the National Distributors Ltd., which is doing whole-sale trade in Dar es Salaam and the Marketing Unions which supply commodities such as sugar, sembe, rice, salt, cement, iron sheets, gunny bags, cooking oils etc. to rural and urban areas. However, it

should not be understood that private wholesalers have been wiped out completely. We still have private wholesalers dealing with some few types of commodities. Furthermore, whilst we are happy to see the increasing number of consumer shops and activities, this is only one side of the coin. Without eliminating the various problems which we encounter in our day to-day business, these retail activities will not prosper to the stage we want them to reach. In order to give you some idea of the types of problems we face, I will summarise them as follows:

First: Lack of initial capital:-

In order to be able to start a well stocked and attractive shop, a good initial capital is required. Considering the fixture and fittings, installations, the purchase of coolers, cash registers, adding machine, stationery, and the financing of stock, an initial capital of between 50,000/- and 100,000/- is needed. This is particularly applicable in towns (urban areas). But since the capital to start a consumer shop ought to come from the members it becomes very difficult to collect shares and entrance fees. From our experience, only in one instance members were able to collect a sum of 10,000/- through salary deductions using check off system.

As a result of financial difficulties and lack of enlightenment about consumer co-operatives amongst people, collection of shares and entrance fees is very difficult. Some people prefer to wait and join later when the consumer shop has already started operating. This is a tendency of many people. However, in order to encourage formation of consumer shops, the Co-operative Development Division recommends to the bank that consumer societies can be granted overdraft in order to facilitate the purchase of goods for resale. But the overdraft cannot be used for buying fixed assets. However, the interest which consumer cooperatives are asked to pay is very high and as a result this way of finance has not proved popular. I think the only alternative to this problem is to carry out intensive member campaigns in order to get more members who in turn would increase the sales and make the society more viable.

Second: Lack of capable manpower:-

Many consumer societies are formed and started without due consideration of employing suitable managers and shop attendants. Often, only a few days before a Co-operative shop is opened, the committee interviews on the spot applicants who, without experience or technical know how, are given big responsibilities of managing the shop. Often, the only training they can get is through the assistance from the Cooperative Development Staff who give them the job training. This is very dangerous way of solving the problem since not all newly started consumer shops have a chance to be guided by a Government Official. As such, books of accounts cannot be kept up-to-date and no proper control can be exercised since none of the staff would be able to devise measures of control. Normally such shops run by inexperienced staff are in

great mess and very untidy. This is very dangerous for a newly opened shop since if the shop is not attractive customers will resort to other shops where they can find their requirements easily. In order to overcome the problem, at this stage of development, we try to hold short seminars aimed at enlightening managers and employees about their duties and responsibilities in the field of Co-operative retail business. At the same time, many managers and shop attendants have been registered for correspondence courses offered by the Co-operative Education Centre here in Moshi.

The Co-operative College is also conducting short courses of one to two months duration for managers and attendants. We hope that in future it will be easier to train the managers, since a few Zonal Colleges are going to be established early next year.

Third:- Difficulties of Transportation and getting Supplies:-

Since private retail trade is still existing in Tanzania, S.T.C. and National Distributors have to serve private traders as well. Most of the private shopkeepers are very influential because they have been in the field of retail for many years. In most cases they have a number of advantages. They have some means of transport, they own houses and often the problems of renting shop premises, as faced by consumer shops is not there. Most of the consumer societies depend on hiring transport which becomes extremely expensive when you consider the selling margin, and the total costs (Salaries, rent, transport, electricity, water, leakage, wrapping materials etc.) Consumer co-operatives like any other retailers do not depend entirely on S.T.C. and N.D.L. in getting goods. The managers have to travel to various companies, institutions, farmers and local producers so that they can get most of the goods and items needed by the members and customers. Thus, often managers are not seen in the shop and the work in the shop is carried out by inexperienced shop attendants thus, resulting in bad management. The consequences of such a situation is quite obvious. After sometime, it will be very difficult to bring the society affairs to a normal situation. Where there are 20 to say 30 consumer societies there should be a possibility of establishing a wholesale organisation which would serve the societies in transport and supply. The wholesale organisation would devise methods of stock and cash control and provide other elements of security such as Insurance Audit etc. We think that a wholesale organisation would stream line the entire process and lead the consumer societies to success. Alternatively consumer societies should affiliate to Regional Unions so that the Unions provide transport, goods, inspection etc.

Fourth:- Thefts:-

If an employee steals goods he steals money and vice-versa. Despite strict measures of control, if the society employs unfaithful people the society is bound to suffer financially.

Quite a number of our consumer cooperatives do suffer from this unfortunate vice. We hope that the seminar will help us to find better methods of control in-order to wipe out, once and for all, this shameful practice.

ICA REGIONAL SEMINAR ON PROBLEMS IN THE DEVELOPMENT OF
CONSUMER COOPERATIVES

UGANDA COUNTRY REPORT -

(presented by R. A. Kyaligaba)

1. HISTORY:

(a) Introduction:

Retail trade is a venture which our people have turned to only recently. Indeed the trade is many years old in the country but there has been little participation of the local citizens. Uganda is principally an Agricultural country and farming is the main occupation of the people. The farmers' earnings, meagre as they were, always found their way into the pockets of private shopkeepers. This was viewed as a social and economic problem of the farmer and in an effort to help him participate in retail business, the government saw it necessary that Consumer Cooperatives had to be formed. A national Wholesale Cooperative Organisation was to be set up to link together the primary societies and cater for their needs.

(b) The early Phase:-

Prior to the government's involvement and as early back as 1940, there were many spontaneous attempts to form Consumer Co-operatives. Men at village level pulled their resources together to provide themselves with their basic needs. However, such efforts were defeated because they lacked the know-how, facilities and the trade proved so complicated to them that the entire undertaking proved nigh impossible to manage. Most of the problems centred around accounting, Management and finance.

In the 1950s similar attempts were made to form Consumer Co-operatives but again the business proved more and more complicated to manage. The kinds of articles sold, even by the simplest village society, did run into hundreds while a large urban society sold many thousands. All those commodities had to be chosen with an eye to the local taste. The commodities had to be purchased in the right quantities, so that they could be sold within a reasonable time and at least before they began to deteriorate. Some, especially foodstuffs, had to be displayed in a hygienic and attractive way or safely stored. All goods had to be paid for which meant a considerable capital outlay. All that capital had to be generated from some-where and who had it? The goods had to be sold and payments received and recorded. Stores had to be replenished before they ran out of stock. All this proved much more difficult than the handling of a single agricultural product to which our people were used.

2. Present Position:-

At the moment there are 21 registered primary Consumer Cooperatives. Most of these are affiliated to the Uganda Consumer Co-operative Wholesale Society, the apex and national organisation in the country. Apart from the above, there are

quite a number of Consumer Sections run by other types of Co-operative societies. This came about as a result of the recent Economic War declared by our President.

Over 60% of the primary societies had been able to make surplus although not all have declared a dividend to members. The apex organisation had made and distributed dividend to member societies almost every year. Where Consumer Co-operatives are effective, prices of goods have been reduced, even by other traders.

3. Recent Development:-

The year 1968 saw the take off of a Central Wholesale Consumer Cooperative Society. It was charged with the task to function as a link between the Consumer societies and to advise them on Co-operative, economic and organisational matters. It was to carry on commercial activities of purchasing on behalf of the primary societies. Its role also included importation, export and manufacture of goods although the latter has not been touched at all. Since the year under review i.e. 1968 almost every major town has seen the growth of a primary Consumer Co-operative. The government has since assisted by providing personnel of its own staff to effect supervision.

Afterwards, however, it was realised that the project had been launched under so many imperfections. There was lack of information, lack of statistics, lack of trained managers and the historical mistakes were almost repeated. I am not suggesting that government was wrong in encouraging the idea, nor am I saying that the attempt was made too early. Not at all. But what I am contending is that the research made did not provide enough guidance because the imperfections mentioned above were not highlighted enough and because of the fact that the ideology of co-operation and loyalty was given too much emphasis. It is quite true that before societies were formed feasibility studies and an estimation of the number of members for whom it would be worthwhile to start the society were made. The net surplus to be realised after the necessary expenses was also accorded due consideration but what was not given due consideration we feel, was the unique type of competition that our Cooperatives faced. It is seen that the wholesale obtained goods from manufacturers who were very closely chained up with the competitors of the local cooperatives. Hence the wholesale did not have good bargaining power and quite often it failed to get supplies.

4. Development Plans:-

The future development plan is intended to extend Consumer Co-operative Societies to small towns and thereafter to trading centres or rural areas where the population is of sufficient concentration. The Wholesale has plans to open up branches in up country towns. There are also plans to hold short courses for employees of primary societies both at District and at national levels through the Cooperative College. Already the Co-operative College has undertaken to teach the A.C.A. course

in its curriculum, this will not only produce capable auditors but qualified accountants to take charge of the accounting units of the expanding societies.

5. The Common Problems Facing the Development:-

The Problems include:-

(a) Lack of finance - The Uganda Commercial Bank and the Uganda Co-operative Development Bank have so far assisted quite extensively by allowing primary societies to operate overdrafts. Yet enough capital has not been obtained.

(b) Lack of competent management. Quite a lot of training needs to be done. A good Co-operative manager must have the necessary technical knowledge of the business he is to carry on, unless his own understanding is such that he can ably use the expert knowledge of his technicians on his staff. The manager must be able to plan work and choose good subordinates, have them to work as a team and still retain his authority over them. He must work with the Committee without becoming either domineering or unduly subservient. He must understand Co-operative methods. Yet, we find that men from a private business are very expensive to employ, government servants with knowledge of Co-operative organisations may lack knowledge of the business as such. In any event training is needed for all.

(c) Pricing Policy:-

There are of course different motives which inspire executives engaged in pricing other than the maximisation of profits. Of late it is seen that some executives have recommended the market price. Some do it the easy way, when the best would mean a lot of extra work. With the apex organisation, the pricing problem is to charge a low price and then prepare to pay a dividend at the end of a trading year. It does not seem easy to do both at the same time.

ZAMBIA COUNTRY REPORT

(by D. H. Kaambwa)

1. The Present Situation

There are at present, 31 registered consumer cooperative societies in the country, and these are the basic facts about them:-

Consumer Co-operatives	31
Members	3,856
Share Capital (K)	41,000
Turn-Over (K)	209,739

Of these 31 societies, at least 12 are not operating or are moribund. The membership figures of the Armies Society are not included in the above figures as there are no facts available about them.

Consumer co-operatives are considered to be of two types. One is started by consumers in the usual way and does not need any particular explanation here. The other is started by craftsmen in the food industry; marketeers, bakers or butchers. These are obviously not consumer co-operative but they are usually counted in that group in Zambia and they are included in the survey which is now being done for the reason that there is hope to change their constitution into proper consumer co-operatives in connection with the introduction of the new model by-laws for consumer co-operatives.

Handicraft and artisans societies are difficult to operate unless they are very successful from the beginning and it is, therefore, natural that several of these societies are gradually developing into consumer co-operatives.

2. Policy statements of the Government

"Another step I would like to see taken is the organisation of a number of consumer co-operative societies where it is clear their operation will be beneficial to their members.

In the long run, general development of consumer co-operation in the retailing of household goods and services, supported by a cooperatively owned wholesale, will be a necessity for an improved standard of living in rural areas.

One way to expedite the extension of retail store operations to rural districts would be for people requiring these services to form a co-operative society to help with the provision of a suitable building, with the goods to be retailed therefrom with the assistance and supervision of a branch of a national wholesale organisation".

(His Excellency, the President, at the opening of the National Co-operative Conference - Lusaka, on 12th January, 1970).

"General purpose co-operative societies for the assembling and marketing of agricultural products, the distribution of agricultural requisites and consumer goods required by members - these can be the most useful form of co-operatives for rural communities, together with credit unions.

Co-operatives of this kind can act as agents of NAMBoard and other statutory bodies and can also develop a variety of additional services for their members which are not provided by para-statal bodies.

Gains from co-operative processing, manufacturing and wholesaling will be necessary to increase and improve the value of services provided to members by co-operatives of this kind".

(From Pocket Manual for Village Productivity and Ward Development Committees - page 49).

"Consumer societies both in the urban and rural sectors will be expanded to play an important role in the implementation of the November, 1970, Economic Reforms".

(S.N.D.P. Report - para. 14 (iv), page 82).

3. Future Prospects in Urban areas

The striking features of consumer co-operation in Zambia now is that, in the two largest consumption areas, consumer societies are not very much developed. Thus, in the Copperbelt Province, there are two societies, of which one is working and has a membership of 23 and a turn-over of K9,293. This is a list of towns in the Copperbelt with population according to the 1969 census:-

<u>Town</u>	<u>Population</u>
Kitwe	199,798
Ndola	159,876
Mufulira	107,802
Chingola	103,292
Luanshya	96,282
Chililabombwe	44,862
Kalulushi	32,272

The Trade Union movement has a strong position in the Copperbelt because of the mining industry and, naturally, the mining workers have considerable potential political power. The stability of food prices is of great importance to them and to the Government, as raising food prices means a pressure on wages and salaries. Because of the size of the Copperbelt, this will influence the whole nation. There is, therefore, a common interest in the Trade Union movement and the Government to keep the prices down, and it has long been the wish of the Trade Unions in the Copperbelt, as well as of other groups, to start consumer co-operative societies. The Co-operative Department has not felt

that it could assist in these efforts up to now as it has, since 1965, been engaged in the formation and operation of farming societies to such a great extent,

Having been advised not to start consumer co-operatives now, people in the Copperbelt are concentrating on savings and credit societies and negotiating with municipal and State bodies concerning the housing problem.

For the above reasons, it appears natural to place one experienced co-operator in the Copperbelt Province, who is able to discuss with the trade unionists and other groups the formation of consumer societies. He could form study groups and, giving them three to six months to find out if their interest is really solid, he should compare with his own feasibility and viability studies to give the Director of Co-operatives advice in due course concerning what societies should be started.

In Lusaka there exist, apart from the Zambia Defence Force Society, three other consumer societies, which are either related to an institution (Chainama Hills Hospital) or have been started by marketeers.

There are several marketeers societies in the suburbs of Lusaka but efforts to coordinate the consumer co-operatives with the purpose of starting shops in the city itself have not yet been successful.

There are also prospects for consumer co-operatives in other towns in Zambia, for instance in Kabwe and Livingstone and it is likely that propositions for starting consumer societies will come in other areas when the rail link to Tanzania is completed.

4. Future Prospects in Rural Areas

Consumer co-operatives in rural areas should, at best, form part of multi-purpose societies. The working plan of the Co-operative Department is to look into the operations of the marketing societies and unions and the farming co-operatives with the intention of developing suitable models for multi-purpose co-operatives after one or two years. In many cases, these co-operatives will have to include a consumer co-operative shop and also, for this reason, it is important for the Department to assist the existing urban and rural co-operatives to acquire experience and find workable models for small shops to be included in rural multi-purpose co-operatives.

5. Co-ordination between Agricultural and Consumer Societies

The S.N.D.P. emphasises the importance of developing marketing co-operatives in the rural areas as a step towards multi-purpose co-operatives. Certainly, one of the main features

in the emphasis in rural development in Zambia is to produce foodstuffs for domestic consumption. A rather unique situation now exists in Zambia, as it is possible to link the interests of marketing co-operatives, at least concerning most of their products, with the wishes of the consumers to get a better service with perishable goods and to have them in larger quantities than now.

The possibilities of co-ordinating the work of marketing and farming co-operatives with that of big consumers co-operatives in towns and cities should be carefully investigated. The experiences from such co-ordination could serve as a useful analysis of wholesale and retail prices on fruits and vegetables.

SECTION THREE

SEMINAR PAPERS I

THEME:

- OBJECTIVES
- FORMATION
- ORGANISATION
- PLANNING

SUMMARY OF GROUP DISCUSSIONS

ICA REGIONAL SEMINAR ON PROBLEMS IN THE DEVELOPMENT OF
CONSUMER CO-OPERATIVES

- OBJECTIVES OF CONSUMER CO-OPERATION
 - FORMATION OF CONSUMER CO-OPERATIVES
 - ORGANISATIONAL AND STRUCTURAL PROBLEMS
-

Mr. Rune Forsberg, Administrative Secretary, ICA Regional Office, introduced a discussion on the above topics. His introduction was based on the corresponding sections of a paper with "Background Notes for General Reference", distributed to the participants prior to the seminar. The relevant sections of the paper are reproduced here

- PLANNING OF CONSUMER CO-OPERATIVE DEVELOPMENT

Mr. Ally M. Kimario, Training Officer, ICA Regional Office introduced a discussion on planning. His paper follows the above mentioned notes on Objectives, Formation and Organisation.

A summary of group discussions and discussions in plenary sessions completes this sector of the report.

1. OBJECTIVES OF CONSUMER CO-OPERATION

1.1 Objectives of co-operative organisations in general.

(i) Economic and other 'material' objectives.

The primary objective of nearly all co-operative organisations can be defined as an economic objective:- producers co-operate in order to get the best possible return for their products, consumers co-operate in order to be assured a fair price on the goods they need to buy, people form Housing Co-operatives in order not to pay more for their housing than what is economically necessary, and so on.

Besides this basic objective of increasing the income or reducing the expenditure, there may be other objectives, such as getting access to the particular kind of service the co-operative is supposed to render:- being able to dispose of the products, having a retail shop conveniently situated where there was none, getting a roof over the head when housing is in shortage.

These objectives are tangible and 'materialistic' in nature, and they are no doubt the mainspring of co-operative development.

(ii) Social (ideological) objectives

The Co-operative Movement, however, has not only grown out of mere materialistic considerations. There has always been a greater or smaller idealistic motive added to the economic objectives. (That motive has, indeed, sometimes been the dominating one.)

The co-operative ideology stresses collaboration between people with common economic interests, as against competition. (An idea which does not exclude the value of competition between co-operatives and 'private capitalistic' enterprises.) The social values, brought about by co-operation, are important enough to allow us to regard the movement as an end itself, not only a means of achieving a certain end, according to this philosophy. One can note how the balance between the 'materialistic' and the 'idealistic' objectives changes, historically and geographically, but it is obvious that both elements must be there if a co-operative organisation is to succeed.

1.2 Objectives of Consumer Co-operation.

1.2.1 'Material' objectives.

- (i) - Control of prices. A primary objective of consumer co-operation is to try and reduce the cost of living of the members, either by selling at lower prices than the private trade, or by refunding to the members a part of the surplus. A strong and successful society may be able to do both, but one can also find instances when neither is possible even if the society is efficiently managed. The society is still serving its purpose by maintaining a control over the current prices, and it may very well be that the total price level is pressed down because of the existence of a consumers co-operative.

(ii) - Better organisation of the distribution of consumer goods.

A consumers society may be formed for the simple reason that the people in a certain area are in need of a retail shop. That is not uncommon in a situation, where the monetary economy and the need, or wish, to buy commodities is a fairly new phenomenon.

The consumers may also be dissatisfied with the existing total distributive system, and suspect that it is working to their disadvantage. Formation of primary consumers societies will be a first step towards attacking that really big problem.

To obtain control of the quality of merchandise has also been an objective in many cases, where traders have engaged in the practise of offering adulterated and inferior goods while still charging high prices.

1.2.2 'Non-Material' objectives

(i) - Consumer influence and protection. The consumers need a 'defense organisation' or a 'spokesman' to represent their interests in the modern complex society, where, perhaps, producers and traders have organised themselves to strengthen their positions. The individual consumer is weak and so is perhaps an individual consumers' co-operative society. The 'spokesman' role requires a united co-operative movement.

(ii) - Promotion of individual economy through education. By-laws of consumer co-operatives often state the overall objective as: "to promote the members' economy". The commercial activity carried out by a consumers' society is, naturally, seen as the main action to meet the objective. A consumers' movement can, however, contribute a great deal to the improvement of the individual economy of its members through education. The 'pioneer movements' saw this task as nearly as important as that of carrying out retail trade, and sought to teach the members simple budgeting, saving, better householding practises and so on.

(iii) - Ideological objectives. As mentioned in the Introduction and in the remarks on objectives of co-operative organisations in general, there are also ideological objectives behind the formation of many co-operatives. The history of the consumer co-operative movement shows that the founders of the movement gave these ideological objectives a leading rôle:- they saw the consumers' movement as a reformer of the society and the economic system. The ideological aspirations of today's movement may not be as far-reaching as that, but the consumers movement shares the same basic philosophy as that on which other co-operatives are built. The co-operative principles have, after all, their roots in the consumers movement. One may note that it is normally through consumer co-operatives the non-farming sector of the population can realise the co-operative ideas.

- (iv) - Political objectives. Where public, non-profitmaking, ownership of the means of production and distribution is favoured as against private ownership, one may find a strong political motive behind the formation of consumer co-operatives. The ownership by the consumers will, as such, be an objective.

In many areas of the world the economy, and especially the distributive system on wholesale and retail level, is in the hands of immigrants. Consumer co-operatives are often mentioned as one alternative in the process of 'localisation' of the trading sector of the economy. That is another political objective.

2. FORMATION OF CONSUMER CO-OPERATIVES

(Please note that this chapter is discussing the formation of single purpose consumer co-operative societies only. Distribution of consumer goods through multipurpose societies in rural areas will be considered in the chapter on "Structural and Organisational Problems.")

2.1 Initiative

Who should take the initiative to form a consumers co-operative society? A group of consumers? Politicians? A government agency in executing government policy? Leaders of other existing co-operative organisations? The question is relatively uninteresting, as long as there is a genuine motive to form an organisation to serve the interests of the consumers and as long as those who take the initiative do not disregard the technical, financial and psychological factors involved. All these factors should be subject to careful considerations, and only if they all are promising should the society be formed.

Special care should be taken to avoid cases where the prestige of individuals, purely political considerations and other such motives lead to the formation of consumer co-operatives in circumstances in which they are not likely to survive. The very name and idea of consumers co-operation have been almost irreparably damaged in many instances, because of a careless and hasty initiative being implemented without planning.

The initiative must be there, quite naturally, and the more honest it is and the stronger it is pursued, the better are the pre-conditions for the proposed society, but it is the methods used in forming the society which really matters.

2.2 Methods

Formation 'from below'

A co-operative society of any type can be formed by its future members, these having recognised a common need and realised that joint action may help in meeting that need. The knowledge and the initiative may have been created among themselves, or brought to them by one outside agent or another, e.g. staff of the government department for co-operative development.

Formation 'from above'

Another not uncommon method is that a society is formed more or less by directive from 'above', or at least formed through a process in which the presumptive members have hardly been consulted and only perfunctorily - if at all - informed. The latter method is one which does not ensure active interest and **loyalty** from the side of the members - it is often, on the contrary, a way of making them suspicious and alienated. Experience in East/Central Africa bears witness about that. Still it may not matter so much from the technical and economical point of view, if it is a case of a co-operative which the future 'users' have no other option than to join or at any rate trade with. It will not work smoothly and efficiently until the members feel for it and participate in its running, but there is time to bring that about through education, as the business is not seriously affected by the lack of member interest.

The case of a consumers society is normally different. The consumers in a given area have usually a choice between a number of shops, and they may also be tied to one or another of them by force of habit, by convenience or by indebtedness. If suddenly another shop is opened in the area under the name of "X Consumer Co-operative Society", with little local participation in its formation, the consumers are not likely to rally around if that new shop does not in a very marked way offer advantages, compared to the private traders.

There is nevertheless a school of thought, with many followers, in favour of developing consumer co-operation from 'above'. The general idea seems to be that the best way is to establish a relatively competitive shop attracting customers/consumers and that a co-operative society with active membership will grow up around it. (There is, as a rule, a society with a few more or less 'ex officio' members registered as a matter of formality.) Many of the initial problems of financing, guaranteed supply of goods, management etc. would be less difficult, and a 'break-through' will be made in a much shorter time, than the alternative of starting in a humble way.

The 'wholesale approach'

One approach is the setting up of a co-operative wholesale organisation, which opens a chain of retail shops, presumed to be the nucleus of consumers societies. Co-operative history can show many examples of that approach - but it also shows that these experiments have usually failed. The Cosata project in Tanzania in the mid-sixties is one typical example of such an attempt with its sequential collapse. It appears to be a safe conclusion that consumer co-operatives need a relatively high degree of member interest - in the preformation period a high degree of interest among presumptive members -, member loyalty and member participation in order to prosper. A shop, however good, does not seem to be enough. An active members' life has to be created very soon, if the society/shop was not based on it from the beginning.

A dilemma?

It is already indicated above that a society formed with massive support from outside might be in a much better technical and financial position to enter into competition with the private trade than one which is dependent on members' contributions and member loyalty only. Are we then facing a dilemma? A choice between one of two alternatives, which we know have their drawbacks, both of them? That is not necessarily so. Let us first examine the criteria for formation of a consumers co-operative, as emerging from the foregoing:

Criteria for formation

- (i) - A genuine interest in its formation, among a reasonably large group of consumers.
- (ii) - A reasonable knowledge of the financial and technical problems involved in operating a retail shop, at least among the leaders.
- (iii) - A sufficient amount of working capital ensured, preferably from among the members, but otherwise augmented by e.g. loans.
- (iv) - An absolute guarantee that there is managerial skill available for the day-to-day operations, on the level required.
- (v) - A sound plan drawn up for the establishment and operation of the activities, showing to satisfaction that the society will be a viable one.

The usual approaches to formation of a consumers co-operative - irrespective of where the initiative originates - discussed above are:

- (i) - An external agency, often but not necessarily government sponsored, puts up most of the initial capital and takes charge of the operations, with the long term objective of handing over the responsibility to the future members themselves. Little local participation.
- (ii) - A group of consumers decide, after a period of discussions and planning, to recruit a sufficient number of members and to raise a sufficient amount of capital to enable them to start operations on a viable, but normally small, scale. Much effort is laid on the creation of interest and enthusiasm among the core of the membership.

A third approach was hinted at. One which is so ill founded and risky that it ought to be outside any serious discussion, but which has to be mentioned as it unfortunately occurs now and then:

- (i) - An individual or a political grouping uses influence and/or authority to start a consumers co-operative, without planning, financial and technical backing and with no genuine local participation.

The 'two-way approach'

The list of criteria shows that both approaches should preferably be used, in order to establish these criteria fairly safely and within a not too long time. The start should be made 'from below' by creating a genuine member interest, but there should at the same time be a possibility of receiving support 'from above' when the proposed society is ready to start operating. Such support could be in the form of help with preformation education, planning, technical and managerial advice, loans on preferential terms, assistance in organising the supply of merchandise and so on. The ideal situation according to this theory would be the existence of a central organisation for consumer co-operatives (independent or integrated in another co-operative apex organisation), preferably with wholesale activities, which is prepared to assist and support the formation of new consumer co-operatives, if and when the consumers in a certain area have decided to form one and subscribed a certain amount of share capital, but which does not engage itself or a proposed society in retail activities prematurely.

2.3 Techniques of formation and legal aspects.

2.3.1 Techniques

The intention of this paper is not to discuss technical matters and details. How to go about to form a consumers co-operative is also likely to vary from place to place, depending on the actual local circumstances. What is common is that the 'pioneers' should always map out a strategy and draw up a plan, based on a feasibility study. These actions need not be as complex and advanced as the impression somehow given by the terms themselves. But a broad number of aspects have to be carefully looked into and judged objectively. Laxity in planning and unfounded optimism are the causes of many a failure in consumer co-operative development.

Expert assistance should be sought, where the leaders of the future society do not possess sufficient technical knowledge, and they should be modest enough to realise their limitations and listen to advise. Laymen guesswork is another cause of problems.

That means that such expert assistance also ought to be available, when called for. Be it the responsibility of the government, of a special central consumer co-operative body or of a national apex organisation, but a team of 'experts' - 'consultants' to use a less pretentious word - is almost an absolute pre-condition for a proper formation of consumer co-operatives and a sound development of the movement.

2.3.2 Legal Aspects

It goes without saying that the formation of a consumers co-operative should follow the procedure laid down in the Co-operative legislation of the country concerned. This provides a link with the call for realistic planning in the foregoing sector, as the law normally restricts the Registrar from registering a co-operative if he is not fully satisfied as to its viability.

3. ORGANISATIONAL AND STRUCTURAL PROBLEMS

This paper has so far discussed only independent single purpose consumer co-operatives, since the problems related to formation and the special objectives are not relevant to existing co-operatives, originally formed for other purposes. Very large groups of consumers can, however, have their daily needs met in an equally co-operative way, if existing co-operatives of which they are already members decide to add distribution of consumer goods to their line of activities. These are the predominantly rural multipurpose co-operative societies.

A discussion on organisational and structural problems of a consumer co-operative movement will therefore have to consider both varieties.

One situation should in particular be observed:- Members of a rural co-operative may decide to form also a consumer society, instead of integrating that business into the existing one. The membership will be largely, but not necessarily, the same, and they may even decide to use funds accumulated in the existing co-operative to form the new consumers society. Examples of this are not uncommon. The method may be contrary to the current policy of promoting multipurpose co-operation, but it would be wrong to leave it out of a discussion on principles as it, indeed, offers several advantages in some circumstances.

In the following will be discussed

- organisational problems on primary level
- structure of a consumer co-operative movement

3.1 Organizational Problems on Primary Level

3.1.1 Singlepurpose Consumer Co-operatives

Once a large enough group of consumers have decided to form a co-operative, there ought not to be any major organisational problems. They have on one hand to fall back on the requirements in the co-operative legislation, and on the other hand on the bye-laws adopted. Societies should not be encouraged to draw up their own byelaws, or to make their choice from a

number of varieties available to them. There should be one basic issue of 'model byelaws for consumer co-operative societies' recommended by the Registrar, with possibilities for minor adjustments if local circumstances so require.

An example of such model byelaws, based on international experience but with adjustments to local African conditions is appended to this paper.

Some organisational problems may arise when the society is expanding in size, perhaps with a number of shops spread over a large geographical area and/or the membership growing into many thousands. The simple parliamentary structure with direct democracy can no longer cope with the size. In order not to lose the advantages of large scale through breaking up into smaller independent societies, the society can adopt a system with sub-divisions, each division to elect delegates to the General Meeting and also with other democratic functions. Model byelaws for this system should also be available.

3.1.2 Multipurpose co-operatives with distribution of consumer goods.

The basic organisation of the co-operative cannot possibly be changed, but a sub-committee to look after the retail business may be elected.

Problems of organisational and administrative nature might not be significant at all, if the membership is very homogenous:- Farmers with about the same income, and about the same spending habits in the societies shop.

The problems will arise if there is a non-farming sector of the population in the area, patronising the shop run by the society, or if the farmer/members' patronage differs considerably. In both cases there will be a problem of distribution of surplus, derived from the shop. Should a special patronage bonus be paid on the basis of actual purchases from the shop, or should it be pooled with the surplus from other activities?

We could find a situation where a society has had no surplus from sale of members' produce, but a satisfactory surplus from the shop. A member having delivered much produce, but made no purchases, could be allocated a good share of a surplus to which he has made no contribution if the distribution is made on the basis of delivery of produce. Another question is if somebody who needs and wants to patronise the shop should be allowed to become a member, even if he participates in no other activities.

Tricky problems can, indeed, turn up, and it is in such circumstances it ought to be discussed if it were not better to have a separate consumers society, working in close collaboration with the multipurpose co-operative. The approach to the question of multipurpose or single-purpose should be pragmatic rather than dogmatic.

(The necessity of a fair, even if unsophisticated and easy manageable, cost accounting system in a multipurpose co-operative is illustrated by the above questions.)

3.2

Structure of a Consumers Co-operative Movement.

The following is based on the assumption that consumer co-operative societies should not remain isolated from each other and from the co-operative movement as a whole, but that it is desirable that they join together in a suitable form. Given the existing co-operative structure of predominantly rural co-operatives, with three levels:- primary, secondary (on district or regional/provincial level) and tertiary (on national level), the first main question is whether primary single purpose consumer co-operatives should seek affiliation to that structure already at secondary level - with the obvious sub-question whether they would gain anything from that affiliation - or whether they should 'go it alone' and build up a single purpose consumer co-operative structure, presumably affiliated to the overall co-operative structure at top level.

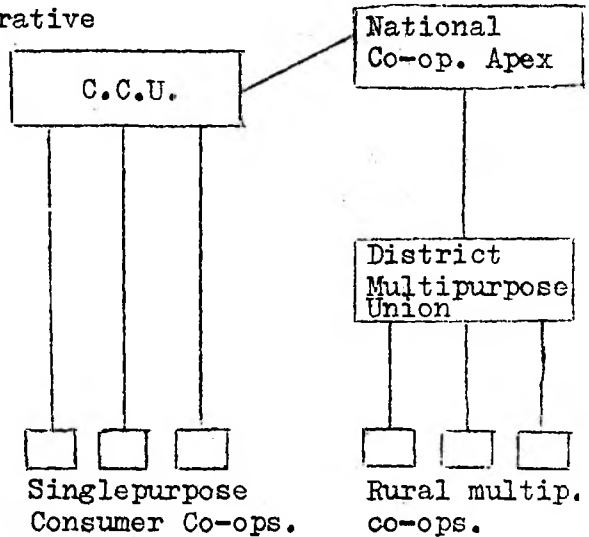
A compromise would be that the various tasks of a separate national consumer co-operative union are instead given to a 'Consumer Co-operative Department' of the existing national apex organisation, to which consumers societies would be directly affiliated. A variant is that rural multipurpose co-operatives with retail shops seek affiliation to the specialised consumer co-operative structure. There are, as can be seen, a number of interesting combinations, which can be discussed from points of principles as well as from practical angles. It is not the purpose of this paper to advocate the merits of one combination as against another, but to demonstrate the most probable alternatives.

Co-operative Wholesale

The following diagrams of possible structures of consumers co-operation do not indicate whether the Consumer Co-operative Union or the Consumer Co-operative Department of the national Co-operative Apex Organisation should be merely advisory and supporting bodies, or whether they should also establish wholesale activities. Nor is there a diagram showing a parallel separate wholesale organisation. This discloses to some extent a bias on the part of the authors of the paper, that co-operative wholesale should not be separated from the organisational structure, but rather integrated into it. The CCU or the CCD - and a possible association on district level - could therefore also be seen as having wholesale as one of their activities, perhaps even the main activity, giving the organisation a financial 'backbone' and thus make it the more easy for it to render the other services.

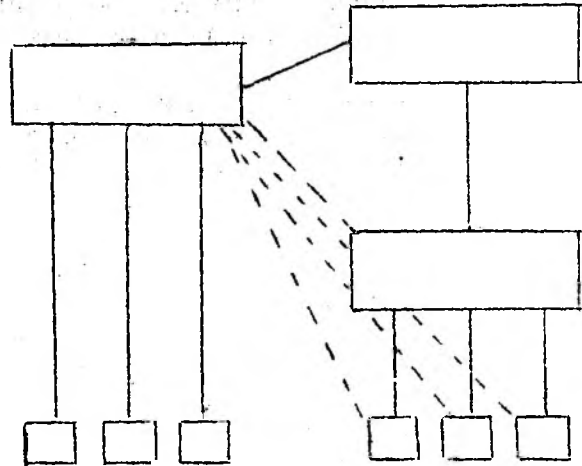
1. Specialised nationwide Consumer Co-operative Union. (Affiliated to national Co-operative Apex Organisation)

Only singlepurpose Consumer Co-operatives affiliated to CCU, which is catering for its member societies only.



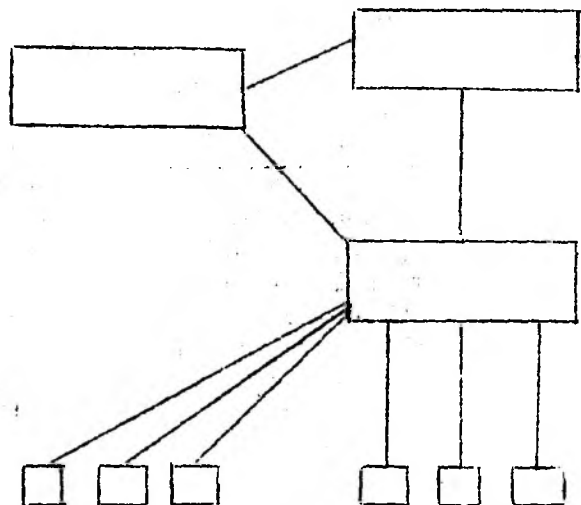
2. Specialised Consumer Co-operative Union, as above.

Also multipurpose co-operatives (primary and/or secondary) affiliated and catered for.



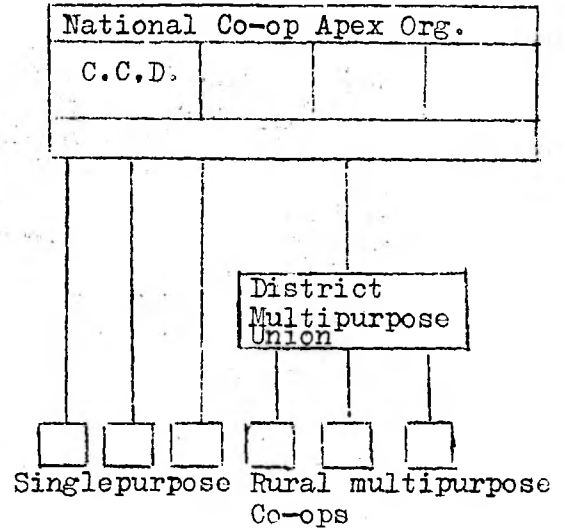
3. Specialised Consumer Co-operative Union.

Primary singlepurpose Consumer Co-operatives not directly affiliated, but affiliated to multipurpose district (regional/provincial) union, which in its turn is a member of the CCU.



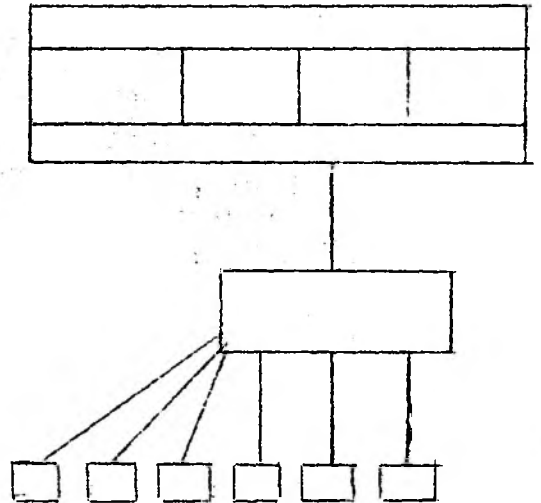
4. 'Consumer Co-operative Department' integrated in national Co-operative Apex Organisation.

Singlepurpose Consumer Co-operatives directly affiliated to the Apex, not via district union.



5. 'Consumer Co-operative Department' integrated in National Co-operative Apex Organisation.

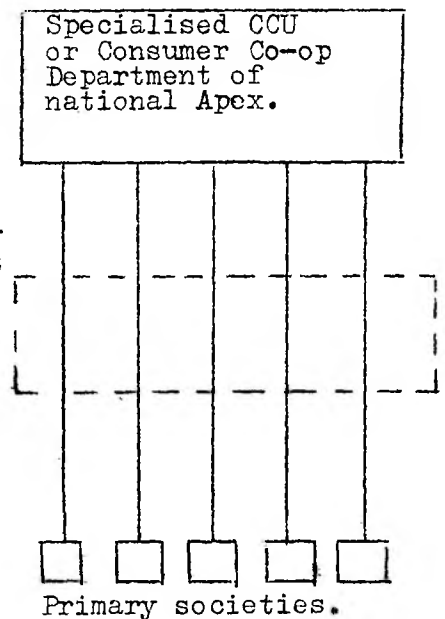
Singlepurpose Consumer Co-operatives affiliated to district multipurpose union, not directly to the Apex.



6. A variant of combinations 1,2 and 4 above (where consumer co-operatives are not affiliated to the local multipurpose union) is the institution of a body on district (or other appropriate area) level, to serve ~~consumer co-operatives and~~ multipurpose co-operatives in the area.

This would most likely be in connection with wholesale or 'joint buying' activities, but the district body could also serve as an advisory centre.

Primary societies could still be directly affiliated to the national body, although a construction with a primary, secondary and tertiary level could also be contemplated.



This question is, however, one which has to be seen against the background of local circumstances. There may be factors making the establishment of co-operative wholesale less needed or perhaps disencouraging it. If it is needed, there may be circumstances requiring it to work as a separate organisation. Going back to the introduction of the paper, we are reminded of the fact that the consumers are suffering not only from a possible exploitation on the retail level, but as often from exploitation ~~farther~~ back on the distribution line, and also from the ill effects of a disorganised and unrational distribution system as such. Organising consumer co-operatives on retail level only may therefore very well be a half-measure - if even that. The great contribution of the movement may lie in an 'integrated approach' to the distribution system as a whole.

There are varieties on the theme of wholesale: a beginning may be made by individual societies pooling their orders, in order to get the advantages of bulk buying and stronger bargaining positions. Local, not necessarily nationwide, wholesale activities may be started by a number of neighbouring societies, provided their combined business is large enough. The wholesale can be concentrated on a few essential commodities only, where savings can be made. It is, at any rate, most important that the situation with consumer co-operatives scattered about in a country, with no common organisation and no collaboration comes to an end. That is the beginning out of which services of various kinds will grow.

ICA REGIONAL SEMINAR ON PROBLEMS IN THE DEVELOPMENT OF
CONSUMER CO-OPERATIVES

Planning of Consumer Co-operative Development

1. INTRODUCTION

Planning as an art of setting objectives and goals and of determining the means to be used to achieve them is not a new phenomenon in co-operative development work. Co-operators at all levels - village district and region - have always, either as members in general meetings or as elected leaders in committee meetings, been involved in performing this important function of management. In fact, it is stipulated in the Co-operative Legislation that before any co-operative is started members have to formulate objectives and goals of their society as well as determining the means of reaching them.

But whether the plans drawn at different levels contribute positively toward a consistent and co-ordinated structure of operations focused on the desired objectives is another matter which needs further analysis. Statistics available in the Region of East and Central Africa reveal that the development of consumer co-operatives leaves much to be desired. Indeed, despite massive government support in some parts of the Region the development of consumer co-operatives has not been as encouraging as it ought to be. One of the reasons for this rather slow development is said to be connected with inadequate planning at national and society levels.

2. PLANNING AT NATIONAL LEVEL

In all countries of East and Central Africa, the responsibility to plan for Co-operative development is laid on the shoulders of the Governments - the Co-operative Development Divisions. Actually, the Co-operative Development Plan is regarded as a component part of the National Development Plan which is drawn after every three, four or five years (depending on the individual countries). The Co-operative Development Plan, on the other hand, consists of a number of sub-plans depicting different branches of co-operative development. One of those sub-plans will show how the Government intends to promote and develop consumer cooperatives in a particular plan period. The implementation of the plan for consumer development is normally entrusted on the hands of Consumer Co-operative Development Section of the Department which has qualified staff specialised in the field of Consumer Co-operatives.

3. DISADVANTAGES OF THE SYSTEM

1. A Consumer Co-operative Development Plan drawn up in this manner can only contain general statements of purpose which, more than anything, aim at channelling decisions of field co-operative officers toward set policies. Such plans are rather vague and pose great difficulties in their implementation. It is worth noting the fact that, as a result of the nature of the plan, one very seldom hears of plan appraisal, and control or reports of implementation.

2. Experience gathered throughout the Region shows that the plans for consumer co-operative development in the individual countries are not adequate to achieve a consistent and co-ordinated structure of operations focused on a rapid development of consumer co-operatives. More often, consumer co-operative development has been retarded as a result of loosely drawn up plans which could not offer clear guidance to different development alternatives.

3. NATIONAL CONSUMER CO-OPERATIVE PROMOTIONAL COMMITTEE

In order to achieve effectiveness and efficiency in the planning of consumer co-operative development programmes in the individual countries in the Region, it is suggested that a specialised National Consumers Co-operative Promotional Committee with members drawn from the Government, the National Apex Co-operative Organisations and the Co-operative Colleges be created in each country to cater for the specialised needs of consumer co-operatives. The committee should particularly take care of the following responsibilities.

- (a) Preparation of National Consumer Development Plan
- (b) Supervision and control of the implementation of the plans
- (c) Co-ordination of consumer co-operative development programmes
- (d) Give advice to Government and National Co-operative Organisation on matters of policy on consumer co-operatives.
- (e) Approve training programmes for consumer co-operative personnel.
- (f) Encourage and co-ordinate research programmes.

The membership of the Committee could vary depending on circumstances prevailing in the individual countries. However, as a guidance, the committee could be formed of two members from the government, two from the National Apex Co-operative Organisation and one from the Co-operative College (i.e. a ratio of 2.2.1.).

4. PLANNING AT SOCIETY LEVEL

Too often it has happened that consumer retail outlets have been planned and established, without undertaking necessary studies. Consequently, heavy losses to the society and members were incurred. It must be borne in mind that any decision of the management committee on matters related to the establishment of shops will have long-term effects on the life of the society. It is, therefore, of utmost importance that the management makes correct and sound decisions. In order to achieve this goal, it is necessary that as much information, concerning different alternatives, as possible is collected and made available to the management committee before a decision is taken.

FEASIBILITY STUDY

Preparation of a feasibility study is an essential exercise before a new shop is established. Opening a new shop without proper feasibility study should be treated as a grave evasion of responsibility on the part of the management. The attitude, which is often practised, of the committee sitting down and loosely "guessing", "assuming" and "hoping" when planning for the establishment of new shops should be totally discouraged.

IMPORTANT FEATURES OF A FEASIBILITY STUDY

A feasibility study will have to be based on:

- (a) the previous experiences
- (b) the present statistical data and environmental factors which at present affect the business and
- (c) the future planning and proposed development within the area of operation

The following information have to be obtained in detail for a feasibility study:

- (i) Number of inhabitants and the rate of growth of population in the area.
- (ii) Number of potential members
- (iii) Purchasing power - both total and within the various lines of merchandise and
- (iv) Consumption patterns.

When selecting the actual site for shops, the following points should be considered:

- (1) **Accessibility:** The site of the shop should be accessible to members and suppliers without difficulty
- (2) **Prominence:** The site should be chosen so that it catches the attention of the potential customers
- (3) **Neighbourhood and reputation of the site.** The neighbourhood of the shop can spoil the general impression of the shop. A similar effect can result from the bad reputation of the site itself caused by previous owners or by business failures on that spot.
- (4) **Competition:** Sometimes it is advisable to establish a shop near the competing retailers. However, there are occasions when a newly established society has to keep a certain distance from strongly established competing shops.

CONCLUSION

It has been revealed in this paper that planning is an intricate task which requires a lot of foresight and knowledge if it is to be carried out with success. The fact that the majority of the committee members in our consumer co-operatives have little education, (if any) and less experience in business management, makes the problem even worse. It is important, therefore, that expert advice be made readily available to the management committees of consumer co-operatives at all levels.

On the other hand, experience has shown that it is not always easy to get expert advice at village and even district levels. Even where the government provides officers for this purpose, the situation is not quite satisfactory because co-operative officers who are qualified to give technical advice to consumer co-operatives are far from enough. In fact, it has been observed that, very often, co-operative officers who are incharge of consumer co-operatives in the districts have not had any specialised training on the operations of consumer co-operatives at all. In such situations one could talk of a blind man leading blind people! This practice is dangerous. Our respective governments have to be advised to discontinue it if there is to be any success in the field of consumer co-operatives in this Region.

ICA REGIONAL SEMINAR ON PROBLEMS IN THE DEVELOPMENT
OF CONSUMER CO-OPERATIVES

Summary of Group Reports

Theme for discussion:

Objectives, formation, organisation and planning.

Views of the Groups

1. All groups were of the opinion that the East and Central African countries had reached a stage when a more concerted and concentrated effort towards the development of consumer co-operatives ought to be made. It had been observed that, in all these countries, the governments were very much disturbed and concerned about the dominating position of businessmen of foreign origin in retail and wholesale trade. As such, it is the feeling of the individual countries that consumer co-operatives could offer an ideal alternative which will enable the indigeanous people, among other things, to participate fully in the trade and, in this way, influence a fair distribution of the country's wealth.

2. The groups unanimously agreed that the ideal way of forming consumer co-operatives should be from below i.e. through the initiative and efforts of the people themselves as a felt need. However, it was felt that, at this stage of development, not many people were enlightened enough to possess the courage to initiate consumer co-operatives, particularly in the rural areas. It was felt, therefore, that, as a matter of principle, the initiative to form consumer co-operatives could come from any quarter, be it above or below, but the formation of the society should be done by members themselves as a result of their conviction.

3. The groups were of the opinion that technical and financial support from "above" were a necessity once a consumer co-operative had been formed. It was the feeling of the groups that at the moment, the newly formed societies did not receive enough such help to give them the necessary energy for the take-off.

4. On whether consumer co-operatives should be encouraged to adopt a single purpose or a multipurpose form, the groups felt that flexibility be allowed to suit different situations in the individual countries. However, as a guideline, and, for purposes of efficiency and effectiveness, the multipurpose form be encouraged to develop in the rural areas while in big trading centres and cities the single purpose pattern be taken as ideal.

5. It was the feeling of the groups that an independent national body consisting of government, national apex organisations and co-operative college representatives be formed in each of the countries represented in the Region to help spearhead consumer co-operative development programmes. Such a body should be vested with the responsibility of among other ~~overall~~ overall planning and co-ordination of consumer development programmes in accordance with the government policies.

6. The groups considered the formation of a wholesale co-operative organisation a priority matter because, from economic point of view, the individual consumer co-operatives were too small and insignificant to

be able to reap maximum benefits in the market. In order to get the advantages of economy of scale, particularly as regards bulk-buying and other necessary services which the individual societies cannot generate on their own, a wholesale co-operative organisation is a necessity.

SECTION FOUR

SEMINAR PAPERS II

THEME:

FINANCIAL MANAGEMENT
SUMMARY OF GROUP DISCUSSIONS

FINANCIAL PROBLEMS OF CONSUMER CO-OPERATIVES

(J. Lennier)

INTRODUCTION

At the very early stage of planning to form a consumer's co-operative society the financial question is the most important aspect which has to be tackled with all dire consideration.

As far as planning is concerned, not only the

- site of the shop
- expected turnover
- fixtures and furnitures
- initial stock of the shop

have to be taken into consideration but many more things which are going to cost money.

At the very initial stage, we have to ask ourselves how to raise the necessary funds in order to finance the consumer co-operative society we are going to form.

In planning the initial start of the consumer co-operative society, one has not only to take into consideration the expenses for premises (owned or rented), fixtures and fittings and the initial stock, but one has to consider losses which might occur during the first month of operation until the date the turnover has reached a point close to the break-even-point.

Experience has shown that a number of consumer co-operative societies have started operation without having sufficient capital. This was the reason which contributed to their collapse already during the first stage of development.

Sources of Capital

In a co-operative venture, as in any other business enterprises, one has to distinguish between equity and borrowed capital.

Equity Capital

Equity Capital in a consumers co-operative society is that capital which the owners are contributing in the form of shares. The amount of share capital in relation to the total amount of capital needed to start a consumer co-operative society is not dogmatically fixed. However, the contribution to the share capital by an individual member is often the sign of his readiness to participate actively in the co-operative venture.

Experience has shown that when a consumer co-operative society relies mainly on its own capital the problem has sometimes, to be faced that during its formation quite a substantial number of shares are signed but not paid up.

This means the share capital is only partly paid up at the time when the capital demand is most urgent, with the result that the capital is not enough to cover the financial needs of the society at that time.

Although it is very desirable that the share capital plays an important role in the operations of the society, nevertheless, there is no formula giving us the percentage or proportion the share capital should be in relation to the total capital required.

In my opinion it is of great importance that the capital available in a consumer co-operative society is used according to strict economic business principles. In such a case, the planning of the economic operations of the society will give us a clue about the amount of capital required. After establishing these facts, it will be our responsibility to raise as much capital as possible in the form of shares from the members.

Acknowledging the fact that there is no simple formula as far as the proportion of share capital is concerned, we easily can say that a society with a minimum part of equity capital (share capital) can only be successful if the economic conditions are favourable. On the other hand, it seems to be quite useless to finance a consumer co-operative society with share capital if it is foreseeable that the costs will always be higher than the gross surplus. The planning of the economic operations is, therefore, a precondition when forming a consumer co-operative society and deciding how to finance it.

We have stressed the point that we appreciate the part the share capital can play in the operations of a consumer co-operative. However, we do not want to over-emphasise its impact on membership participation. Whether a member is active or passive, depends much more on the performance of the society in rendering better services to him and not the amount of share capital paid in. In other words, it is the results which influence patronage and the proper functioning of a consumer co-operative society much more than the mere fact that the society has been financed entirely from own capital.

The proper functioning of a consumer co-operative society implies among others

- a well stocked shop
- the proper range of articles
- friendly, well-trained and honest staff
- a committee which shows a keen interest in the affairs of the society and does not misuse its powers for its own private interests.

Borrowed Capital.

According to experience the amount of share capital available is normally not sufficient to finance the operations of a consumer co-operative society. It is normal, therefore, that a consumer society seeks help from outside by borrowing capital from the existing financial institutions to augment its meagre capital. The most ideal financial institutions to seek help from in such circumstances, are co-operative organisations in the area. Where there is a Co-operative Bank, this is the ideal partner to negotiate with for a loan. In some countries loans can also be obtained directly from government institutions. Taking loans from such institutions which are mutually interested in the development of the co-operative movement is preferred because these institutions do not employ stringent terms and conditions as far as security is concerned. Furthermore, the rate of interest is normally very favourable.

In the history of consumer co-operatives savings and credit societies as well as trade unions have sometimes played an important role in providing the necessary finances for the establishment of consumer co-operatives. Both types of institutions are likely - when organized and run successfully - to accumulate substantial funds from member-fees and member-savings. Since these organisations aim to serve the same type of people as the members of consumer co-operatives (e.g. the workers) a close co-operation is often found. The field of co-operation sometimes includes provision of long term loans at low rates of interest or even at no interest at all. The only problem of course, is the danger which arises when the good understanding and co-operation is not properly fostered and the consumer co-operative society falls into an unfruitful and dangerous dependency from the said institutions.

When we borrow capital, we, of course, borrow only the minimum amount necessary to operate the shop of our society - because the interest charged represents, at the same time, costs to our society. It is important that such costs are worked out in detail and are included in the feasibility study before the society starts its operations.

Another way of financing a consumer co-operative society is through credits put at the disposal of the society by its suppliers. The supplier might be ready to deliver goods today and ask for the payment after a period of one or two months or even more. The advantage of this form of borrowed capital is obvious since we do not lose any cash discounts because this credit is normally free of interest. Suppliers credits should be regarded as short term loan. But with its revolving effect, quite a substantial amount of the total capital of the society can be regarded as short term loan. The danger, of course, is that small societies which work with only one or two suppliers can lose their independence very quickly.

In the case of consumer's co-operative unions which work together with a considerable number of suppliers, this type of finance can prove to be highly successful. However, this type of financing is only useful when the society is in full operation. At the formation stage, credits from suppliers cannot be counted because suppliers only grant credits when a consumer co-operative society is functioning properly.

ICA REGIONAL SEMINAR ON PROBLEMS IN THE DEVELOPMENT
OF CONSUMER CO-OPERATIVES

Summary of Group Reports

Theme for discussion:

Financial problems of consumer co-operatives

Views of the Groups

1. The groups agreed unanimously that the ideal way to finance consumer co-operatives was through the members contributions. In this connection, it was emphasised that all possible efforts be made to find the necessary capital for the operations of the society from members themselves in the form of shares, entrance fees, members' savings etc.
2. The groups noted, however, that, in reality, particularly at this stage of development, it is not possible to meet all the financial requirements of consumer co-operatives entirely from member contributions. The normal practice, therefore, is to rely from both borrowed capital as well as members contributions.
3. For economic reasons and for purposes of retaining the identity and independence of consumer co-operatives, the groups cautioned consumer co-operatives against relying entirely on borrowed funds. The groups felt strongly that consumer co-operatives should be organised on self-reliance basis through, as much as possible, member contribution, otherwise the enthusiasm and spirit of members to patronize their societies will be killed.
4. As regards the proportion of borrowed capital in relation to the total capital requirement, the groups were of the opinion that it was difficult to give a ruling and, as such, it should rather be left to individual societies to decide according to situations and circumstances. However, it was agreed that, as a rule of thumb, the contributions from members should preferably be more than 50% of the total capital requirement.
5. The groups recommended that, as far as possible, for reasons of economy and good understanding, consumer co-operatives be encouraged to turn back to co-operative organisations e.g. Co-operative banks etc. and government statutory bodies for loans.
6. The groups recommended that more collaboration and co-operation be encouraged between consumer co-operatives and the other already well established branches of co-operatives like the marketing co-operative unions, the savings and credit societies etc. so as to enable the consumer co-operatives to get the necessary backing in the form of moral and material support which they so badly need.
7. The groups noted that the present consumer co-operatives were too small to benefit from the services of commercial banks which apply stringent terms for the loans they offer to clients. In this connection, it was recommended that consumer co-operatives use their wholesale co-operative organisations to negotiate with the commercial banks on their behalf.

8. The groups agreed unanimously that the establishment of a revolving fund, specifically for the purposes of providing financial support to consumer co-operative development, would help very much to alleviate the present financial problems facing consumer co-operatives in the Region. It was felt, however, that, once such a fund was established, proper administration and fair distribution must be maintained, if the fund is to bear fruit.

SECTION FIVE

SEMINAR PAPERS III

THEME: OPERATIONAL PROBLEMS

- BUYING
 - ASSORTMENT POLICY
 - PRICE POLICY
 - CASH AND STOCK CONTROL
-

ICA REGIONAL SEMINAR ON PROBLEMS IN THE DEVELOPMENT OF
CONSUMER CO-OPERATIVES.

OPERATIONAL PROBLEMS OF CONSUMER CO-OPERATIVES.

I. BUYING -

(A. Hansson)

Buying of goods is a very important function in the society, perhaps the most important, and we have to devote a lot of time, attention and energy to it. What to buy, quantities, when and where to buy are all factors of utmost importance for the economical results of our operations.

This is important when we start the shop in a small scale and even more important when we are expanding into new areas and lines of goods. The Consumer Co-operatives to-day are still very small, not very well organised and they are financially weak. The most hindering factors in their development is lack of proper systems and routines for purchasing, steady supply and high transport costs.

THE MAIN PROBLEMS CONNECTED WITH BUYING AND DISTRIBUTION
OF CONSUMER GOODS CAN BE SUMMARIZED IN THE FOLLOWING POINTS:-

- Lack of goods at the retail and wholesale level due to lack of planning and constant supply. Orders are placed too late when goods are sold out completely.
- Import restrictions and changes of sources of supply can also disrupt supply and hinder a smooth running of the shops.
- Artificial lack of goods caused by well established competitors who manage to buy in bulk due to their stronger financial position. Many competitors are also involved in wholesaling and distribution.
- Small and weak not very well organised Co-operative Societies. Frequent buying of small quantities.
- As a result the Co-operative managers go buying from sub-wholesalers at high prices with too small a margin left for the society to cover necessary operational costs.
- The Managers are frequently out hunting for goods and the work in the shop is left to inexperienced staff without supervision. In small areas the shop has even to be closed.
- Goods are out of stock at times during the week and no substitute is recommended. Result: empty shelves and lack of sales.

- The managers are tempted to buy large quantities with reduced prices at a certain minimum quantity. Certain commodities are also sold in full boxes in quantities which are not in proportion to the frequency of sale nor to the society's working capital.
- High transport costs. The irregular and individual buying connected with small quantities makes it difficult and costly to transport the goods.

These are the main reasons why we, to-day, find so many societies in financial difficulties due to either overstocking or understocking. As a result of limited capital overstocking of certain commodities often prevents the societies from stocking sufficient quantities of other lines of goods. Overstocking is also the main cause of goods leakage. On the other hand, understocking means lower sales and incomes and inability to meet members' requirements and expectations of good service.

DIFFERENT SOURCES OF SUPPLY

In order to obtain a reasonable assortment of varieties, the co-operatives have at present to deal with a lot of different suppliers. We have examples of 20 - 25 different sources of supply in Dar es Salaam.

The main sources can be:

State Trading Corporation

Regional Co-operative Unions

Direct from the producers/manufacturers and Mills:

beer, milk, oil, cosmetics, flour etc.

National Marketing Agencies: Tea, coffee, tobacco

Several private sub-wholesalers/retailers.

The conditions for co-operatives and private enterprises are almost the same. Neither of the suppliers are providing any service to the societies. The sales terms are cash and carry and bought as received. Any later complaints of short delivery, breakage or inferior quality are usually not complied with.

CO-OPERATION IS THE ANSWER TO THIS PROBLEM

In order to improve the present conditions of supply to the Co-operatives we have to pool together our resources and co-ordinate our efforts in order to safeguard our interests. The co-operatives should be given a fair chance to establish themselves and expand - but the main responsibility will rest on ourselves.

Considering different stages of development, we will distinguish 3 alternative solutions to a more efficient buying and supply of goods.

ALTERNATIVE I

A well established shop/society buys on behalf of surrounding co-operative shops.

Finance: participating societies contribute/deposit an amount of money equal to one week's supply.

Costs: Contributions to running costs are shared equally or on turn-over basis.

Advantages: Shops can remain open throughout the week.

- Bulk buying, quantity discount
- Managers will concentrate on sales promotion and supervision
- Professional buying
- Reducing costs
- Co-operation

Condition: a capable manager and sufficient storing facilities.

cash and carry.

ALTERNATIVE II

Buying Agent

A number of societies form a buying organisation and employs a professional buyer. A committee is selected to work out a buying policy to guide the buying agent. Each society submits a weekly order and the agent should purchase the goods and arrange for transport. Payment at delivery. The transport should be hired and the costs shared by the societies on mileage basis. General expenses should be shared on basis of turnover.

Financing: Societies deposit, working capital equal to two weeks' supply.

Running costs: Salary to buying agent and possibly one assistant.

Advantages: - Organised ordering and supply.
in addition - Steady delivery on a fixed day
to alt. I - Assistance with assortment planning, price calculations and control.
- Better utilization of available funds.

ALTERNATIVE III

Union and Wholesale Society with Warehouse

A Central warehouse is established from where all societies can obtain all their requirements. A standard assortment is established and stocked and the list including recommended sales prices serves as an ordering list.

The central warehouse is buying and stocking on behalf of the affiliated societies and is responsible for deliveries. Prepacking and pricing is also possible. The present Co-operative Unions have in most cases the necessary facilities to undertake this task.

Finance: - Working capital to stock one month's requirements
- Equipment for storing and office
- Transport facilities big lorries and smaller trucks.

Running costs: Salary to Manager and necessary staff, rent, electricity, water, stationery, packing material etc.,

Advantages: Steady supply and buffer stock
in addition. Optimum utilization of transport;
to Alt. I II-Bulk buying and reduced prices

- Sales promotion and advertising
- Establish uniform assortment and prices
- Facilitate accounting, auditing and supervision.

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II. ASSORTMENT

(By A. Hansson)

The question of what goods to stock requires careful thought and at least some planning before buying. To compare the right assortment for a shop is very difficult but of utmost importance for the economical result. If we can-not offer the customers a suitable and attractive assortment they will loose interest and choose another source of supply. In this case we will not be able to compete and we will end up in difficulties with a slow rate of turnover, high costs, small net surplus and on top of that members and employees will loose confidence in their co-operative venture. Each of these matters is very dangerous and together they could easily lead to bankruptcy for the society. Due to inexperienced management and lack of proper assortment policy and planning many co-operative shops end up in overstocking.

In the following we will look into the various aspects when considering a suitable assortment.

FACTORS DETERMINING THE ASSORTMENT:-

- members and customers requirement - demand, the number of members and other customers living within the area of operation of the shop.
- income, purchasing power and buying habits. The assortment and the different lines of goods is very much depending on the income and amount of money the households can spend on various articles in our shop. If the shop is located in urban or rural areas, in residential or industrial areas, do not forget that co-operatives are primarily ment for the low income groups.
- Competition - the competitors must be studied carefully. We must have competitive variations of goods but still try to avoid slow moving and expensive stock. In general customers are more attracted to shops which can display plentiful of goods.
- the size of our shop and the capital we have available. If we have limited capital for buying goods we are bound to stock only basic requirements of fast moving articles and avoid overstocking with the result that money is tied up in slow moving and bad stock.
The size of the shop matters as we must display the whole assortment and give the customers an impression of a filled, well stocked and attractive shop.
- selling - system.
This is often related to the size of the shop and area of operation (urban or rural). A countershop cannot, for practical reasons, stock a very wide range of goods while a self service shop in the centre of the town requires a wider assortment due to customers habits and requirements.

- technical facilities-
if we consider to include the risky and expensive lines of perishable-goods and hardware and textiles, we have to have coolers, refrigerators and much more space and storing facilities.
- personnel -
a more advance set-up will require more skill and training of the staff.

HOW TO COMPOSE THE RIGHT ASSORTMENT:-

According to these factors we have to select those articles which we believe are the best ones according to the conditions of our shops - society. We should start with basic food stuffs and other commodities which the members buy daily.

THE BASIC ASSORTMENT CAN BE DIVIDED INTO:-

- Staple goods - "magnet goods" REGULAR DEMAND"
These basic articles covers generally 80% of the turnover but only 20% of the number of articles.
- in this group we include: sugar, salt, rice, flour, beans, milk, cooking oil, kerosine and detergents = these articles give a small trade margin and they need a lot of space.

Supplementary goods:-

- these commodities are supplementing the staples e.g. spices, soap and bisquits = the supplementary goods are also very much required and give as usual a higher trade margin.

Impulse goods - IRREGULAR DEMAND

- These are articles which the customer decides to buy first at sight in the shop, eg, Sweets Chocolates, Clothes, Cosmetics etc.
- These articles give a high trade margin.
We have to find a suitable mixture of these groups in order to attract new customers and ensure an economical operation of our/co-operative shops. In order to cover the low trade margin, on staple goods, we might have to include a limited assortment of sundry goods. Hardwares, lamps, brushes and chemical articles.

REMEMBER:- Always cut off a slowmoving article when adding a new one to the assortment.

ASSORTMENT POLICY:-

Taking these factors into consideration the management must decide upon a suitable assortment mix and formulate a policy guiding the daily operations. It is recommended that the committee appoint a subcommittee responsible for assortment buying and pricing and related matters.

An assortment list should be prepared within which the manager can replenish goods, but changes should be decided in the committee.

HOW TO PLAN THE ASSORTMENT.

Finally we will deal with some practical methods in planning the assortment.

- frequent touch with the market - what is available, advertisements, competition etc.,
- close contacts with the customers - listen and take note of their suggestions.
- keep a suggestion - order book available to the customers.
shopmeetings.
- analysis of the sales records.
- permanent assortment advisory counsel of house wives,.

REMEMBER:- Increasing the assortment is very risky and must be done very carefully and in accordance with the policy.

The selection of assortment is not a single event, but a permanent process.

III. PRICE POLICY

(By. A. Hansson)

The aim of a consumer co-operative society is to supply consumers with goods at lowest possible price. It is a service undertaking not a profit undertaking. This might suggest that the proper policy is to sell the goods at cost price plus something to cover overheads and disregard prices charged by other traders. This has been tried several times by consumer co-operatives. It has proved rather risky because it is easy to misjudge the cost picture and any additional costs will influence the economical results and the society might end up at the end of the year in a disastrous loss. The newly established weak societies will not be able to meet a strong price competition from more established trader. On the other hand, the Co-operative Societies badly need to build up funds and own capital in order to secure a long term operation. It is therefore the usual co-operative practice to sell at market prices and then reinvest the funds in the business and return the surplus to members in the form of dividend on purchases at the end of the year.

But the picture is more complicated than what has been explained above and we will, in the following sections of the paper, try to distinguish different price policies and discuss their influence in our operations. These are MARKET, COST PRICE AND ACTIVE PRICE POLICIES.

MARKET PRICE POLICY

This might be chosen when the society is new and not yet financially very well established. By charging average market prices the margin will be sufficient to cover initial costs, build up funds and please the members (a limited group of people) with bonus or dividend on their purchase. But it is worth noting the fact that it is a very passive policy and not up to the objectives of Co-operative shops in developing countries where there is a steady price increase with the big masses having very little for consumption. There the situation is also characterised by insufficient supply to meet the increasing demand. This situation is used by ordinary traders to exploit the consumers by charging exorbitant prices. To balance this the government steps in and fixes maximum prices.

COST PRICE POLICY

As a Co-operative society we might imagine that we are not interested in creating large surpluses. We will be satisfied, if we only managed to cover our costs. If a certain margin in percent is added we will easily see that some of our goods will be priced above market levels while others will be sold at very low rates. This will result in distortion of our turnover. Goods with low prices will sell very well but the rest will have a slow rate of turnover thus increasing costs and making it difficult to maintain a full line of goods. Without a reasonable net surplus we will not be in a position to pay interest on shares nor to pay expected dividend. As a result very few new members will join.

ACTIVE PRICE POLICY

Several reasons lead us to reject the cost price policy. Instead of passively accepting the prevailing market prices we might investigate to what extent we could charge lower prices without endangering our economical result as we did in the cost price policy. Broadly speaking, the meaning of an active price policy would be that we try to adapt the price level of the goods after a number of considerations eg:

- the competition situation in the market
- turnover of respective commodities/volume
- operational costs in general and for the article in particular.
- sufficient surplus to cover building up of funds
- and the advantages of patronage dividend distribution

In order to be able to follow an active price policy we must have a certain amount of market knowledge. We must be able to estimate how our sale will develop with increased or decreased prices, how will the competitors react etc. We must carefully analyse the sales and the various costs. With people without business experience this might be difficult. We must be able to predict the influence of various variables. What will happen if we decrease our prices by 5, 10, or 15%

- how will our competitors react
- how will our turnover be effected
- what will be the purchase price with larger quantities;
- how will fixed and variable costs be effected
- how will our gross margin develop;

This might be sufficient as an introduction to a wider and deeper discussion about price policies for Consumer Co-operatives.

IV CASH AND STOCK CONTROL (F. Hauke)

In so many occasions one hears that there is no control in that society, or business organisation, or sometimes society A has closed up business because there was no control. But what control is and the consequences of having no control will be discussed in this lecture.

To control is to guide correctly in order to avoid dangers which might ruin or cause business, for example machine, to collapse. When a consumer society prepares its estimates for the coming financial year, it means preparing measures of control aiming at fulfilment of the budget so agreed and approved by the members themselves.

If a consumer society lacks control it means one cannot assess the progress and the results of the society because he would not be able to get some information related to the operation of the business. Owing to unavailability of Stock return, Trial Balance, Price Control Book, purchase and Sales Books etc., one will be unable to know the financial position of any business undertaking. If a society lacks these informative documents, then it lacks control. In other words the society has problems of control. I would therefore like to talk on three cases where control is most needed:

In order to be on the safe side, any consumer society is bound to exercise Stock Control, Leakage Control, and Cash Control.

You will excuse me if I start with Stock Control:-

Before I hit on the subject, I would like to draw a rough definition of Stock. Stock is the total amount of goods found in a shop at a certain point of time eg. The stock of Umoja Consumer as at 31/10/73 was 50,000/-. This indicates the value of all the stock at Umoja on that date. Goods arrival control is very important because a manager of a consumer shop can ensure well in advance the quality of the goods, avoidance of losses and can be sure that the items and goods ordered are the right ones. I will touch a bit deeper as we go along. I start by talking about arrangements of goods in the store. Goods should be arranged on the shelves and according to shop hygiene and should never be mixed up e.g soap and sugar or arrange sugar near tins of paraffin. If goods are well stored and arranged, it is easier to determine the balance, to replenish and cannot easily be damaged by insects or rust. The manager can also know when he should order since the goods in store can easily be counted because of the arrangements. There are instances whereby managers of consumer shops order goods while there is enough in store. They even do not bother to check in the store because it becomes a heavy task to penetrate inside the store room as a result of rough arrangements of goods.

It is very important that we start thinking about Stock control when the goods ordered by the manager or purchasing officer arrive at the society. A manager who knows his job should do the following:

- (a) He should check quantity and quality against the amount on the invoice.
- (b) He should check the price.
- (c) He should calculate and put the selling price on each item and invoice.

- (d) Arrange the goods in the manner that new stock is behind the old stock.
- (e) Make sure that there are enough goods in the shop and never keep big stock in the store when the shelves in the shop are empty.
- (f) Damaged goods should be returned to supplier immediately in order to avoid suppliers refusing owing to long delay in returning the goods.
- (g) Reduce price on goods which are not selling in the shop or, if it is worth it, make some advertisement.
- (h) Ensure stock taking at every end of the month in order to be able to draw up your trading results for the period. A statement for leakage should also be prepared.

Leakage is loss of goods or money which cannot be accounted for. Normally because one cannot avoid leakage totally, experts have agreed to provide 0.2% or 0.3% of the sales as leakage. There are several factors which lead to leakage.

1. Receiving less than goods ordered, or goods other than those ordered of less value.
2. Wrong price marking on items and goods which should have cost more but the price offered being lower.
3. Unskillfulness of cashier, undercharging the customers, wrong additions and multiplying, lack of speed in pressing adding machines etc.
4. Breakages and pilferage.
5. Carelessness in handling perishable goods: Eg. Vegetables, fruits, milk, meat, butter etc. Proper storage facilities should be considered e.g deep freezers, Coolers, or providing air conditioners. The managers should not order much of perishables if the demand is very little.
6. Thefts, employees customers and outsiders.

But all this can be avoided if proper control is exercised earlier and not wait until one gets the worse results. After we have carefully looked into the ways leakage is caused we have to find out together some methods of solving these problems. And now I will go a bit to speaking about

Cash Control:-

Cash control is as important as stock control. Strict measures should be taken to ensure cash control. Every business transactions should be recorded daily in the appropriate accounting books and their correctness checked.

Purchasing should in most cases be done by cheques in order to avoid the managers and purchasing officers buying goods by cash. It is important that all sales are banked occasionally and only little cash in a form of change should remain in the society. It is important also that a strong built-in safe be planted in the society where no customers are able to see. When a customer has bought goods he should be given a receipt and his/her proper change. Most often customers complain being given less or more change. Often many customers would not complain if they were given more change.

Every manager is required to know the position of cash given to each cashier so that at the end of a days business he can ascertain the total sales realized during that particular day by totalling the cash sales and comparing with the actual cash. In case of a society which uses cash registers it is important to do the reading before the commencement of selling in the morning and the same reading should be in the evening. But the important thing is to get skilled and honest cashiers. It is often very important to estimate the targets and check on the sales records of each cashier and compare with your daily budget of sales.

When we look at the problems of control connected with stock, cash and leakage, we should also consider the experience of staff engaged to-day in consumer retail activities. Most of these staff are untrained and our societies do lack sufficient capital to buy necessary equipments which are needed in the shop in order that business can go on without difficulties. Equipments such as cash registers, coolers, freezers, adding machines, typewriters, trolleys, are very expensive and very few societies can afford to buy these equipments to-day. The loans from bank cannot be used to buy such equipments as the bankers always direct that the money be used only for stocking the society. What is left now is for us to consider ways and means of introducing better methods of control for our societies in rural and urban areas. To-day many Ujamaa Villages and Marketing Societies are operating retail business. As such, from the economical point of view, it is important that we devise better methods of control which will assist these shops to grow.

With these few remarks I would like to leave the matter to the seminar for more discussions.

SECTION SIX

SEMINAR PAPERS IV

THEME: TRAINING AND EDUCATION PROGRAMMES
- TRAINING OF STAFF
- MEMBER EDUCATION
SUMMARY OF GROUP DISCUSSIONS

ICA-REGIONAL SEMINAR ON PROBLEMS IN THE DEVELOPMENT OF
CONSUMER CO-OPERATIVES.

STAFF PROBLEMS AND STAFF TRAINING (By. L. Hedin)

1. INTRODUCTION

Consumers' co-operative societies, like any other co-operatives, are faced with a complexity of problems. The problems are even more complicated in nature, if compared to those of the "traditional" marketing society, due to a number of factors.

The problems could largely be divided into three groups:

- (i) Financial problems - How to finance the start of a society? (And other technical problems related to the start of operations). How to finance expansions? Etc.
- (ii) Membership problems-- How to recruit members? How to maintain the loyalty and support of the members? How to organise member influence, member control and "member rule"? How to find and educate Committee members? Etc.
- (iii) Operational problems--How to run a society, so that the purpose of the society is being achieved?

Whereas the financial problems and the membership problems are important enough, it is easy to realize that the operational problems are the most crucial ones. They are basic, in the sense that efficient operations will help to solve the other problems. Great emphasis should therefore be laid on the work of establishing a proper "tradition of efficient operation", especially in the sensitive building-up stage of a consumers' co-operative movement in the country.

2. OPERATIONAL PROBLEMS

2.1 Operational problems can, in their turn, be divided into groups:

- Economy How to organise the purchase and holding of stock, price fixing, leakage control, staffing and cost control etc.
- Order and hygien Cleanliness, good order, the general outlook of the shop and the care of goods etc.
- Staff attitudes Attitudes towards customers, loyalty towards the society, the creation and maintenance of a genuine interest in the job and in the success of the society etc.

- Sales promotion

Grasping and understanding the vital role of the sales in the economic performance of the society, how to improve the sales etc.

2.2. It can be seen that there is only little of external factors influencing this type of problems. Almost all of the operational problems are related to the quality of the staff and to the professional performance of the individual. This is equally valid on all levels of the staff structure:

- Managers, Assistant Managers, Shop Assistants, Store Keepers, Messengers, etc.

The heart of the problem is therefore to improve the professional skill and also the professional awareness, attitude and outlook of each individual employee. The latter is as essential as the imparting of skills.

2.3 The more important means by which this can be done are:

2.3.1 Proper recruitment of staff.

2.3.2 The creation of motivation to do a good job and to work towards individual professional improvement. Economic or other material incentives are factors to be recognised in this context.

(There should also be established a "pressure", through a clearly defined set-up of standards and objectives to reach, which should be subject to control and supervision).

2.3.3 Experience gained in the daily work. (Supported by various means of enabling the staff to gain and exchange experience).

2.3.4 Training: - introductory basic training, but also continuous advanced and specialised training.

2.3.5 Advice, guidance and help, rendered by a specialised agency or by individual advisers or "consultants".

This memorandum will deal with the systematic organisation of training, but it will also touch upon the desirability of an organised advisory and supervisory service in the efforts to solve the operational problems.

3. TRAINING

3.1 A Systematic Training Structure

The training needs of consumers' co-operatives should be met by a training system.

The alternative, which is various courses and other training activities arranged as independent events at irregular times and with a loosely organised recruitment of participants, may temporarily satisfy locally felt demands, but it will not be of much help in the creation of the cadre of professionally competent personnel, on which a sound development of the consumer co-operative movement is so dependent. That cadre should now be systematically built up.

The following is a brief description of a suggested training system, from locally arranged courses to advance training for high level personnel. The general principle is that of a vertical training system to be followed from the basic level upwards, but trainees could enter the system from levels for which their qualifications are deemed satisfactory. The steps in the system are:

- Basic training on regional level.
- Correspondence courses.
- College courses.
- Advanced training.

3.1.1 Basic training on regional level.

Trainees: Shop assistants and Managers of small consumers' societies.

Type of training: A basic one week long course, in which the elementary principles of book-keeping and control, retailing economy, hygien, co-operation, etc. should be covered.

Short specialised courses, of one-two days duration, to concentrate on e.g. book-keeping or the economics of consumer co-operatives or any other relevant topic, could be arranged frequently.

3.1.2 Correspondence Courses.

There should be a comprehensive, but not necessarily too advanced correspondence course for Consumer Co-operatives. There should also be a few brief correspondence courses, going deeper into certain subjects. Those attending the basic local training courses should be encouraged to study the correspondence courses.

The interest and ability shown through the correspondence studies (by those who carry on with it) will be an important element in the process of selection for further training and promotion, which is crucial in the development of consumer co-operatives. Completion of the basic comprehensive course, with granting of certificate, should be obligatory for entrance to a College course.

3.1.3 College Courses

Trainees: Those who have participated in the regional training courses, and/or completed the basic correspondence course, and shown interest in and ability for a professional career in this field.

They should normally be Shop Managers, but also promising Shop Assistants. (The latter category is important, as recruitment of Shop Managers should be done from it).

Type of training: A standard course, aimed at giving the basic knowledge needed by Shop Managers of medium and large size shops. Duration 6-8 weeks.

Two such courses per year would be needed, at the present stage of development.

In addition there should be specialised courses arranged from time to time: - on one hand where the specialisation lies in the subject (e.g. economy questions, accountancy, etc.), on the other hand where the participants are drawn from a special category (e.g. Manager of consumer societies with more than one shop).

Those in the consumer co-operative career should also be encouraged to apply for the ordinary College courses, such as "Basic Management and Administration" and "Final Management and Administration". (This should, however, not be regarded as a standard part of the individual training programme, but apply to certain persons only, upon recommendation).

3.1.4 Advanced training

Trainees: It is absolutely necessary to develop a group of specialists on consumer co-operatives, to work as advisers, ("consultants") and supervisors on national and regional level, as well as to fill the more advanced managerial posts, which will arise as the development goes on. There are, at the moment, a few expatriates available, but that is a temporary "stop-gap" measure only. Consequently the "gap" has to be filled by local personnel at the earliest possible stage, but the group as such must also be extended, to be able to render sufficient service.

The individuals to go into this group, and to undergo advanced training, should not be drawn from any particular category, as a matter of rule, but be "handpicked" from wherever they have been spotted. They could be Departmental Inspectors as well as Shop Managers or students of the College, who have been discovered to be suited for this particular task.

Type of training:

The group of such trainees, which for the next two to three years should not be more than five per year, probably even less, should in principle be College students for a period of one year. ("Crash training programmes" with, say, 20 students a year should be held back for at least a couple of years, until a broader base of training facilities and employment opportunities has been established).

Individual training programmes should be worked out for each trainee, and they should be under constant supervision and guidance by the teacher in charge of consumer co-operative training at the College. The training may consist of:

- individual studies and reading (subject to tests)
- participation in selected subjects of ordinary College courses, such as the Diploma Course.
- practical training/assignments in consumers' societies.
- teaching experience, especially by taking part as planners and teachers of the basic, regional level courses.

3.2 Overseas Training

A cautious approach is recommended as regards training courses and study visits overseas. Most of the technical know-how and skills needed today can or ought to be taught in East & Central Africa. Our consumer co-operatives have not yet reached the stage, where the technology applied in most of the industrialised countries is relevant. The situation may change in some years' time, and overseas training will probably be of quite another value at a more advanced stage of the development.

An exception is made for certain types of very specialised skills. Should, for instance, the present trend towards the establishment of fairly large butchery shops or butchery departments continue, there will be a need of qualified managers of these. It is difficult to see where an adequate knowledge of meat cutting with its entailed price calculation, and the general know-how of hygienically and efficiently run butchery departments, could be acquired in East Africa today. It would, in this case, be quite realistic to contemplate sending a few presumptive butchery managers for practical training overseas.

3.3. Training of Co-operative Inspectors.

The training suggested in this Memorandum is entirely with regard to those working within the consumers' movement. Inspectors, attached to Regional and District Co-operative Offices and supposed to supervise also consumers' societies, will, however, need an orientation about the principles and practices of this type of co-operatives, with a special emphasis on the accounting system.

It is recommended that the present system, with this orientation built-in into the ordinary Inspectors courses at the Co-operative College, to be continued.

4. ADVISORY AND SUPERVISORY SERVICE

References have been made in this Memorandum (points 2.3.5 and 3.1.4) to the need of an organised Advisory and Supervisory service.

It is outside the scope of the Memorandum to enter into a detailed discussion of various alternatives of how a body to render that service could be constructed and financed, but it is recommended that the matter be subject to analysis and decision as a matter of urgency. Not only the proper development of the consumers' movement in general, but also the important development factor of training, as outlined in the Memorandum, will depend to a very high degree on the existence of such a body. It is a necessary element in the process of lessening the dependence on external assistance and should be given the consequential priority.

MEMBER EDUCATION

The Seminar discussed a set of proposals on how different types of member education - which is understood to include the education of members elected to the Committee - could be organised.

Two assumptions had been made:

- (a) - That there exists a promotional body, which has some funds at its disposal for promotional and educational work.
- (b) - That co-operative educational institutions do not discriminate against consumer co-operation, but are prepared to serve this branch of the movement in the same way as they are serving the established agricultural co-operatives.

The aspects which were briefly commented upon were:

- Objectives
- Contents
- Methods
- Material
- Responsibility
- Financing

The proposals were endorsed by the Seminar.

PRE-FORMATION EDUCATION
LEADERS/INITIATORS

- OBJECTIVES: To give the initiators and presumptive leaders of the future society a reasonable knowledge of the financial and technical problems involved in operating a retail shop, so as to enable them to draw up systematic plans and/or understand plans prepared for them by experts.
- To familiarise them with co-operative legislation and practice, interpretation of by-laws and with the general policies of the country with regard to co-operative development.
- To make them understand the role, rights, duties and responsibilities of elected leaders of a co-operative, as well as the relationship and division of labour and responsibilities between elected leaders and employed management and staff.

CONTENTS: Retail trade economics (elementary)
Organisation and practice of supply
Shop organisation (elementary)
Control methods (thoroughly)
Principles of accountancy.
By-laws (thoroughly)
Co-operative law (orientation)
The role of elected leaders.
Education and training questions.

METHODS: Group studies, guided by study material especially produced for the purpose and with assistance from available expertise (co-operative officers etc.)

Studyvisits to existing, successful societies.

Attendance of especially organised orientation courses for presumptive leaders of consumer co-operatives, proposed or information. (May apply to a few of the leaders only.)

MATERIAL: Study material for group studies, prepared so as to be possible to use for independent group studies as well as in combination with correspondence studies connected to a co-operative educational institution. The material should cover the above listed contents.

Handbook on the operation of a single purpose consumer co-operative. (The above-mentioned study material could preferably be based on the Handbook.)

RESPONSIBILITY:

- For initiating the studies:

The leaders themselves, although assisted by co-operative officers. The absolute need for studies and the availability of study material should be brought to their attention as a responsibility resting on the co-operative officers.

- For the production of study material:

Central co-operative educational institution, on behalf of the promotional body.

PROSPECTIVE MEMBERS

- OBJECTIVES: To spread information about the principles of consumer co-operatives and the benefits which may be derived from them, so as to thereby create interest, understanding and motivation.
- To give an orientation about the most important points in the by-laws.
- To obtain a feed-back of the prospective members views on the prevailing situation, and what they expect from a consumer co-operative, as well as their views on practical matters such as location of the shop, goods to be stocked etc.
- CONTENTS: Principles of consumer co-operatives, presented in an unsophisticated and easily understandable form.
- By-laws, with the most important (for ordinary members) points explained in the same, easily understandable way.
- Qualifications required by committee members (so as to ensure that leaders with suitable knowledge are being elected.)
- METHODS: Display of posters.
- Distribution of simple pamphlets and hand-outs.
- Meetings in which educational lectures (aided by suitable material) should be given, in addition to the more 'propagandistic' and 'political' talks.
- Informal discussions whenever the possibility arises. The initiators should propagate for the idea at their places of work, when they meet neighbours and friends etc, and with the help of the pamphlets enlighten people.
- Study groups (presumably attended by a 'member elite' only), with less ambitious contents and material, than in those intended for the leaders.
- MATERIAL: Posters, pamphlets
- Study material for 'members groups'
- Visual aids (such as slide series, charts etc) for meetings.
- RESPONSIBILITY: - For initiating the study campaign:
- The initiators/leaders should take the initiative, although the ultimate responsibility should rest with the co-operative officers, who must request the leaders to organise such education, if they do not think of it or bother about it themselves.
- For production of material:
- Posters, pamphlets, visual aids for meetings etc. should be the responsibility of the promotional body, which should delegate the job to suitable institutions.
- Study material should be produced by the central co-operative educational institution.
- FINANCING: The cost of production of material to be borne by the funds at disposal of the promotional body, although study material for group studies could be on the budget of the educational institution.

- For the organisation of orientation courses for future leaders of consumer co-operatives:

The promotional body, with the actual work delegated to the co-operative educational institutions.

FINANCING:

Study material for group studies should be produced by the central co-operative educational institution, financed from its ordinary budget vote for educational material. The promotional body may give a grant for the purpose. (A nominal charge should be made to those using the material.)

Residential orientation courses. Financed from 'Promotional and Educational Fund', controlled by the promotional body. (Similar to the 'Scholarship Fund' operated in Kenya, to enable financially weak co-operatives to send students to the College.)

Consolidated consumer co-operatives, who have benefitted from the fund in the early stage, may be called upon to contribute (as a 'voluntary refund') to the fund, if and when they are in a position to do so.

Studytours Grants from the promotional body, although restrictively applied, and with a stronger obligation to refund.

SOCIETY IN OPERATION
THE COMMITTEE

- OBJECTIVES: The same objective as those listed under "Pre-formation - Leaders/Initiators", although gradually more advanced in relation to the size of the operations.
- In addition:
- T o understand and draw the correct conclusions from various economical reports, presented to them monthly.
 - T o deepen the knowledge of management of finance, including capital formation, price policy, etc.
 - T o strengthen the understanding of the role of education.
- CONTENTS: The same as listed under "Pre-formation", gradually more advanced.
- Interpretation of financial reports.
 - Financial management.
 - Co-operative education and training.
 - Principles of leadership.
- METHODS: Group Studies.
Attendance of courses for committees of consumer co-operatives, organised by co-operative educational institutions.
Study tours/visits
- MATERIAL: Study material and correspondence courses, as under "Pre-formation", complemented by material on more advanced stages, so as to suit different types of consumer co-operatives.
- RESPONSIBILITY: The Committee, although "pushed" by co-operative officers, if no own initiatives are taken.
- FINANCING: All study material, expenses in connection with courses and study tours, etc., to be borne by the society, although the promotional body should assist such societies which cannot finance committee education themselves, if the case is a genuine one.

SOCIETY IN OPERATION

THE 'MEMBER ELITE'

- OBJECTIVES: To give interested members, who are not on the committee, an opportunity to widen and deepen their knowledge of matters relevant to consumer co-operatives, so as to further strengthen the base of the society in the community.
- To create a cadre from which future committee members can be elected, under the assumption that the members prefer to elect such persons who have acquired some technical knowledge.
- CONTENTS: By-laws (thoroughly).
- Co-operative law (orientation).
- Principles and practice of co-operatives.
- Relationship committee - staff - members.
- Retail trade economics (basic principles).
- Interpretation of the Balance Sheet.
- METHODS: Group studies (Not necessarily separated from group studies carried out by the committee members.)
- MATERIAL: Study material for group studies.
- RESPONSIBILITY: The committee, although also in this case 'pushed' by co-operative officers.
- FINANCING: Fees charged for study material may be paid by the individual members, but refunded upon completion of a course.

SOCIETY IN OPERATION
THE GENERAL MEMBERSHIP
(AND PROSPECTIVE MEMBERS)
ON MATTERS RELATED TO THE
CO-OPERATIVE AS SUCH.

- OBJECTIVES: T o continue the dissemination of knowledge, initiated during the pre-formation stage, with the same main objectives.
- T o bring up for discussion among the members, such matters which from time to time are relevant to the development of the society, so as to further strengthen their sense of belonging and participation and obtain a feed-back of their views and opinions.
- CONTENTS: Same as listed under "Pre-formation - Prospective Members".
- Matters relevant to the development of the society.
- The benefits of members' loyalty to the society.
- METHODS: Distribution of pamphlets and hand-outs.
- Informal discussions.
- Meetings (including General Meetings, if time allows some educational activities in that connection).
- Group studies.
- MATERIAL: Pamphlets, etc., related to societies in operation.
- Newsletters, occasionally distributed to all members.
- Visual aids for meetings.
- RESPONSIBILITY: The Committee. (Same remark about responsibility of co-operative officers).
- FINANCING: Cost of study material (pamphlets, etc.) to be borne by the society.

SOCIETY IN OPERATION

ALL MEMBERS

ON MATTERS RELATED TO THE
ECONOMY AND WELL-BEING OF
THE INDIVIDUALS

OBJECTIVES: T o meet the overall objective of the co-operative, which is to help its members towards a better life, within the frame of the capacity of the co-operative.

T o therefore teach better family economy and budgeting, better household practices, better knowledge of commodities and their proper use, etc.

CONTENTS: Family economy and budgeting.
Advantages of cash trade.
Knowledge of commodities and their proper use.
Cooking, child care and similar domestic topics.

METHODS: Distribution of simple, instructive pamphlets.
Display of posters.
Meetings
Group studies
Courses on specific topics

MATERIAL: Posters, pamphlets.
Study material
Equipment for demonstration of e.g. cooking methods.
Visual aids

RESPONSIBILITY: The overall responsibility for the initiation and promotion of such education should rest on the promotional body.

On the local level the committee, whose attention should be drawn to the importance of this education.

FINANCING: Costs incurred to be borne by the society, from its member education vote.

Collaboration should be established with agencies such as community development, which may reduce the financial burden.

Participants in courses may be asked to pay nominal fees.

ICA REGIONAL SEMINAR ON PROBLEMS IN THE DEVELOPMENT
OF CONSUMER CO-OPERATIVES

Summary of group discussions

Theme of discussion:

Education and Training in Consumer Co-operatives

Views of the Groups

1. The groups noted that education and training were the two pillars of a sound consumer co-operative development and, as such, it was strongly felt that these societies and any other parties involved in their promotion be advised to pay more attention to education and training.
2. The groups emphasised the important position occupied by the Co-operative Development Division in the promotion and the general development of consumer co-operatives and, in this connection, it was felt that the co-operative division be asked to play a more active role in the education and training of members and staff, particular at the initial stage of development of these societies.
3. The groups agreed unanimously that a co-ordinated training system for consumer co-operative personnel be developed in each country in the Region. Such a training system should establish uniformly within a national framework different levels of training e.g. Basic Training (on the job training), Correspondance Course, Advanced Course etc. thus, enabling staff to move from one management cadre to another according to qualifications.
4. The groups emphasised the need to organise and carry out member education programmes through the different media available - particularly the Radio, one day courses, newsletters and posters and whatever other effective way at the disposal of the societies.

APPENDIX

REGIONAL SEMINAR ON PROBLEMS IN THE
DEVELOPMENT OF CONSUMER CO-OPERATIVES

LIST OF PARTICIPANTS

KENYA:

1. J.M.B. Johane Dawida Consumers Co-op. Society,
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9. S.M. Rugatsimbana Uganda Consumer Co-operative
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ICA - REGIONAL OFFICE:

22. R. Forsberg
Administrative Secretary.
23. A.M. Kimario
Training Officer.

ICA-Regional Seminar on
Problems in the Development
of Consumer Co-operatives.

SESSION GUIDE I:

MONDAY, 1973.11.12

- 08.15 Participants assemble at the Seminar Hall at the Co-operative College. Short introduction of each participant to the group.
- 08.30 Official opening of the Seminar
- 08.45 Introducing the theme of the Seminar - Director ICA.
- 09.00 Presentation of Country Papers.
- 09.00 Kenya
- 09.30 Uganda
- 10.00 T e a B r e a k
- 10.30 Tanzania.
- 11.00 Zambia
- 11.30 Mauritius
- 12.00 Regional Survey
- 12.30 L u n c h B r e a k
- 14.00 Objectives and Formation of Consumer Co-operatives.
- 15.30 Afternoon T e a
- 16.00 Study Tour to M.D.C.

SESSION GUIDE 2:

TUESDAY, 1973.11.13

- 08.15 Organisational and structural problems
 of consumer co-operatives: (-R. Forsberg)
- 10.00 T e a B r e a k
- 10.30 Planning as a prerequisite of a successful
 consumer co-operative development: (-A.M. Kimario)
- 11.30 Group Work to discuss:
- Objectives and formation of consumer
 co-operatives
 - Organisational and structural problems
 - Planning.
- 12.30 L u n c h B r e a k
- 14.00 Group Work (continuation)
- 15.00 T e a B r e a k
- 15.30 Plenary Session
- Presentation of Group Reports
 - Discussions
- 18.00 Closing the session
- 18.00 to
- 19.00 Meeting of the Resolutions Committee

SESSION GUIDE 3:

WEDNESDAY, 1973 11.14

- 08.15 Financial Problems of Consumer Co-operatives
--Financial Problems
Connected with the formation of
consumer co-operatives: (- J. Lennier)
- 10.00 T e a B r e a k
- 10.30 Financial Problems of Consumer Co-operatives:
- Financial Problems when the
society is in operation
- Self finance.
- 12.30 L u n c h B r e a k
- 14.00 Group Work on Financial Problems
- 15.30 T e a B r e a k
- 16.00 Plenary session
- Presentation of Group Reports
- Discussions
- 18.00 Closing the session
- 18.00 to
- 19.00 Meeting of the Resolutions Committee

- 08.15 Operational problems of Consumer Co-operatives:
- Problems connected with Purchases
 - " " " Assortments
 - " " " Prices
- (A. Hansson)
- 10.00 TEA BREAK
- 10.30 Problems of Control (Leakage Control)
- Cash control
 - Stock control
- (F. Hanle)
- 12.30 LUNCH BREAK
- 14.00 Group Work on
- Operational Problems
 - Leakage Control
- 15.30 TEA BREAK
- 16.00 Plenary session
- Presentation of Group Reports
 - Discussions
- 18.00 Closing the session
- 18-19 Meeting of the Resolutions Committee

- 08.15 Problems connected with Staff Recruitment, Staff Development and Training. (L. Hedin)
- 10.00 TEA BREAK
- 10.30 Member Education (R. Forsberg)
- 11.30 Group Work
- Training
- Member Education
- 12.30 LUNCH BREAK
- 14.00 Group Work
- 15.00 TEA BREAK
- 15.30 Plenary Session
- Presentation of Group Reports
- Discussions
- 16.30 Closing the session
- 16.30 Meeting of the Resolutions Committee to finalise their work.

08.30

PLENARY SESSION

- Presentation of Resolutions and Recommendations (Resolutions Committee)
- Discussions

11.30

Closing the seminar

Departures

Kenya

Kilimanjaro - Nairobi EC 932 Dep. 20.00 Arr.20.50 17/11/73

Uganda

Kilimanjaro - Nairobi EC 934 Dep. 9.20 Arr.10.20 18/11/73

Nairobi - Entebbe EC 936 " 11.15 Arr.12.15 18/11/73

Zambia

Kilimanjaro - Nairobi EC 934 Dep. 09.20 Arr.10.10 18/11/73

Nairobi - Lusaka QZ 501 " 18.10 " 20.10 18/11/73

Mauritius

Kilimanjaro - Nairobi EC 320 Dep. 19.25 Arr.20.15 18/11/73

Nairobi - Mauritius MK 053 " 11.15 " 16.10 19/11/73

Tanzania

Kilimanjaro - Dar. EC 323 Dep. 19.15 Arr.22.20 17/11/73

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