# COURSE GUIDE

# CRD 320 COOPERATIVE MANAGEMENT AND ORGANIZING

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#### INTRODUCTION

This course guide is designed to help you have an adequate understanding of the nature of groups in relation to the psychological and social forces associated with groups. This is relevant in effective administration and management of co-operatives which is a sociological group in nature.

The course guide should always be handy with you at all times. Your success in the course depends largely on your constant references and understanding of the guide.

The time table scheduling your activities in the course such as studying the course, writing and submission of assignments, allocation of continuous assessment scores, final examination and other relevant information are contained in this course guide. All have been carefully packaged to enable you achieve the aims and objectives of this course.

#### **COURSE AIMS**

The course primarily aims at equipping you with an in-depth knowledge of Management of Cooperative society in relation to the nature of members, groups, the laws of their development and their interrelations with other groups and larger institutions.

The specific objectives of this course are to:

- i. Explain the meaning of Cooperative Management.
- ii. Explain the meaning of Cooperative Management.
- iii. Discuss the Cooperative Business Compared with Investor Owned Business.
- iv. Explain the Cooperative Democracy: Structure of Cooperative Democracy.
- v. Explain the importance Measures to Make Democratic Control Effective
- vi. Describe the Board Executive Relationship.
- vii. Explain Decision Making in Cooperatives: Concept, Kinds, Process and Techniques
- viii. Discuss Techniques of Decision Making
- ix. Describe The Operational Efficiency of Cooperatives, Performance Appraisal Concept
- x. Discuss Performance Appraisal and Key Result Areas in Cooperatives.
- xi. Explain Cooperative Training Methods Cooperative Education The Training Process
- xii. Discuss International Cooperation.

xiii. Identify Framework of cooperative legislation Cooperative principles

xiv. Analyze The Systemic Nature of the Cooperative Law.

## **COURSE OBJECTIVES**

At the end of this course, you should be able to:

- have an in-depth knowledge of the structure and content of the course cooperative management.
- explain the relevance of the cooperative business compared with investor owned business as one of the requirements leading to the award of b.sc in cooperative and rural development.
- apply the knowledge of cooperative management in the administration and management of co-operative societies in relation to members' group decision making.

#### **Course Materials**

The course materials that will guide you to successfully complete this course are:

- i. Course guide
- ii. Study units
- iii. Assignment file
- iv. Relevant textbooks

#### STUDY UNITS

The study units are fifteen in number organized in modules as follows:

#### Module 1

Unit 1	Cooperative Management Cooperative Management
Unit 2	Cooperative Business Compared With Investor Owned
	Business
Unit 3	Cooperative Democracy: Structure of Cooperative
	Democracy
Unit 4	Measures to Make Democratic Control Effective
Unit 5	Board – Executive Relationship

#### Module 2

Unit 1	Job Descr	iption of a	ı Me	mber		
Unit 2	Decision	Making	in	Cooperatives:	Concept,	Kinds,
	Process an	nd Technic	ques			

Unit 3	Techniques of D	Decision M	aking				
Unit 4	The Operational	1 Efficienc	y of C	Cooper	atives, P	erforma	nce
	Appraisal Conce	ept					
Unit 5	Performance A	Appraisal	and	Key	Result	Areas	in
	Cooperatives						

#### Module 3

Unit 1	Cooperative Training and Education
Unit 2	The Training Process
Unit 3	Cooperative Training Techniques
Unit 4	Cooperative Training Techniques (Lectures, Audiovisual
	Techniques, Video Conferencing and Others)
Unit 5	Management Development
Unit 6	Promotion of Cooperatives Recommendation (2002)
	International Labour Conference (20 June 2002)
	Recommendation 193

You should note that each of the units under each module as shown has self-assessment exercises and assignments which will be scored by the Course Tutor. Practice the exercises seriously and assess yourself if you adequately understand the content and objectives of each unit. This will prepare you for a good performance in the Teacher Marked Assignments (TMA) and final examinations.

References of all the information provided in this course are provided for further readings if required. This will broaden your idea of the content of the course.

#### TEXTBOOKS AND REFERENCES

Appraising Mangers Performance, http://www.rurdev.usda.gov/rbs/pub/rr136.pdf

Basic Training methodology-Materials for Training of Cooperative Trainers, Trainers Manual, ILO, www.coopnetaldia.org

Cooperative Management,

http://www.rurdev.usda.gov/rbs/pub/cir4/cir4.htm

Cooperative Management and Administration, ILO/COOP, ISBN 92-2-106319, 1988.

Henry, Hagen (1998) Framework for Cooperative Legislation, ILO,

Kulandaiswamy, V (2002) Text Book of Cooperative Management, Arudra Academy, Coimbatore.

Lawal, K.A.A (2013) Cooperative development in Europe, America and Africa in Oluyombo O.O. Cooperative And Microfinance Revolution, Lagos, Soma Prints Limited.

- Lawal, K.A.A and Oludimu, O.L. (2011) *Management Principles, Practices and Focus*. Ibadan, Asogun Books.
- Lawal, K.A.A. (2012): *Nigeria and International Cooperative*: Course Material on COP 216, nouncourse Web.
- Lawal, K.A.A., (2007) Analysis of managers' roles on performances of cooperative societies in Ojo Local Government Area of Lagos State Nigeria. In partial fulfilment for the award of M.Sc in Co-operative Business Management
- Promoting Cooperatives-A guide to ILO Recommendation 193, http://www.co-op.ac.uk/downloads/Promoting%20Cooperatives.pdf
- Roy, P.E. (2001) *Cooperative: Development, Principles and Management*: 4<sup>th</sup> Edition, USA, Interstate Printers and Publishers.
- Sharma, G.K (1997) Cooperative Laws in Asia and the Pacific, COOP TIMES, New Delhi, 1997.
- http://ilo.law.cornell.edu/public/english/employment/ent/coop/laws/Ethi opian Commercial Code 1960.

## ASSIGNMENT AND MARKING SCHEME

Assignment	Marks
Assignment 1-5	Five assignments. Select the best four and
	around $12.52$ each, $12.5x4 = 50\%$
Final examination	50% of the overall course marks
Total	100% of course marks

## **COURSE OVERVIEW**

Unit	Title of work	Weeks activity	Assessment
	Course guide	1	

#### MODULE 1

1	The Definition and Concept Cooperative	2	
	Management		
2	Cooperative Business Compared with Investor	2	Assignment 1
	Owned Business		
3	Cooperative Democracy: Structure of Cooperative	2	
	Democracy		

4	Measures to Make Democratic Control Effective	2	
5	Board – Executive Relationship	2	Assignment 2

#### **MODULE 2**

1	Job Description of a Member	2	
2	Decision Making in Cooperatives: Concept, Kinds,		Assignment 1
	Process and Techniques		
3	Techniques of Decision Making	2	
4	The Operational Efficiency of Cooperatives,	2	
	Performance Appraisal Concept		
5	Performance Appraisal and Key Result Areas in	2	Assignment 2
	Cooperatives		

#### **MODULE 3**

1.	Cooperative Training Methods Cooperative Education	2	
2.	The Training Process	2	
3.	Cooperative Training Techniques	2	Assignment 3
4.	Cooperative Training Techniques (Lectures, Audiovisual	2	
	Techniques, Videoconferencing and Others)		
5.	Management Development and Promotion of	2	
	Cooperatives Recommendation (2002) International		
	Labour Conference (20 June 2002)		
	Recommendation 193		
6.	Promotion of Cooperatives Recommendation		
	(2002) International Labour Conference (20 June		
	2002) Recommendation 193		
	Revision	1	
	Total	30	

The above table gives an overview of the course Cooperative Management– the units, the numbers of weeks devoted to each unit and the assignments to be written by you.

## HOW TO GET THE MOST FROM THIS COURSE

In the National Open University of Nigeria (NOUN), there is no lecturer physically present unlike the Conventional University. It counts on your maturity and initiatives. Your drive is the force that propels you and you are the major determinant on when and how to complete the BSc Programme in Co-operative Studies successfully.

You should regard the reading of the study materials as if you are listening to lectures. Indeed you are listening to the lecturer indirectly.

Every study unit has the same pattern. There is the introduction, followed by the learning outcomes/objectives after which, you are given the course content. Conclusion is made followed by the Self-Assessment exercises. You have to carefully go through the exercises as they assist you to recapitulate what you have learnt in the unit.

There are also Tutor-Marked Assignments which you are to answer. They all form the question bank for this Course. Your final examination question come from these ones. Also see the references and further reading.

As a strategy to go through the course, the followings are suggested:

- Read the Course Guide carefully
- Work out your private time table based on the most convenient time to study the materials
- Stick to your time-table. However, allow flexibility when and where necessary
- Start unit one and go through it before Unit 2 and finally unit 20
- You have been told never to leap frog jump any unit
- As you work through the units you will be instructed on what to do. You may be asked to go to a previous course you have done before for more information and/or reminder of some facts
- Compare the objectives of each unit with the content of your total assimilation of it. If there is a deviation, go back to the study material and re-read it
- When a submitted assignment is returned to go through it and observe comments made. If there is doubt, see your tutor
- Your completion of the last unit is an indication that you are ready for the final examination.

#### FACILITATORS/TUTOR AND TUTORIAL

During tutorials, your tutor will grade you, comment on your assignment and monitor your progress. Try your best to attend the tutorials .This is the only way to have face to face with your tutor and questions and answers are handled during this session. Do not hesitate to contact your tutor by phone or by email if you need help.

The tutor will be willing to:

- Provide answers to your questions
- Co-ordinate discussions based on the unit
- Provide feedback on tutor marked assignments
- Get feedback from students on their understanding of the unit(s); Tutorials will take place in the study centre nearest to you. You have to arrange the time and other details with your facilitator.

#### **Counselling**

This is another service from the NOUN to make you an all-round student. There are trained counsellors at the Study Centre nearest to you to provide relevant answers to issues concerning you and your studies. You are advised to also be in constant touch with your counsellor. You can even contact them through their phone numbers and e-mail addresses.

## **CONCLUSION**

In this Course Guide, you have been provided with robust information designed to make your study of Course CRD 320 successful. You need to have these pieces of information at the back of your mind.

#### **SUMMARY**

This course guide has discussed the course objectives, course aims, course materials, the study units as well as textbooks and references. Also discussed includes assignment and marking scheme, course overview, how to get the best from the course, facilitators/tutor and tutorials as well as the conclusion.

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#### MODULE 1

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Unit 5	Board – Executive Relationship			

# UNIT 1 COOPERATIVE MANAGEMENT COOPERATIVE MANAGEMENT

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Definition
  - 3.2 Objectives of Cooperative Management
  - 3.3 Relevance of Cooperative Management
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

## 1.0 INTRODUCTION

The principles of management and the principles of cooperation as seen from the foregoing analysis have a complementary role. As aptly remarked by K. K. Taimni, "In fact they converge to make the cooperative society as an ideal instrument to promote the values which a democratic polity cherishes and at the same time they provide effective means to ameliorate the lot of the vulnerable and weaker sections of the community. If cooperative principles given a social content to the economic activities of an enterprise the principles of management make it possible to put the resources of the enterprise to the best use."

#### 2.0 OBJECTIVES

At the end of the unit, you should be able to:

- different definition of the terms
- explain objectives of cooperative management

• identify relevance of Cooperative Management

#### 3.0 MAIN CONTENT

#### 3.1 Definition

#### Watzlawick

"Cooperative management should be understood as a complex decision making process within the three levels of management pyramid which aims at achieving a proper balance of success of cooperative enterprise as a business unit as well as a social institution."

# E.V. Mendoza

"Cooperative management may be defined as the efficient and effective utilization of the resources of a cooperative as a business organization for the purpose of serving the needs of its members within the context of the accepted cooperative principles."

The above definitions bring to fore the following features of cooperative management.

- Cooperative management is a complex decision making process, and decisions are made at all the three levels of management pyramid.
- The overriding objective of cooperative management is to serve the needs of members.
- The conduct of all the activities must be governed jointly by the two sets of principles namely, a) principles of management and b) principles of cooperation.
- The creation of proper balance between efforts aiming at commercial success and those aimed at maintaining the institutional goals of the cooperative association.
- Like any other management, it seeks to achieve its aim by means of effective and efficient use of resources.

# 3.2 Objectives of Cooperative Management

Cooperative management has the following objectives:

Firstly, the improvement of the operational efficiency is the fore-most concern of cooperative management, so that the organization is able to compete effectively. It must acquire capacity to thrive as a business institution in its own right. Cooperative management aims at evolving

methods and techniques on the basis of the principle of management, which will help the managers to avoid mistake and improve their practice.

Secondly, cooperative management aims at improving the viability of the cooperative society. The soundness of its strength, growth potentials and the quality of the service depend on the viability. The organizational effectiveness is the direct result of the viability.

Thirdly, cooperative management should constantly strive to achieve member satisfaction. By providing efficient service to the patron-members on economical terms, cooperative organization can achieve equilibrium, and development member-loyalty and greater patronage. The efficiency and viability of a cooperative organization has no meaning unless it is able to coordinate the objectives of its members and translate the individual objectives into meaningful reality and make visible impact on the people who from the organization.

Fourthly, cooperative organization must also strive for community acceptance by carrying out the social responsibilities expected of it.

Fifthly, cooperative management must also aim at ethical and moral development of the members. The object of cooperative organization is much more than improving the material standards of its members. Ultimately it strives to lift them to higher social and moral standards and enable them to realize higher spiritual potential.

Sixthly, to fulfill the above objective it must develop organizational and management competence by professional sing management and by taking up management development programme. The task of cooperative management is therefore, to understand the basic concepts, principles and techniques of management and systematically appraise their relevance in the context of their special goals and re conceptualize them so that training and development can be organized effectively.

The system concept of management is more relevant to cooperative management. A cooperative society should be understood as a subsystem of the larger socio-economic system. It draws resources and inputs from the environment, transforms them into service and sends the gods and services into the systems. There is constant interaction between the cooperative society and the larger system to which it is a part.

The system approach to cooperative management has four basic ingredients.

#### They are:

- A clear enunciation of the goals, which can be translated in terms of performance measures.
- A full recognition of the socio-economic and political environment external to the cooperative system but having a bearing on the performance of the cooperatives.
- Identification of the different components of cooperative structure and their various attributes and
- An inventory of the human and material resources available to the cooperative system.

# 3.3 Relevance of Cooperative Management

Both cooperative movement and the modern management movement emerged as by products of Industrial Revolution that took place in the middle of nineteenth century. They gained momentum in the beginning of the 20th century. Early cooperators and social reformers like Robert Owen and Charles Fourier had made significant contributions to the management thought. Outstanding management thinkers like P.F. Drucker, regarded them as great organizers and mangers. Both the management movement and the cooperative movement have spread rapidly and have universal relevance and coverage. The cooperative movement has spread to all fields of economic activities such as Banking, Marketing, Industrial Production and Distribution. Likewise, the modern management techniques are relevant to all type of organizations, irrespective of size and ownership. As has been stated by P.R. Dubhashi, "There is a kindred kinship between management and cooperation. If there is anything nearest to cooperation, it is Management because, is not the ultimate purpose of management promotion of cooperative effort?"

In spite of this mutual compatibility there was very little meeting ground between these two movements. Each excluded the other in its development process and there was no interaction between them. The following were the significant factors, which created a chasm between the two.

Firstly, cooperation originated as a labour movement, as a shield of the week and vulnerable; while the modern management had its origin in capitalism.

Secondly, the cooperators, for a very long time believed in small society concept and stressed the honorary management. It was believed that the ideological supremacy will result in spontaneous and natural growth without any special effort for promoting efficiency.

Thirdly, the management thinkers completely neglected the cooperative enterprise in the scheme of analysis of the management concepts, except some random references made by the authors like Chester Bernard and H.A. Simon and that too in a general sense rather than in a technical sense.

The contemporary cooperative movement particularly in developing countries is at cross roads. They have to develop their organizational competence and operational efficiency, by adopting the modern management techniques, which are universal. The modern concept of cooperation does not accept the efficacy of the 'small society' concept. Giant size organizations are not uncommon in cooperatives. When the organization grows in size, the need for scientific management gets greater significance. Besides, the cooperative sector is facing stiff competition from other sectors of the economy. The survival and growth of cooperative sector largely depends on the quality of their management.

#### 4.0 CONCLUSION

The cooperative movement has been given increasingly greater role in the economic planning particularly in the developing countries. Greater efficiency is called for on the part of the cooperatives to achieve such national goals. As a result of all these developments there has been a growing awareness among cooperators regarding the need for the application of scientific management in cooperatives. Only by bridging the management gap the cooperative sector can fulfill the tasks assigned to it.

## 5.0 SUMMARY

In this unit we have considered different Definition of the terms cooperative management, explained objectives of Cooperative Management and finally identified Relevance of Cooperative Management.

#### 6.0 TUTOR-MARKED ASSIGNMENT

- 1. Explain the term cooperative management?
- 2. Identify and explain the objectives of Cooperative Management?
- 3. What are the Relevance of Cooperative Management

#### 7.0 REFERENCES/FURTHER READINGS

- Appraising Mangers Performance, http://www.rurdev.usda.gov/rbs/pub/rr136.pdf
- Basic Training methodology-Materials for Training of Cooperative Trainers, Trainers Manual, ILO, www.coopnetaldia.org
- Cooperative Management, http://www.rurdev.usda.gov/rbs/pub/cir4/cir4.htm
- Cooperative Management and Administration, ILO/COOP, ISBN 92-2-106319, 1988.
- Henry, Hagen (1998) Framework for Cooperative Legislation, ILO,
- Kulandaiswamy, V (2002) Text Book of Cooperative Management, Arudra Academy, Coimbatore.
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- Promoting Cooperatives-A guide to ILO Recommendation 193, http://www.co-op.ac.uk/downloads/Promoting%20Cooperatives.pdf
- Roy, P.E. (2001) *Cooperative: Development, Principles and Management*: 4<sup>th</sup> Edition, USA, Interstate Printers and Publishers.
- Sharma, G.K (1997) Cooperative Laws in Asia and the Pacific, COOP TIMES, New Delhi, 1997.
- http://ilo.law.cornell.edu/public/english/employment/ent/coop/laws/Ethi opian Commercial Code 1960.

# UNIT 2 COOPERATIVE BUSINESS COMPARED WITH INVESTOR OWNED BUSINESS

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Uniqueness of Cooperative Management
  - 3.2 Normative Character
  - 3.3 Complex Aims System
  - 3.4 Superior Value Structure
  - 3.5 Distinct Economic Process
  - 3.6 Democratic Control
  - 3.7 Harmony with Macro-Policy of State
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### 1.0 INTRODUCTION

The last unit discussion is on the concept of cooperative, explanation on objectives of Cooperative Management and Identify Relevance of Cooperative Management. This unit shall focus on cooperative business compared with investor owned business and other relevant issues

## 2.0 OBJECTIVES

At the end of this unit, students should be able to:

- explain uniqueness of cooperative management
- identify normative character
- complex aims system
- superior value structure
- distinct economic process
- democratic control
- harmony with Macro-Policy of State.

#### 3.0 MAIN CONTENT

In order to have a better understanding of cooperative management, it is necessary to understand the distinct features of cooperative business.

The cooperative business can be distinguished from investor owned business in the following respects:

- 1. A private investor owned business is essentially a union of capital; a cooperative is essentially a union of people.
- 2. The former is an organization of investors; the latter is an organization of users.
- 3. The former is organized by entrepreneurs to attract and serve customers; the latter by people to serve themselves.
- 4. The former is controlled by majority of shares; and the latter by a majority of persons who are members.
- 5. In the former control by proxy in common palace, whereas in the latter proxy voting is rare and found only in those organization where it is required by general legislation.
- 6. In the former surplus earnings or profits are distributed as decided by the board of directors; in the latter they belong to user members and are distributed by the membership in annual meeting, usually as recommended by the board.
- 7. In the former invested capital is employed in three ways: to earn interest, gain profit and exercise control. While in the latter capital is permitted only for the first function.
- 8. In the former parliamentary action and constant vigilance are needed to prevent foreign domination. The latter system guarantees native control of enterprise.
- 9. In the former equity shares are generally traded freely and are priced at whatever the market will bring; in the latter they can be redeemed only by the permission of the board and at par value.
- 10. The former is a closed system; and the latter has a long record of openness and freedom of access.

# 3.1 Uniqueness of Cooperative Management

While applying the principles of management of one should not ignore the fact that the cooperative as a form of business organization possesses very distinct characteristics. It differs fundamentally in various facets of its make up as compared to the investor owned business, in the objectives (in-put), transformation process and services rendered (output).

The principles of scientific management and the efficiency criteria commonly adopted in judging the business enterprises such as the effective use of human and other resources, the quality and value of the products and services supplied, viability, surplus generated, the value added to the assets, *per se* have only a partial relevance to the cooperative enterprise. As Mr. Dubhashi has aptly remarked, "the principle of efficiency is vital in the cooperative sector also. But in so

far as the market mechanism and private enterprise, turns the principle of maximum efficiency into maximum profit, it becomes incompatible with the cooperative movement and needs modification".

Prof. George Lasserre had made this distinction in very clear terms. Cooperative cannot slavishly imitate capital sit enterprises even the best of them. The concept of efficiency as applied to the whole management cannot be the same, because the aim is not the same. A capitalist or family enterprise aims at producing maximum profit for the owners; its efficiency is reckoned by the ratio:

Profit Capital

A cooperative is formed with the aim of providing services for its member economic as well as well as non-economic; its efficiency therefore is measured by the ratio:

> Satisfaction of all kind Total Cost

The corporate objectives, organizational goals, decision process. Value structure and the method of appraisal of cooperative management are in many respects unique. Each of the unique elements is explained below:

## 3.2 Normative Character

As a social science, cooperation is more normative, than positive. The principles of cooperation constitute the vital ingredients and imperative coordinates of the cooperative organization and management. These are a set of standards and settled rules of action, which have universal application. There is an element of 'ought ness' or compulsion, particularly when the principles are translated into legal norm. as stated by P.E. Weerman: "The proper application of cooperative principle is essential for the success of the movement, for the cooperative principles are those which are essential, that is absolutely indispensable to the achievement of cooperative movement's role". The cooperative management should strive to achieve maximum efficiency only within the framework of the cooperative principle, and any rational action pursued should be compatible with the principles. Such a normative character of cooperative institutions imposes severe constraints and rigidity on the cooperative management, which impede their competitive efficiency. In order to overcome such constraints, the principles of cooperation have to be integrated with the principles of management, and a set of successful cooperative business practices have to be evolved.

# 3.3 Complex Aims System

In the cooperative organizational set up there are distinct interest groups such as individual members, cooperative group, the organization and the employees each having a distinct aims system. The aims system is still more complex in respect of the 'integrated type of cooperatives.' In such integrated cooperatives the individual member-economies, which are quite distinct from the cooperative enterprise, are organically linked with the latter. The aims system of such a complex cooperative combine includes the following diverse influence:

- a) Personal individual aim system of every member
- b) The corresponding individual operational objectives for the single member economy
- c) The system of aims and the operational objectives of the cooperative group
- d) The operational objectives of the cooperative enterprise as such
- e) Personal individual aims of the management
- f) The aims of employees and workers
- g) The influence of macro-policy on cooperative development
- h) The influence of managers from secondary and tertiary bodies
- i) Decision making process adopted within the cooperative enterprise

The cooperative management has the onerous task of harmonizing the diverse influence and coordination the complex aims system. The aims of these distinct interest groups have to be welded together by formulating over all aims system and evolving operable criteria for business decision making. The several aims system linked together with one another makes the operational objective and decision making process highly complex.

# 3.4 Superior Value Structure

Apart from being an economic enterprise, a cooperative society is an ethical, social and moral entity as well. The cooperative ideology draws its moral and social content from the reformist doctrine of Robert Owen, the father of cooperation, who advocated a 'new moral world' free from profit, competition and exploitation. The Christian Socialists too gave an ethical orientation to cooperation so as to make it an instrument of social ethics, i.e. creation of more civilized society and the salvation of social sins. "Besides promoting material prosperity the cooperative movement aims at educational betterment, thrift and morals, honesty, independence and self-respect, democracy, brotherhood and religion." Thus a cooperative society is both an enterprise and an association. To use Roymond firth's language, "it is an economic organization set in a social

framework." This dual nature of cooperative system being at the same time an enterprise and an association calls for entirely a different approach to the management process. It follows that the successful cooperative management must involve both these aspects. It is the responsibility of cooperative management to aim at success in both fields and to perform the management functions of planning, organizing, and directing and control in such a way that a fair balance between these two is achieved.

#### 3.5 Distinct Economic Process

The economic process of transforming organizational objectives into product and service specifications significantly differs in cooperatives as compared with other forms of business. In cooperatives there is close linkage between the ownership, control and use. "It is a business organization in which the components of ownership, control and use are integrated by being all vested in one body of people, the members." This sort of owner-ship-use-control vested with one group of persons who collectively are the members renders the managerial task of fulfilling the aspirations of such a group stupendous. For, the services rendered by cooperative organization are on the anvil of constant review and any lapse is prone to harsh and sensitive criticism. Furthermore the production process also distinctly differs in cooperative enterprise from other forms of business. Of the two basic pattern of organization of producer's cooperative viz. cooperative production society and cooperative service society, the second type has certain uniqueness. "In one members are workers and shareholders simultaneously. In the other case, the members possess individual enterprises and delegate one or more functions to the cooperative establishment which thus becomes auxiliary in character." In such societies the cooperative management's tasks becomes complex. The management decisions have to be made not only for member economies also. Integration of member economies with the cooperative enterprise objectives, planning and pursuing a common operative policy and appraisal of the achievement by an appropriate feedback system thus becomes the crux of the cooperative management.

#### 3.6 Democratic Control

The democracy is the corner stone of cooperative management. Though it is an ideally suited form of management for ensuring member participation and motivation, it is beset with practical limitation. The cooperative mangers need to involve more groups of people in the decision process. As a result the decision making process tends to become wasteful and vexatious. Therefore cooperative manager has to develop methods and techniques to involve large number of people

without decreasing efficiency. Another handicap in the cooperative management is that the Board of Directors of the Cooperative quite often lacks proper perception of their precise role. As a result the Board either interferes with the executive management, or performs only the watchdog function of voicing the member's grievances or fritters away the time and energy in trivialities. Aside this, wherever the Board is pliable it becomes a handmaid of the chief executive leading to quagmire of control. In such situations the role of the Board becomes nebulous and counter-productive.

The cooperative managers have the onerous responsibility of educating the leaders in the management decision making process and evolving methods to combine democratic control with managerial efficiency. The success of cooperative management thus lies in making the democratic control coincide with efficiency by synthesizing the principles of management of corporate business and the goals of economic democracy and social ownership; and making the decision process dynamic by a clear demarcation of the powers and functions of the Chief-Executive.

# 3.7 Harmony with Macro-Policy of State

Cooperation is an instrument of state policy and planning in most of the developing countries, where the state forges a symbiotic relationship with cooperatives by extending financial and administrative assistance and at the same time utilizing cooperative infrastructure for achieving development targets. Perforce, this mutual process requires the harmonization of the macro-policy of the cooperative groups. Such integration imposes certain severe constraints on the management of cooperatives. Conflict between the objectives of member groups and the macro-objectives and the sacrifice of the former for the sake of latter is not uncommon in cooperatives.

### 4.0 CONCLUSION

The foregoing analysis highlights the need for developing a management system appropriate to cooperatives by adjusting the management system to the cooperative organizational situation rather than adjusting the cooperatives to sophisticated modern management.

#### 5.0 SUMMARY

In this unit we have explained in details uuniqueness of Cooperative Management, Identified Normative Character discussed complex Aims System, Superior Value Structure, Distinct Economic Process, Democratic Control and Harmony with Macro-Policy of State.

## 6.0 TUTOR-MARKED ASSIGNMENT

- 1. Explain Uniqueness of Cooperative Management?
- 2. Identify and discuss Normative Character?
- 3. Briefly explain your understanding on the following:
  - i. Complex Aims System
  - ii. Superior Value Structure
  - iii. Distinct Economic Process
  - iv. Democratic Control
  - v. Harmony with Macro-Policy of State

## 7.0 REFERENCES/FURTHER READINGS

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# UNIT 3 COOPERATIVE DEMOCRACY: STRUCTURE OF COOPERATIVE DEMOCRACY

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Cooperative Democracy
  - 3.2 Structure of Cooperative Democracy
  - 3.3 Management Structure of Cooperatives
  - 3.4 Structure of the Organization
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

#### 1.0 INTRODUCTION

Cooperation is a people centered organization. As such the concept of democracy is central to cooperative philosophy.

#### 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- cooperative democracy
- structure of cooperative democracy
- management structure of cooperatives
- structure of the Organization

#### 3.0 MAIN CONTENT

# 3.1 Cooperative Democracy

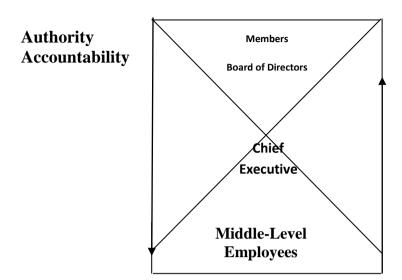
Democracy is a product of modern civilization. It first emerged in the political field in the form of Chartist movement in England around 836, which sowed the seed of political reforms. The demand for the people's charter came from the working class people who believed that the working class condition could be improved only by a parliament elected by universal adult franchise. Almost at the same time the French Revolution brought about far-reaching social reforms and extended the democratic concept to social fields by propounding the principles of Liberty, Equality and Fraternity.

The Rochdale Pioneers took up the principle of universal suffrage from Chartist Movement and applied to our economic situation. Thus the cooperative democracy is essentially an economic democracy. The principles of freedom of association, equality within the organization and participation in the organization process are the foundation of cooperative democracy. According to Paul Lambert: In the broadest sense economic democracy is partaking of persons concerned in the deliberations and decisions in the economic spheres. Economic democracy when it is pure, completely excludes capital as a source of authority; decisions are taken by persons concerned or the representatives that they have designated, all having the same right. Cooperative Democracy has two aspects i) Structural and ii) Operational.

# 3.2 Structure of Cooperative Democracy

Democratic control in cooperatives is exercised at three levels namely: the General Body, Board of Directors and Chief Executive. The general body of members is the ultimate and supreme authority and supreme authority in the matters concerning the society. It is convened at least once in a year. The general body meeting concentrates on three main items of business: 1) to receive an approve a report of the year's work, accompanied by financial statements; 2) to decide on how any surplus of the year's work can be used; and 3) to elect a committee to direct the affairs of the society. Besides the above routine matters, other major changes like amendment of by-laws, division and amalgamation etc., must be approved by the general body. The reports and statements presented in the general body should be broad and simple, so that even the ordinary members understand them. They should not contain technical details and full facts. There must be greater scope for discussion and criticism.

# 3.3 Management Structure of Cooperatives



The structure of cooperative management may be pictured like a hour glass as shown in the diagram.

For administrative convenience and effective control the general body elects a Board of Directors. The Board of Directors derives substantial powers for direction, supervision and control of cooperatives. The two stages control machinery is created to exercise effective control, while at the same time keeping the organization at all times in the hands of member-patrons. The Board of Directors at the same time need not take detailed operating decisions. They can leave the day-to-day administration to the Chief Executive and his assistants and refrain from interfering in their work. In order to ensure sound functioning the Board can review the progress periodically. The Board of Directors derives powers and authority from general body on the one hand and delegates powers to a large extent to the chief-executive. The chief-executive, being the executive head is responsible for guiding the operations and leading the organization to success.

# 3.4 Structure of the Organization

#### **Functions**

Sets the society's objectives: decides bylaws: exercises ownership control over the society's growth.

Interprets objectives in specific details: formulates specific policies to achieve objectives: studies management reports and evaluates progress: provides leadership to management and membership: approves salary ranges for jobs at all levels.

As chairperson of the board and ex officio member of all committees, provides the link between board and management.

Manages the business in line with board policies; establishes operating procedures; sets out jobs to be done; engages, supervises and trains staff; fixes salaries within ranges established by the board.

Manages the department; provides specialized technical know-how for the department; supervises and trains staff; enforces operating procedures for the department.

Provides services to the cooperative in the line with established policies and operating practise.

# Responsibilities

Uses the services of the cooperative; elects capable directors; provides capital for operation and expansion; studies board's and auditor's reports.

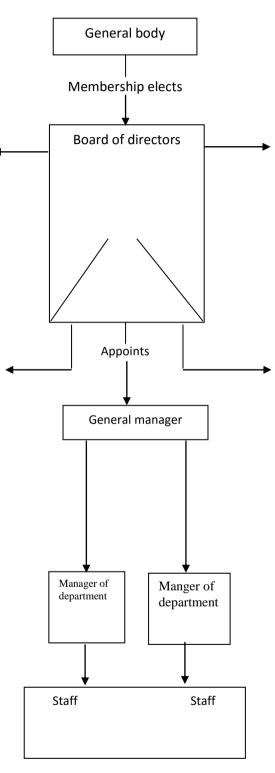
Elects president and appoints manager; is responsible to membership for results of operation; operates within the by-laws of the society and abides by its own policies.

Has the responsibility of enforcing board policies and providing guidance to the general manger between board meetings; is responsible to the board for all actions.

Responsible to the president between board meetings; reports to the board at meetings; provides factual information so that the board can make policy decisions.

Responsible to the general manager for departmental operations.

Responsible to the manager of the department; has to acquire understanding of the society and technical knowhow in the department.



## 4.0 CONCLUSION

The management structure of cooperative society in line with authority and accountability from member who elect the board of directors, chief executive that is president secretary and the treasurer in managing

planning, directing, supervision, organizing and coordinating the day to day activities of the societies with middle-level employees along with the structure of the organ.

## 5.0 SUMMARY

This unit focused on Cooperative Democracy, with diagram explanation on Structure of Cooperative Democracy, Management Structure of Cooperatives and Structure of the Organization with function and responsibilities of the stakeholders involved.

#### 6.0 TUTOR-MARKED ASSIGNMENT

- 1. What is Cooperative Democracy and its Structure of Cooperative Democracy?
- 2. With the aid of diagram illustrate Management Structure of Cooperatives?
- 3. Discuss Structure of the Organization functions and responsibilities?

#### 7.0 REFERENCES/FURTHER READINGS

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# UNIT 4 MEASURES TO MAKE DEMOCRATIC CONTROL EFFECTIVE

#### CONTENTS

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Local Sub-Regional Members Meetings
  - 3.2 Local Advisory Committee in the Sub-Region
  - 3.3 Election of Board Members
    - 3.3.1 Sub-Committee
    - 3.3.2 Control Committees
    - 3.3.3 Member Education
  - 3.4 Monthly Reports
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

#### 1.0 INTRODUCTION

The democratic control will be effective only when there is active participation of members. The active participation of member – patrons in the control and management is very essential for efficient functioning of cooperatives. Members actual participation in the control of cooperatives include attending and participating in membership meetings, taking part in voting, contesting in election, serving in one or more committees, careful study of the reports presented, extending continuous support and showing genuine interest in the affairs of cooperatives. Several studies conducted in India and abroad reveal that the members' participation has declined to a great extent particularly in large cooperatives. The factors responsible for poor participation of members include: illiteracy and ignorance, lack of loyalty, ineffective leadership, inappropriate system of communication, members apathy and domination of vested interests. In order to improve the member participation and involvement and to strength then the democracy following measures have been suggested by Herman Lam.

#### 2.0 OBJECTIVES

At the end of this unit, students should be able to:

- explain local sub-regional members meetings and local advisory committee in the sub-region
- discuss election of board members

- identify and differentiate sub-committee and control committees
- discuss member education and Monthly Reports

#### 3.0 MAIN CONTENT

# 3.1 Local Sub-Regional Members Meetings

When the organization is too large the membership meetings tend to become unwieldy. In order to make the democratic control workable it becomes necessary to organize separate membership meetings in the sub-regions of the society. These meetings should in principle discuss all the important subjects meant for the final general assembly. The sub-regional meeting should not pass or reject reports and proposals but only convey to the General meeting the opinion of the local members.

# 3.2 Local Advisory Committee in the Sub-Region

When the cooperative society has several branches, formation of local committees will help to make democratic control more effective. The Committee should meet regularly and summarise the results of the society from the local membership point of view. It is also the responsibility of the local committee to canvass for more membership, organize member education programmes and represent the problems of members to the Board.

## 3.3 Election of Board Members

Elections to the Board must be conducted regularly. Representation must be given to all sections and regions in the Board. The by-laws must be formulated so as to avoid unnecessary political interference and vested interests. Those who have served in the local committees and those who have taken part in educational and training programmes should be given greater opportunity in the elections.

#### 3.3.1 Sub-Committee

When the Board is large, it is convenient to divide the Board into different sub-committees for effective control. This gives a sort of specialization as each committee deals with one subject. They make the task of the Board easy. Though the sub-committee should not take decision on its own, they have the right to control such aspects of the working of the society over which they have authority.

## 3.3.2 Control Committees

In each society it is necessary to form a control committee from among the members of the Board. The control committee will have to control the accounts and safeguard the assets of the society and to see that the Board is working efficiently in the interests of members. They have the right to question the actions of the Board and they should also collaborate with the external or government auditors in their audit work.

### 3.3.3 Member Education

Democratic control can work well only when members are enlightened. Member education programmes must be implemented effectively.

# 3.4 Monthly Reports

The monthly report presented by the manager to the Board meeting held periodically is the principal tool of democratic control. Such reports are crucial in exercising effective administrative control. The significance of the figures presented in the reports must be discussed and various measures to be taken for improving the business may be suggested on the basis of such reports. The Board can exercise control through the following statements and reports.

## 1. Receipts and Disbursement Statement

The Receipts and Disbursement statement prepared monthly gives a broad outline of the operations of the organization during a particular month. It is an accurate and reliable statement, which serves as the basis for preparing the balance sheet, estimating gross margin, operating expenses etc. It gives a total picture and it enables the manger and the Board of Directors to keep the business well under control.

## 2. Operations for the month

A monthly statement of sale, production or other key operations of the cooperatives is necessary control device. These ought to be compared with the previous month's performance and with the corresponding month of the previous year. If the performance is lower than the previous month the Board should take steps to remedy the situation.

#### 3. Accounts Receivable

The manager must be required to prepare the whole list of accounts receivable once in a month and present it to the Board. The manager

should also be required to classify the accounts receivable into three or more groups on the basis of their durations: for instance:

- a) accounts receivable of less than three month old;
- b) above three month and less than 6 month old; and
- c) accounts more than 6 month old.

The manager must also report each month how much account receivable has been reduced or increased during the month and what efforts have been made to collect the accounts due for long.

## 4. Accounts Payable

By keeping an eye on this item, from month to month, board members will get an idea of how the management is taking care of current obligations. If the current payable shows a tendency to increase, it may be for the following reasons:

- 1. the accounts receivable may be increasing
- 2. the business may be operated at loss or
- 3. the business may be expanded. The Board should identify the reasons for increase in the account receivable and take steps to curb this tendency.

#### 5. Control Committees

A statement of bad debts and overdue accounts will give a general idea about how much of the account receivable have become bad debts and how much of the doubtful debts have been collected and what steps have been taken to collect. Similarly overdue loans must be carefully watched. Statement of overdue accounts should indicate the number of accounts overdue, amount of overdue and the period for which they are overdue.

#### 4.0 CONCLUSION

In conclusion the sub-regional meetings the members should elect representatives to the general assembly and also the local advisory committee who interlink the members and the central Board.

## 5.0 SUMMARY

This unit had discussed on Local Sub-Regional Members Meetings, Local Advisory Committee in the Sub-Region, Election of Board Members, Sub-Committee, Control Committees, Member Education and Monthly Reports

#### 6.0 TUTOR-MARKED ASSIGNMENT

Write briefly on the following:

- i. Local Sub-Regional Members Meetings
- ii Local Advisory Committee in the Sub-Region
- iii Election of Board Members
- iv. Sub-Committee
- v Control Committees
- vi Member Education
- vii Monthly Reports

# 7.0 REFERENCES/FURTHER READINGS

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#### UNIT 5 BOARD – EXECUTIVE RELATIONSHIP

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Board of Directors Their Functions
  - 3.2 Setting up of organizational Goals
  - 3.3 Establishing Policies and Programmes
    - 3.3.1 Delegation of Authority and Responsibility
    - 3.3.2 Systematic Appraisal of Operations
    - 3.3.3 Maintain Public/Member Relation
  - 3.4 Chief Executive His Functions
  - 3.5 Executing Policies
  - 3.6 Employing Personnel and Delegating Powers
  - 3.7 Furnishing Information to the Board
  - 3.8 Assisting the Board
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

#### 1.0 INTRODUCTION

The relationship between Board of Directors and Chief-Executive of cooperatives is a vital issue in the cooperative management. Fostering a healthy and constructive relationship is essential for the success of cooperative democracy. There is constant interaction between Board of Directors and Chief-Executive, the former as policy-making body and the later as executive head. Clear demarcation of their functions and responsibilities is a pre-requisite for smooth functioning of cooperative democracy. Following are the respective powers and functions of the Board of Directors and Chief-Executives.

# 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- described Board of Directors Their Functions
- explain the Setting up of organizational Goals
- discuss the Establishing Policies and Programmes
- determine Delegation of Authority and Responsibility
- explain Systematic Appraisal of Operations
- Maintain Public/Member Relation

- describe chief executive his functions
- explain executing policies
- describe employing personnel and delegating powers
- furnishing information to the board
- assisting the Board

#### 3.0 MAIN CONTENT

# 3.1 Board of Directors – Their Functions

They are a group of persons, democratically elected, representing the general membership. They derive powers from members and are accountable to them. They are responsible for safeguarding the interests of members, maintaining the assets and exercising overall authority in the organization. The Board of Directors in Cooperatives are representatives of member-users rather than big financial investors. Therefore, they are seldom trained in business matters. The Board is empowered to delegate the managerial responsibility to competent, professionally qualified managers. Though they delegate the powers, the ultimate responsibility rests with them. They constitute a bridge between members and the mangers. "It is often characterized as exercising broad supervision rather than executing details; setting objectives rather than planning how they should be achieved; establishing policy rather than administering; appraising rather than controlling."

# 3.2 Setting up of organizational Goals

The Board is responsible for setting up organizational goals meant for achieving specific objectives, and interpreting the objectives. It is also responsible for making required change in the long term objectives.

# 3.3 Establishing Policies and Programmes

The Board in its meeting should consider important policies and longterm programmes involving vital matters and approve them. It should also provide a frame-work within which these policies and programmes could be carried out by managers and decide on the mainlines of activities.

# 3.3.1 Delegation of Authority and Responsibility

The Board should be careful in choosing managers with required knowledge and expertise since the Board members are lacking in knowledge about business and corporate affairs. The Board should realize the necessity of delegating responsibilities as well as authority to the managers. One cannot be held responsible without being armed with adequate powers to make one's own decision.

# 3.3.2 Systematic Appraisal of Operations

Systematic appraisal of the operations of the organization is another responsibility of the Board. It should call for periodical reports and statements which would reveal them the results of the operations and the extent to which the organizational goals have been achieved. With such appraisals the Board will be able to exercise overall control over the management.

#### 3.3.3 Maintain Public/Member Relation

It is the responsibility of Board of build a bridge between general membership and paid staff. The Board always represents members' interest as well as the organization to the public, by means of good public relation.

#### 3.4 Chief Executive – His Functions

The Chief Executive is a key figure in the management structure of cooperatives. He is employed by the Board and is accountable to it. He is variously called as: Secretary, G. M., M. D., in different institutions. He therefore should consider Board as his employer and recognize this fact in making all dealings with it. The manager guides the affairs of the organization in its day-to-day works. He coordinates the diverse influences exerted by members, employees, customers, public and Government. He is utmost important for cooperatives. The success of the cooperative institution very much depends on the initiative; drive and effectiveness of the manager. Following are the functions of Chief Executive.

# 3.5 Executing Policies

Manager is responsible for executing policies and accomplishing goals and objectives set up by the Board. He is responsible for planning, organizing, direction, coordination and control. In general he has to take all steps necessary for carrying out the programmes of the organization.

# 3.6 Employing Personnel and Delegating Powers

Selection of suitable personnel for different cadres is the responsibility of the manger. He defines their functions and responsibilities and

delegates powers that are necessary for the execution of the responsibilities assigned to his subordinates.

# 3.7 Furnishing Information to the Board

The manager should report periodically and should furnish information needed by the Board for controlling and appraising the operations of the organization and reviewing of progress. He is expected to give only broad factors about over-all results, and not all sundry and insignificant details.

# 3.8 Assisting the Board

The Manager helps the Board in setting up realistic goals for the organization. He also provides information and assistance in formulation of policies and programmes. He is in a position to guide and advice the Board since he has firsthand knowledge about the affairs of the organization.

These guidelines or the codes of conduct, if adhered to k will go a long way in establishing healthy management traditions and meaningful relationship between Board and the Executives. Following are the measures suggested.

- 1. There should be a perfect understanding between board and executives. They should also understand their respective roles and refrain from interfering in the spheres of activities which fall outside one's scope of authority. That means the board should confine itself to broad policy making function leaving the implementation to the managers, who should be given sufficient freedom to complete the task.
- 2. The Board members should realize that they acquire power only when they are assembled is a formal meeting. Individual member can have no power unless such powers are delegated to him. Sound Board Executive relationship will be destroyed if the board members individually dictate terms to manager or other personnel.
- 3. Board meeting conducted at periodic intervals, is also a factor which promoted healthy relationship between Board and Executives. The presence of Chief-Executive is essential in all such meetings and discussions relating to business.
- 4. The board members should realize their responsibility and they should not use the cooperative society for their personnel progress or for any political gains.

- 5. For smooth functioning of the cooperatives, the Board members should work as a team and they should not allow the groupism to develop among themselves.
- 6. The manager and other personnel should keep themselves away from the group rivalries among Board and they should not take part in elections.

#### 4.0 CONCLUSION

From the foregoing, analysis certain conclusions can be drawn and on the basis of which guide-line can be given to the Board of Directors and Executives, Chief Executive – His Functions, Executing Policies, Delegation of Authority and Responsibility, Systematic Appraisal of Operations Maintain Public/Member Relation, Employing Personnel and Delegating Powers, Furnishing Information to the Board.

#### 5.0 SUMMARY

In this unit we have discussed on Board of Directors – Their Functions, Setting up of organizational Goals, Establishing Policies and Programmes, Delegation of Authority and Responsibility, Systematic Appraisal of Operations Maintain Public/Member Relation, Chief Executive – His Functions, Executing Policies, Employing Personnel and Delegating Powers, Furnishing Information to the Board and Assisting the Board

# 6.0 TUTOR-MARKED ASSIGNMENT

- 1. Discuss the role Board of Directors their Functions and Chief Executive His Functions
- 2. Illustrate the Setting up of organizational Goals in cooperative society and Establishing Policies and Programmes
- 3. Why Delegation of Authority and Responsibility in cooperative society is important.
- 4. Discuss the Systematic Appraisal of Operations and Maintain Public/Member Relation.
- 5. Write short note on the following:
  - i. Executing Policies
  - ii. Employing Personnel and Delegating Powers
  - iii Furnishing Information to the Board
  - iv Assisting the Board.

# 7.0 REFERENCES/FURTHER READINGS

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# **MODULE 2**

Unit 1	Job Description of a Member			
Unit 2	Decision Making in Cooperatives: Concept, Kinds,			
	Process and Techniques			
Unit 3	Techniques of Decision Making			
Unit 4	The Operational Efficiency of Cooperatives, Performance			
	Appraisal Concept			
Unit 5	Performance Appraisal and Key Result Areas in			
	Cooperatives			

# UNIT 1 JOB DESCRIPTION OF A MEMBER

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Member
  - 3.2 Job Description of a Director
  - 3.3 Job Description of the President
  - 3.4 Job Description of the General Manager
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

# 1.0 INTRODUCTION

# 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- discuss the role of Member
- describe Job Description of a Director, the President and the General Manager

#### 3.0 MAIN CONTENT

#### 3.1 Member

Title Member

Core function To participate in the ownership, control and

patronage of the cooperative to the end that it effectively fulfils its purposes (i.e. meets the needs

of the members)

**Responsibilities** Different members will have a variety of interests

in their cooperative. However, for the cooperative to function effectively as a cooperative, each member should carry out the majority of the following responsibilities:

following responsibilities:

• Patronize the cooperative.

 Participate in electing and appraising the performance of the directors.

- Approve overall objectives and policies of the cooperative.
- Assess the performance of the organization examine audits.
- Communicate complaints, suggestions, comments and needs to the cooperative.
- Assist in amending the by-laws.
- Help finance the cooperative.
- Participate in the activities of the cooperative.
- Explain or discuss the cooperative with other members and potential members.
- Appoint auditors.

# 3.2 Job Description of a Director

# Job Description of a Director

**Title** Director

**Accountable to** Members of the cooperative

**Core function** To participate with the other directors in directing

the affairs of the cooperative, guided by the Cooperative Societies Act, by-laws and board policies, so that it effectively moves towards

achieving the objectives of the organization.

# Relationships to

- Members leadership role, providing an example and interpreting views and needs of members.
- Directors acts as a team with the other directors; has authority as a director only in board meetings and as delegated by the board, for example on committees.
- General manager at board meetings the general manager is a key resource and part of the overall management team; between board meetings the relationship is the same as for other members.
- Staff no special status beyond that of an informed member.
- To participate **jointly** (and not to act individually) with the other members of the board of directors in carrying out the following responsibilities of the board:

# Responsibilities

- Establish the overall goals and policies, for the direction of the cooperative.
- Establish the organization of the board, including the appointment of committees, and clearly define the responsibilities and the authority assigned.
- Determine the job description, establish the salary range and appoint the general manager; set the salary and appraise the performance of the general manager.
- Approve the organization structure and salary schedules for all levels of the structure; and personnel policies and programmes for the organization.
- Approve major plans and programmes and capital and operating budgets.
- Analyze and appraise progress in achieving objectives and goals.
- Authorize changes in the assets of the organization.
- Recommend any by-law amendments.
- Deal with applications for membership.
- Recommend schedule of patronage refunds in accordance with the by-law.
- Authorize repayment of member equities.
- Establish and administer controls and regulations for the protection of members and creditors.
- Provide for effective communications, and membership and public relations for the organization.
- Provide policies and programmes for the maintenance of a well-informed, effective board of directors.
- Provide for effective relations and coordination with other cooperatives serving the area.

• Support the cooperative.

# 3.3 Job Description of the President

# **Job Description of the President**

**Title** President

**Accountable to** The board of directors

**Core function** 

To serve as the senior office-bearer of the cooperative, coordinating the activities of and giving leadership to the board of directors, liaising with the general manager and board of directors, and engaging in communication with the members, other cooperatives, local organizations and government.

# Responsibilities

 Act as chairperson of meetings of the board and of the executive committee.

- Be ex officio member of all board committee receive reports and minutes, but not necessarily attend.
- Assist in the preparation of the agenda for board and executive committee meetings and ensure that adequate information is available for study by the board; also, give leadership in planning the year's agenda of special items.
- Perform the task of signing officer for the cooperative along with other appointed by the board.
- Interpret and clarify policies and decisions of the board.
- Maintain effective liaison with the general manager and the board of directors.
- Report to the members on behalf of the board of directors.
- Represent the cooperative and explain plans, policies and programmes, when this has not been otherwise delegated by the board.
- Play a leadership role with other cooperatives and in the community on behalf of the cooperative.
- Give leadership to the board including encouragement for board training.
- Orient new board members for effective participation.

# 3.4 Job Description of the General Manager

# Job Description of the General Manager

**Title** General Manager

**Accountable to** The board of directors

**Core function** To manage the operations of the cooperative in

accordance with the guidelines established by the

board

# Responsibilities

- Advise and assist the board in establishing objectives, policies and goals for the cooperative.
- Continuously study trends and provide the board with information required for planning.
- Develop short- and long-term plans and programmes with supporting budget estimates and other goals for submission to the board for decision.
- Interpret and administer policies established by the board and issue procedures to ensure uniform interpretation.
- Appoint and supervise immediate subordinates; seek approval of the board of directors for top management appointments.
- Maintain an effective organization structure, with adequate staffing and provision for staff development.
- Ensure that the finances, facilities and other property of the society are properly safeguarded, insured and administered.
- Take direct action to achieve goals in all aspects of the operation.
- Keep. The board informed of progress and of results in comparison with goals in all areas.
- Maintain effective relations with members and general public.
- Participate in, and cooperate and coordinate effectively with, other cooperatives in the community.
- Plan for personnel development as required to manage the society.
- Maintain liaison with the president.
- Provide leadership and direction to all staff members.

#### 4.0 CONCLUSION

In conclusion the core function and responsibilities of members, the president, director and general manager has the extensively described in order to avoid job conflict.

# 5.0 SUMMARY

In this unit we have explained who are a Member and their responsibilities, Job Description of a Director, Job Description of the President and Job Description of the General Manager

#### 6.0 TUTOR-MARKED ASSIGNMENT

Discuss the Job Description of a Director, the President and the General Manager

# 7.0 REFERENCES/FURTHER READINGS

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# UNIT 2 DECISION MAKING IN COOPERATIVES: CONCEPT, KINDS, PROCESS AND TECHNIQUES

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Management of cooperative organization decision-making
  - 3.2 Process of Decision Making
  - 3.3 Developing the Problem
  - 3.4 Analyzing the Problem
  - 3.5 Developing Alternative Solutions
  - 3.6 Deciding upon the Best Solution
  - 3.7 Converting the Decision into Effective Action
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

# 1.0 INTRODUCTION

Decision-making is the essence of management so much so the management itself is understood as a decision-making science. Management is identified with perpetual choice making, where one is continuously engaged in choosing between alternatives According to George Terry: "Decision making is selection of one behaviour alternative from two or more possible alternatives". In the words of P.F. Drucker: "A decision is a judgment. It is a choice between alternatives." Decision-making is a universal function of all the managers in every part of the organization. The decision-making is an integral part of the management process such as planning, organization, direction, control etc.

# 2.0 OBJECTIVES

At the end of this unit, students should be able to:

- discuss management of cooperative organization decision-making
- explain process of decision making
- described development, the problem analyzing the problem, developing alternative solutions
- explain the best solution and converting the decision into effective action

# 3.0 MAIN CONTENT

# 3.1 Management of Cooperative Organization Decision-Making

In the management of cooperative organization decision-making is the bounden duty of directors and managers both in the developmental sphere and in the functional sphere. Decision-making is a vital task to give the activities of the members and employees a goal and direction and to determine how best to use the material resources of the cooperative. The decision-making in a cooperative set up is a complicated task. The decision making should not only conform to rational choice and objective requirements under various decision situations; but it must also ensure that uniform action is achieved, there is proper participation and collaboration between members and employees in carrying out the decision.

The managerial decisions may vary greatly according to the nature, significance and the levels of decision. E. Dulfer has classified the decision making in cooperative on the basis of the levels.

Kind of Managerial Decision	Level Authorized to Make Decision
Carl Davidan	
Goal Decision	Upper management level
(What is to be reached?)	
Means decisions (By what means?)	Middle management level
Action decision (How?)	Lower management level

Managerial decisions may also be sub-divided into strategic decision and tactical decisions. Strategic decisions have long - term importance and a complex character. They are goal decisions and bring about fundamental changes. They are directed and coordinated at the higher levels of the enterprise. Tactical decisions are routine decision, which are directed at the regulation of limited fields of activity or shorter periods. They are based on strategic decisions and aim at their implementation. The tactical decisions are the task of middle and lower level management.

Upper Management Level	
Middle Management Level	
Lower Management Level	
Extent of Decisions	
Strategic Decision	Tactical Decision

On the basis of the method, the decision making, may be classified as programmed and unprogrammed decisions. Programmed decisions are routine repetitive decisions. It involves less risk and may be delegated easily. The quantitative nature of these decisions facilitates computer programming of these decisions. Unprogrammed decisions are non-repetitive. They cannot be assessed in quantitative terms and involve greater risk.

Based on the person making the decision, the decision-making may be classified as individual decision and group decision. Individual decision-making is used in small organizations at times of emergency and in circumstances where the group has little knowledge. The prestige, power and the expertise enjoyed by the individuals who make decision are the factors, which contribute to individual decision-making. Group decision-making is participative decision making. It makes use of collective wisdom of several individuals. The members of the group get a chance to voice their opinion. The technical service of experts may also be made available. The group decision may take either of the two forms: Group advisory or Group deterministic.

# 3.2 Process of Decision Making

The decision-making involves logical and sequential steps, which have to be followed in any scientific decision-making process. According to P.F. Drucker, "the decision making have five distinct stages: defining the problem; analysing the problem, developing alternative solutions; deciding upon the best solutions; converting the decision into effective action."

# 3.3 Developing the Problem

A manager must continuously scan the environment to identify and perceive the problems of development. In a cooperative organization a manager can get new problems from the orders of superiors, direction issued by Board of Directors, suggestions from members and employees or by analyzing the system of operation and accounting. The common problem areas in management, which involve crucial decisions, are: tomorrow

- Extension of the new sphere of activity or new line of business
- Increasing the volume of business
- Taking measures for quick and positive development of the enterprise
- Identifying the limiting factors which slow down development and measures to overcome them.

After the perception of the problem the aim or objective of decision must be formulated. Every decision must contribute to specific goal, for example/increasing the turn over. Such goals make the decision purposeful. The objectives of decision-making must be specified as exactly as possible. It must be practicable or applicable to the problem situation.

# 3.4 Analyzing the Problem

Effective decision-making depends largely on the availability and usability of facts. While decision making we have to consider all critical factors, tangible as well as intangible, internal as well as environmental managerial or technical. Such facts and information are particularly needed:

- for fixing the objectives
- to be able to work to attain the objectives
- to measure the results of the enterprise activity

The information and data obtained must be analysed logically. They should not be too simplified. All the variety of factors and situations must be taken into account and their complex ramification must be understood. The relevant and influential factors must be distinguished from other factors, because considering too many factors leads only to confusion. "He who considers too much will perform too little", is the saying. Such disentanglement of pertinent factors is necessary to keep the time and cost factors within the limits. For instance if the management decision-making pertains to increase in turnover, all related factors such as demand, price, purchasing power, distribution system and promotion strategy etc. have to be analysed.

# 3.5 Developing alternative Solutions

For reaching the decision goals, there must always be more than one choice. The reality of the goal largely depends on the available means. Development of the alternative ways is based on the factors such as material, money, manpower, technology, etc., which is available to a cooperative organization. The choice of a course of action depends on that factors which is considered critical. The efficiency of the managerial decision-making lies in developing as many alternative solutions as possible. If there is only one course of action for a particular goal, that course is probably wrong.

# 3.6 Deciding upon the Best Solution

The alternative courses of action must be classified, compared and analysed. Every course of action must be judged on the basis of the cost and risk involved. The futurity of the decision and its relation to various aspects of business must be assessed properly. The managerial analysis and cost benefit analysis must be made to determine the quantitative outcome of the decision. The quantitative aspects of the decision must also be assessed. For facilitating the objective decision-making in a cooperative organization, E. Dulfar has suggested the following decision, criteria.

- inevitable national economic necessities;
- the necessary speed in solving the problem;
- economic criteria, for example, with regard to expenditure and result:
- quantitative characters which are to be attained;
- social criteria; for example, the necessity of maintenance of work places;
- economic, political objectives of superordinate bodies

Based on the above criteria the decision must be arrived at by competent bodies particularly in respect of cooperative organizations, where inner democracy has to be preserved. Every decision must have the democratic sanction.

# 3.7 Converting the Decision into Effective Action

This is a crucial stage, which transforms the mental action into physical action. Decisions are made effective only by their implementation. The managers must ensure that the decisions are carried out. In the process of implementation the possible errors must be gauged and remedial actions and corrective measures must be taken as quickly as possible.

# 4.0 CONCLUSION

The mangers must recognize the chain reaction in the decision-making, as one decision is likely to lead to a series of decisions. Furthermore each decision is inter-related to other aspects and extends beyond the boundaries of one department or section. The time factor must also be taken into account in the implementation. Each decision, to be effective, must be implemented within the specified time.

# 5.0 SUMMARY

In this unit we have explained Management of cooperative organization decision-making, Process of Decision Making, Developing the Problem, Analyzing the Problem, Developing Alternative Solutions, Deciding upon the Best Solution and Converting the Decision into Effective Action

#### 6.0 TUTOR-MARKED ASSIGNMENT

- 1. What is Management of cooperative organization decision-making.
- 2. Discuss the process of Decision Making, the Problem, Analyzing the Problem, Developing Alternative Solutions, Deciding upon the Best Solution and Converting the Decision into Effective Action

# 7.0 REFERENCES/FURTHER READINGS

Cooperative Management and Administration, ILO/COOP, ISBN 92-2-106319, 1988.

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# UNIT 3 TECHNIQUES OF DECISION MAKING

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Operation Research
  - 3.2 Linear Programming
  - 3.3 Risk Analysis
  - 3.4 Decision Tree
  - 3.5 Cost Benefit Analysis
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

#### 1.0 INTRODUCTION

The scientific decision making process must be based on the systematic process and scientific methods. Precise estimation of a given decision can be made only by applying sophisticated decision techniques. Some of the newer techniques like Operation Research, Risk Analysis, Linear Programming and Decision Tree will improve the quality of decision-making.

# 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain Operation Research
- describe Linear Programming
- illustrate Risk Analysis
- discuss Decision Tree
- explain Cost Benefit Analysis

#### 3.0 MAIN CONTENT

# 3.1 Operation Research

Operation Research is a mathematical technique used in decision-making. It is a scientific method of solving problems by using mathematical models and probability theory, which include Games Theory, Inventory Control, Economic Order Quantity, Network Analysis, Production Planning and Control etc. Problems best suited for

Operation Research are those involving recurring decisions. Generally problems concerning time, cost or amounts of profit can be optimised by using Operational Research. Operations Research is helpful in many areas of management decision-making. For example if the problem is in inventory, Operations Research can determine the lowest amount of materials to satisfy the production requirements, when and what to order and how to dispose the inventory most profitably. It is a scientific method based on the quantitative data and determines the optimum means to reach the goal.

# 3.2 Linear Programming

It is a mathematical technique, which consists of expressing the operations of a group of complex interdependent variables by developing mathematical formulae. It can be used when all the relationships are linear, that is when the cost of producing one or more units is directly proportional to the present cost of production. It is useful in the selection of one alternative course among many, which gives the highest profit. Linear programming is applied to problems of production planning, scheduling, resource allocation and distribution and cost analysis. Linear programming can be used only with the aid of computers.

# 3.3 Risk Analysis

Every forecast is likely to be inaccurate when it incorporates the interaction of a number of critical variables. In choosing each course of action, certain amount of risk and uncertainty is involved. It is therefore wise to evaluate how seriously the decision is at risk from such errors, before committing the company to a long-term capital expenditure. The probability of the range of errors is used to calculate the risk profile of the project. Based on this the probability of achieving a given return on capital is estimated. For example, sales manager may be asked to estimate the probability of returns by adopting a sale price; or the production manager may be asked to estimate the probability of the rate of returns that the company may hope to earn by means of a new investment.

#### 3.4 Decision Tree

One of the best ways to analyze a decision is to visualize all possible directions that actions may be taken from a decision point. This technique is known as 'decision tree'. The technique consists of drawing a branching network diagram showing various decisions and their probable outcomes and calculating the net present value. That branch which provides highest net returns with lowest cost is chosen as the

course of action to adopt. To give a simple example, in order to increase production it is possible to decide between adding new machinery or having additional shifts of production by engaging additional labour.

# 3.5 Cost Benefit Analysis

It is the systematic comparison between cost of carrying out a service or activity and the value of the service or activity by quantifying as far as possible all costs and benefits. In capital project evaluation one assesses all the expected cash outflows and inflows for a project, and on that basis the rate of return the project can generate is arrived at. But the one major limitation in this type of analysis is that not always the benefits flow from a project can be measured. There are several intangible benefits such as higher morale, less pollution etc. Such intangible factors tend to be ignored in the cost benefit analysis.

#### 4.0 CONCLUSION

Every major decision that a manager makes is based on forecast. Decision-making in today's complex business world cannot depend on intuitions, hunches or even the past experiences.

#### 5.0 SUMMARY

In this unit, we have extensively explained Operation Research, Linear Programming, Risk Analysis, Decision Tree and Cost Benefit Analysis

# 6.0 TUTOR-MARKED ASSIGNMENT

Write short note on the following:

- i. Operation Research
- ii. Linear Programming
- iii. Risk Analysis
- iv Decision Tree
- v. Cost Benefit Analysis

#### 7.0 REFERENCES/FURTHER READINGS

Cooperative Management and Administration, ILO/COOP, ISBN 92-2-106319, 1988.

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# UNIT 4 THE OPERATIONAL EFFICIENCY OF COOPERATIVES, PERFORMANCE APPRAISAL CONCEPT

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Dimensions of Operational Efficiency
  - 3.2 Criteria for Measuring Operational Efficiency of Cooperatives
  - 3.3 Measurement Parameters of Operational Efficiency
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

#### 1.0 INTRODUCTION

Efficiency is the watchword of modern management. It is of special importance to cooperatives because of their twin elements in their objectives and operation, namely, Association and Enterprise; and the need to achieve a blend of success in both. The 'Operational Efficiency' is an elusive concept, which has several connotations. This apart, operation efficiency is organization specific. An umbrella concept, which ignores the nature, size and operation of the specific cooperative organization, may prove to be nebulous. It is therefore necessary to understand certain broad criteria for measuring the operational efficiency of cooperative organizations.

#### 2.0 OBJECTIVES

At the end of this unit, students should be able to:

- explain dimensions of operational efficiency
- discuss criteria for measuring operational efficiency of cooperatives
- list the measurement parameters of operational efficiency

#### 3.0 MAIN CONTENT

# 3.1 Dimensions of Operational Efficiency

The Encyclopedia of Social Sciences has outlined, "Efficiency" as "the ratio between input and output, efforts and results, expenditure and income, cost and the resulting pleasure." The Dictionary of Social Sciences has defined Operational efficiency as "the ability to achieve the desired goal with economy of time and effort in relation to the amount of work accomplished." According to this definition operational efficiency means the achievement of the target specified by minimum time and effort. In other words, it is the ratio between input and output. The criterion of efficiency dictates the choice of that alternative which produces the largest result for the given application of resources.

Dr. Jesdanwhlla has defined Operational Efficiency as, "the effectiveness or competence with which a structure performs its desired functions." According to the above definition, the concept of efficiency includes the effectiveness. While organizational efficiency in a narrow sense, is concerned with how well an organization performs a given technology, while in a broader sense it includes organizational effectiveness, which is a measure of the quality of relationship an organization has with its environment.

When we closely examine the concept of operational efficiency in the context of a cooperative organization, we may arrive at four distinct aspects of the concept.

# A. Technical Efficiency

Technical efficiency pertains to technical competence of an organization. In other words technical efficiency relates to such matters, which are concerned with the specialized technical know how in the respective field of activity. It may relate to the improving productivity of industrial work process such as mechanization, rationalization etc. Similarly in each area of specialization, improving Technical Efficiency can increase productivity. For this purpose norms have to be evolved in each technical aspect for improving Technical Efficiency.

# B. Economic Efficiency

The Economic Efficiency on the other hand implies the realization of maximum output from given resources. Alternatively it also implies minimization of inputs required for realizing a given output of goods or services. It involves the elimination of waste and reduction in high cost.

In short economic efficiency lies in judicious use of financial and other resources and devising cost effective methods of operation.

# C. Functional Efficiency

It is the resultant efficiency realized from the first two aspects of operational efficiency. The performance or results are again determined by functional performance such as financial performance, production performance, marketing performance etc. It reflects the managerial and organizational efficiency more clearly in terms of results and performance.

# D. Social Efficiency

Every organization is a part of larger environmental system. Often the goals of an organization extend beyond itself having environmental implication. In other words the ability of an organization to bring about desired changes in the environment is one more dimension of the concept.

In the cooperative organization the concept of efficiency should be understood more from the non-profit point of view. In the opinion of H.A. Simon, the criteria of efficiency are more complicated in its application to non-commercial than to commercial organizations. Therefore, operational efficiency in cooperatives should not be viewed in the restricted sense of economic and technical aspects. In cooperatives the operational efficiency is better judged externally. From this angle two more aspects of efficiency should be included as far as cooperatives are concerned.

- Efficiency with Reference to Members: It is an attempt to measure efficiency from one basic criterion: to what extent the members have been benefited from the cooperative and to what extent members' aspirations and needs have been met? A cooperative cannot claim to have attained efficiency unless it fulfills the above criterion.
- Efficiency with Reference to Society: Efficiency in the broader sense is the measure of quality of relationship an organization has with environment. In general the extent to which larger social purpose is achieved through the organization such as price control, fair distribution etc., will indicate the social responsibility of an organization. Its impact in the environment such as waste recycles and pollution control will reflect its environmental friendly character.

# 3.2 Criteria for Measuring Operational Efficiency of Cooperatives

From the above analysis specific criteria may be identified for measuring the Operational Efficiency of cooperative enterprises.

- 1. Ability to achieve technical efficiency and economic performance
- 2. Ability of the cooperative to maintain the cooperative character by observing cooperative values such as democracy, autonomy etc.
- 3. Ability of the cooperative to satisfy the members' aspirations by meaningfully relating the enterprise objectives with individual goals.
- 4. Ability of the cooperative to enlist the participation of members in such aspects as equity, business profit sharing and democratic control.
- 5. Ability of the cooperative to achieve larger social goals like promoting employment, generating income and improving the standard of living in the larger community.
- 6. Ability of the cooperative to improve the managerial efficiency by setting realistic goals, evolving strategies, formulating programmes and exercising effective control.

# 3.3 Measurement Parameters of Operational Efficiency

The criteria of Operational Efficiency discussed so far can be converted into a set of measurement parameters and ratios, which have been developed for precise measurement and evaluation.

#### They are:

- 1. Efficiency in Output:
- a) Achievement of Target
- b) Input-output ratio
- c) Capacity utilization
- d) Value addition.
- 2. Efficiency in Cost:
- a) Operational cost (as % to sale)
- b) Unit cost
- c) Standard cost.

- 3. Profitability:
- a) Return on sale
- b) Return on investment
- c) Percentage of gross profit to sales
- d) Percentage of net profit to sales.
- 4. Liquidity Testes (Ratios):
- a) Currentassets: CurrentLiabilities
- b) Liquid Assets: Current Liabilities
- c) Percentage of receivables to assets
- d) Percentage of receivables.
- 5. Solvency Tests:
- a) Debt-equity ratio
- b) Own equity to total Capitalization
- c) Coverage ratio
  - i.e., Operating Profit
    Interest on L. T. Liabilities.
- 6. Service to Members:
- a) Member Turnover

No. of members joining + No. of Members Leaving X 100 No. of Members at the beginning + at the end/2

b) Drop out

No. of People leaving X 100

No. of Members at the beginning + at the end/2

c) Service Surplus

Average price differentials X Total Volume of Business done with members

d) Patronage Refund

 $\begin{array}{ccc} & & TPR \ X \ MVB \\ MPR & = & TVB \end{array}$ 

MPR = Annual Patronage Refund due to a Member TPR = Total amount Allocated to Patronage Refund

TVB = Total Volume of Business MVB = Volume of Business Contributed by a Member.

# 4.0 CONCLUSION

The efficiency in the broader sense includes not only the efficiency in the transformation process but also the efficiency as realized in the environment. It is in this sense the concept of efficiency must be understood in social organizations like cooperatives.

#### 5.0 SUMMARY

In this unit, we have extensively explained Dimensions of Operational Efficiency, Criteria for Measuring Operational Efficiency of Cooperatives and Measurement Parameters of Operational Efficiency

# 6.0 TUTOR-MARKED ASSIGNMENT

- 1. List the Dimensions of Operational Efficiency
- 2. Explain the Criteria for Measuring Operational Efficiency of Cooperatives
- 3. Discuss Measurement Parameters of Operational Efficiency

# 7.0 REFERENCES/FURTHER READINGS

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# UNIT 5 PERFORMANCE APPRAISAL AND KEY RESULT AREAS IN COOPERATIVES

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 performance and results in cooperatives
  - 3.2 Method Appraisal
  - 3.3 Personality Appraisal
  - 3.4 Management by Exception
  - 3.5 Appraisal of Cooperatives
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

# 1.0 INTRODUCTION

Performance appraisal and key result in cooperatives are goals of every organization who knows the means of performance and the results. Every organization mobilizes inputs resources like money, material and manpower in the employees' production of certain services and outputs.

# 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- discuss performance and results in cooperatives
- explain the method of appraisal
- discuss personality appraisal
- explain management by exception
- describe Appraisal of Cooperatives

#### 3.0 MAIN CONTENT

# 3.1 Performance and Results in Cooperatives

The goals of every organization are realized by means of performance and results. Every organization on one hand mobilizes inputs and resources like money, material and manpower and employees them in the production of certain services and outputs. On the other hand every organization performs the organizational functions such as operation,

finance, marketing etc., performance establishes the link between the two. There are different kinds of appraisal which are discussed below:

#### a. Result Appraisal

Usually the result achieved is the basis of appraisal. It is assessing the net outcome of the business. This kind of appraisal is known as result oriented appraisal. Again the result-oriented appraisal has three aspects:

# b. Profit Appraisal

The highest form of result in any business is the attainment of profit objectives. Profit becomes the yardstick of the operational efficiency of finance, production and marketing. Only by means of profit an organization can serve shareholders interest, enterprise interest and national interest. Therefore, the acid test of executive performance is the profit.

# c. Cost Appraisal

Looking backwards the next level of appraisal is the measurement of cost at various cost centers of business. Cost centers are comparable to profit and loss centers. In most organizations production and marketing are the important cost centers; whereas in some other organizations, branches or the regional offices are the cost centers. The cost centered appraisal is more universally applied than the profit-centered appraisal. Being non-profit organization where in profit cannot be the right basis of appraisal; cost appraisal has special significance to cooperatives. The cost centered appraisal is closely related to cost standard and performance standard evolved in different operations like finance, production and marketing.

# d. Objective Centered Appraisal

The next level of results is that which measures the achievement of objectives. Whether the new products have been launched in time? Was training programme successfully completed by personnel department? These are the examples of objective centered appraisal. The objective centered appraisal is based on the prior establishment of various achievement goals. For making the objective centered appraisal a success, it is necessary to set meaningful and clear objectives in advance, which is the responsibility of superiors. While setting objectives it must be ensured whether the objectives are practical and attainable? Are they compatible with the overall objectives and plans of the company? Are they measurable?

# 3.2 Method Appraisal

It is the most commonly used form of appraisal. It focuses on the methods employed in management. Methods are the means for achieving the goals of an organization. The results are often long term while the methods applied are short term. Methods are the direct means of achieving of results. Method appraisal is necessary for judging the performance from the management process adopted and techniques used. The method appraisal will have to examine the following:

- Does the manager use company policy as a basis of decisionmaking?
- Whether there has been proper delegation of authority?
- Whether there has been consultation and teamwork?
- Whether right procedures have been established?
- Whether the decision making process is sound?

As far as cooperatives are concerned the method appraisal has greater significance and it has to be examined whether the democratic and participative process have been followed.

While evaluating the methods, it is difficult to separate methods from skill and work habits. They all go hand in hand.

# 3.3 Personality Appraisal

Sometimes it is called behavior appraisal. This is the most difficult aspect of appraisal. Personality is the sum of individual traits and behavior and is more comprehensive in character therefore, in judging one's personality one has to consider many important desirable qualities like enthusiasm, motivation, morale, initiative and self-confidence. For meaningful appraisal of personality the following factors are to be taken into consideration.

First of all desirable qualities of one's personality relevant to the job has to be listed. Secondly appraisal has to be done by examining whether individual manger possesses these qualities. While making personality appraisal, it is necessary to take into account only exceptional qualities, which are real strength or weakness of one's personality and rate them. In other words, if all the qualities, relevant or irrelevant are taken into consideration for rating, the average rating may conceal many significant qualities. Therefore, a pattern of desired managerial qualities has to be determined first.

Personality appraisal has to be done by means of appraisal interviews and objective analysis of success and failures. The appraisal must be

positive in the sense it must reveal the strength and inherent potential rather than pointing out weakness. It should aim at capitalizing the strength and ignore weakness.

# 3.4 Management by Exception

The performance appraisal must necessarily adopt the principle of exception. The success of appraisal lies in identification and selection of critical spots and focusing attention on them. It avoids mangers being overwhelmed with problems and trivial matters. It aims at isolating those areas, which need special attention. It rather simplifies the management process. It permits a manger to find solutions to problems that need his action and avoid dealing with those matters that are handled by subordinates.

Key result areas have to be identified, the performance of which is essential for achieving the goals of the organization. Critical areas where often the failure is caused or problem areas, which adversely affect the results of the organization, have to be spotted out. Vital value areas in which certain vital value decisions like quality, time, performance etc., are involved have also to be noted.

# 3.5 Appraisal of Cooperatives

A cooperative organization is an integrated system. External situations, opportunities and challenges and the ability of the organization to cope up with the environmental changes should be taken into consideration in the appraisal of cooperatives. Further the ability of cooperatives to develop the members is another vital aspect of evolution. Evaluation of any cooperative, according to Gupta and Gaikwad, should examine the following issues:

- The first and most crucial question is whether the *net income* of the members increased over the period of operation? If so what is the magnitude of increase and what is the contribution of cooperatives by means of their activities and programmes to the increase?
- The second question is to what extent the member a resource has been mobilized in terms of human material and financial resources?
- The third question is whether the activities of the cooperatives were really integrated with the need structure of members? To what extent the cooperatives moved away from pure mercantile approach to the advanced integrated approach?
- The fourth question is how effectively the board of directors plays its role in policy formulation, planning and control? And to

- what extent a sense of responsibility and accountability have been cultivated in them?
- The fifth question is to what extent the policy of government on cooperatives have changed? And to what extent various welfare programmes and sectoral development programmes have been helpful to the cooperatives and their members?
- The sixth question is what is the new technology of production such as machinery, equipment, production methods etc., available to the cooperatives? And what is the extent of product diversification and by-product development in the cooperatives?
- The seventh question is what are the likely new markets for the products of cooperatives? And what changes have been introduced in the marketing strategies of cooperatives?
- The eighth question is how effectively and efficiently the management played its role in planning and executing the cooperatives activities? And what is the performance of cooperative with reference to the targets and budgets?
- The ninth question is whether the organization structure of the cooperatives such as division of work, line of authority, span of control etc., are sound and are appropriate for efficiency and effective operation?
- The tenth question is whether the financial arrangement and facilities are adequate? And whether member share capital contribution and deposits are satisfactory? And whether capitalization and investments are safe and secure?

#### 4.0 CONCLUSION

The management, which is responsible for performance in different functional areas, is the key for success or failure of any organization. The performance of cooperatives should be evaluated based on the internal planning and control mechanisms like budget, cost standard etc.

#### 5.0 SUMMARY

In this unit, we have extensively explained Performance and results in cooperatives, Method of Appraisal, Personality Appraisal, Management by Exception and Appraisal of Cooperatives

#### 6.0 TUTOR-MARKED ASSIGNMENT

- 1. List the Method of Appraisal
- 2. Explain the Appraisal of Cooperatives

# 7.0 REFERENCES/FURTHER READINGS

- Cooperative Management and Administration, ILO/COOP, ISBN 92-2-106319, 1988.
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- Promoting Cooperatives-A guide to ILO Recommendation 193, http://www.co-op.ac.uk/downloads/Promoting%20Cooperatives.pdf
- Basic Training methodology-Materials for Training of Cooperative Trainers, Trainers Manual, ILO, www.coopnetaldia.org
- G. K. Sharma, Cooperative Laws in Asia and the Pacific, COOP TIMES, New Delhi, 1997.

http://ilo.law.cornell.edu/public/english/employment/ent/coop/laws/

### **MODULE 3**

Unit 1	Cooperative Training and Education		
Unit 2	The Training Process		
Unit 3	Cooperative Training Techniques		
Unit 4 Cooperative Training Techniques (Lectures, Aud			
	Techniques, Video Conferencing and Others)		
Unit 5	Management Development		
Unit 6	Promotion of Cooperatives Recommendation (2002)		
	International Labour Conference (20 June 2002)		
	Recommendation 193		

### UNIT 1 COOPERATIVE TRAINING AND EDUCATION

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Cooperative Training
  - 3.2 Co-operative Education
  - 3.3 Education v/s Training
  - 3.4 Development
  - 3.5 Management Development (MD)
  - 3.6 Motivating Potential
  - 3.7 Achievement Values
  - 3.8 Training Experience
  - 3.9 Target Groups
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### 1.0 INTRODUCTION

The last modules cover the discussion on the following Unit 1 Job Description of a Member, Unit 2 Decision Making in Cooperatives: Concept, Kinds, Process and Techniques, Unit 3 Techniques of Decision Making, Unit 4 the Operational Efficiency of Cooperatives, Performance Appraisal Concept and Unit 5 Performance Appraisal and Key Result Areas in Cooperatives. However the first unit in this new module shall focus on cooperative training and cooperative education.

### 2.0 OBJECTIVES

At the end of this unit, students should be able to:

- define cooperative training
- discuss the concept of co-operative education
- explain management development (MD)
- describe motivating potential
- explain Achievement Values

### 3.0 MAIN CONTENT

### 3.1 Cooperative Training

Cooperative Training is here defined as those training activities that are organized to improve job performance of the cooperative staff and of government employees engaged in support and supervision of cooperatives. It aims to provide the trainees learners with such attitudes, knowledge and skills that are necessary for him/her to carry out work efficiently.

# 3.2 Co-operative Education

For the purpose of Cooperation, however, education needs to be defined in a very broad sense which includes academic education of more than one kind but much besides. It includes both what people learn and how they learn it. Every phase of experience, which adds to people's knowledge, develops their faculties and skill, widens their outlook, trains them to work harmoniously and effectively with their fellows and inspires them to fulfill their responsibilities as men or women and citizens can have educational significance for Cooperation. Less and less in the contemporary world can education be limited to what is learnt in schools and colleges at special periods of people's lives.

The concept of cooperative education becomes clearer when it is stated as one of the basic Principle of Cooperation and has worldwide acceptance. The principle as accepted by the ICA and the cooperative movements in countries of Africa, it is stated as under:

"All cooperative societies should make provision for the education of their members, officers, and employees and of the general public, in the principles and techniques of cooperation, both economic and democratic."

# 3.3 Education v/s Training

Educationist differentiates education from training. Training refers to the communication of specific skills. It is structured and stratified and can be communicated objectively by one person to another. Education on the other hand, refers to imparting of knowledge and attitudes which contextual and serve as necessary 'floor' for understanding and practicing skills.

# 3.4 Development

Development is a process which not only inculcates skills-vocational and general but also encourages and improves the ability to teach and train one and others. It aims at the development of individuals' whole personality. It is essentially a process to create the capacity to grow and allow others as well to grow. Thus development is aimed at through the process of training.

# 3.5 Management Development (MD)

MD encompasses the whole – a complete process by which mangers as individuals learn, grow and improve their abilities to perform management task in a progressional way.

MDT aims at maximizing managerial effectiveness and personal adjustment, growth and development of learners. It at the same time, aims at optimizing human resource development in an organization. MDT includes to the process of educating and developing employees so that they have knowledge, skills, attitudes and understanding needed to manage in future.

# 3.6 Motivating Potential

Motivating potential has been defined as a degree to which a job has a potential to motivate an individual to work in terms of skill and variety, task significance, autonomy and feedback.

Training process is likely to be less effective and useful for an individual and organization if the individual is not interested nor motivated enough to learn.

### 3.7 Achievement Values

Operationally defined, the achievement value of an individual was the importance that she/he attaches to a particular job activity or personal

activity (including hobbies, personal/social interaction etc.) or any other pursuit.

# 3.8 Training Experience

It is the perception of the training process as a whole and its different specific aspects – growth adjustment and development to gain knowledge and skills.

# 3.9 Target Groups

In any cooperative organization, the following main target groups can be identified for communication, education and training on a regular basis:

- i. Members and the active members
- ii. Board members and other leaders
- iii. Managers and other employees
- iv. Special groups such as women, youth, children, rural poor (as prospective members)
- v. General Public
- vi. Technicians, Consultants and Researchers

Cooperative education of members, board members, and the employees of primary coops is the most important element in enabling the coops to perform their tasks and ultimately to become self-reliant in management and funds. It may also be noted that cooperative education by its nature tends to be interpersonal ideological and metrological. Its approach methods and techniques are social and business oriented. Methods are mostly participative, democratic and group oriented. They promote group morale organizational efficiency and leadership qualities.

### 4.0 CONCLUSION

Cooperative training may involve skill development improvement of insight and performance of employees' personnel and Cooperative concept is of education as a lifelong process.

### 5.0 SUMMARY

In this unit, we have extensively explained Cooperative Training, Cooperative Education, Education v/s Training, Development, Management Development (MD), Motivating Potential, Achievement Values, Training Experience and Target Groups

### 6.0 TUTOR-MARKED ASSIGNMENT

- 1. Define Cooperative Training
- 2. Discuss the concept of Co-operative Education
- 3. Explain Management Development (MD)

### 7.0 REFERENCES/FURTHER READINGS

- Cooperative Management and Administration, ILO/COOP, ISBN 92-2-106319, 1988.
- V. Kulandaiswamy, Text Book of Cooperative Management, Arudra Academy, Coimbatore, 2002.
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- G. K. Sharma, Cooperative Laws in Asia and the Pacific, COOP TIMES, New Delhi, 1997.

http://ilo.law.cornell.edu/public/english/employment/ent/coop/laws/

### UNIT 2 THE TRAINING PROCESS

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 The Five- Step Training and Development Process
  - 3.2 Training and Learning
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### 1.0 INTRODUCTION

Training gives new or present employees the skills they need to perform their jobs. Training might thus mean showing a machinist how to operate his new machine, a new salesperson how to sell her firm's product, or a new supervisor how to interview and appraise employees.

The expansion of training's role reflects the fact that "the game of economic competition has new rules." In particular, it's no longer enough to just be efficient. Thriving today requires that the firm be fast and responsive. And it requires responding to customers' needs for quality, variety, customization, convenience, and timeliness. Meeting these new standards requires a work force that is more than just technically trained.

### 2.0 OBJECTIVES

At the end of this unit, students should be able to:

- Describe the Five- Step Training and Development Process
- Differentiate between Training and Learning

### 3.0 MAIN CONTENT

# 3.1 The Five- Step Training and Development Process

We can conveniently think of a typical training or development program as consisting of five steps, as summarized in the Figure 1. The purpose of the *needs analysis* step is to identify the specific job performance skills needed to analyze the skills and needs of the prospective trainees, and to develop specific, measurable knowledge and performance objectives. In the second, *instructional design* step, the actual content of

the training program is compiled and produced including workbooks, exercises, and activities. Next there may be a third *validation* step in which the bugs are worked out of the training program by presenting it to a small representative audience. Fourth, the training program is *implemented*, using techniques like those discussed in the following chapter. Fifth, there should be an *evaluation* and follow-up step in which the program's successes or failures are assessed.

# 3.2 Training and Learning

Training is essentially a learning process. To train employees, therefore, it is useful to know something about how people learn. Some suggestions based on learning theory follow.

First, it is easier for trainees to understand and remember material that is meaningful:

- 1. At the start of training, provide the trainees with a bird's-eye view of the material to be presented. Knowing the overall picture facilitates learning.
- 2. Use a variety of familiar examples when presenting material.
- 3. Organize the material so that it is presented in a logical manner and in meaningful units.
- 4. Try to use terms and concepts that are already familiar to trainees.
- 5. Use as many visual aids as possible.

Second, make sure it is easy to transfer new skills and behaviors from the training site to the job site:

- 1. Maximize the similarity between the training situation and the work situation.
- 2. Provide adequate training practice.
- 3. Label or identify each feature of the machine and /or step in the process.

### Third, motivate the trainee:

- 1. People learn best by doing. Try to provide as much realistic practice as possible.
- 2. Trainees learn best when correct responses are immediately reinforced, perhaps with a quick "well done."
- 3. Trainees learn best at their own pace. If possible, let trainees pace themselves.

## Figure 1 Five- Steps in the Training and Development Process

### 1. Needs Analysis

- Identify specific job performance skills needed to improve performance and productivity.
- Analyze the audience to ensure that the program will be suited to their specific levels of education, experience, and skills, as well as their attitudes and personal motivations.
- Use research to develop specific measurable knowledge and performance objectives.

### 2. Instructional Design

- Gather instructional objectives, methods, media, description of and sequence of content, examples, exercises, and activities. Organize them into a curriculum that supports adult learning theory and provides a blueprint for program development.
- Make sure all materials, such as video scripts, leaders' guides, and participants' workbooks, complement each other, are written clearly, and blend into unified training geared directly to the stated learning objectives.
- Carefully and professionally handle all program elements-whether reproduced on paper, film, or tapeto

Guarantee quality and effectiveness.

### 3. Validation

• Introduce and validate the training before a representative audience. Base final revisions on pilot results to ensure program effectiveness.

### 4. Implementation

• When applicable, boost success with a train-the-trainer workshop that focuses on presentation knowledge and skills in addition to training content.

### 5. Evaluation and Follow-up

Assess program success according to:

Reaction- Document the learners' immediate reactions to the training.

Learning- Use feedback devices or pre-and posttests to measure what learners have actually learned.

**Behavior-** Note supervisors' reactions to learners' performance following completion of the training. This is one way to measure the degree to which learners apply new skills and knowledge to their jobs.

**Results** – Determine the level of improvement in job performance and assess needed maintenance.

## **Training techniques**

After you have determined the employees' training needs, set training objectives.

### 4.0 CONCLUSION

It requires people who are capable of analyzing and solving job-related problems, working productively in teams, and "switching gears" and shifting from job to job as well. Training is moving to center stage as a means of improving employers' competitiveness.

### 5.0 SUMMARY

In this unit, we have extensively explained The Five- Step Training and Development Process and Training and Learning.

### 6.0 TUTOR-MARKED ASSIGNMENT

- 1. Explain the Five- Step Training and Development Process
- 2. Differentiate between Training and Learning

### 7.0 REFERENCES/FURTHER READINGS

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- Basic Training methodology-Materials for Training of Cooperative Trainers, Trainers Manual, ILO, www.coopnetaldia.org
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# UNIT 3 COOPERATIVE TRAINING TECHNIQUES

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 On-the-Job Training (OJT)
  - 3.2 Step-By-Step Job Instruction Approach
  - 3.3 Job Instruction Training
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

# 1.0 INTRODUCTION

After you have determined the employees' training needs, set training objectives, and designed the program, the training program can be implemented. A description of the most popular training techniques follows.

### 2.0 OBJECTIVES

At the end of this unit, students should be able to:

- explain on-the-job training (ojt)
- describe step-by-step job instruction approach
- discuss Job Instruction Training.

### 3.0 MAIN CONTENT

### 3.1 On-the-Job Training (OJT)

**On-the-Job Training (OJT)** means having a person learn a job by actually performing it. Virtually every employee, from mailroom clerk to company president, gets some on-the-job training when he or she joins a firm. In many cooperatives OJT is the only type of training available. It usually involves assigning new employees to experienced workers or supervisors who then do the actual training.

There are several types of on-the-job training. The most familiar is the coaching or understudy method. Here the employee is trained on the job by an experienced worker or the trainee's supervisor. At lower levels trainees may acquire skills for, say, running a machine by observing the

supervisor. But this technique is also widely used at top-management levels. The position of assistant is often used to train and develop the future top managers. Job rotation, in which an employee (usually a management trainee) moves from job to job at planned intervals, is another OJT technique. Special assignments similarly give lower-level executives firsthand experience in working on actual problems.

### Apprenticeship training

Apprenticeship training is a structured process by which individuals become skilled workers through a combination of classroom instruction and on-the-job training. It is widely used to train individuals for many occupations including electrician and plumber, and it is essentially the type of training new medical interns get during the several years they spend working in hospitals after graduation.

OJT has several advantages. It is relatively inexpensive; trainees learn while producing, and there is no need for expensive off-job facilities like classrooms or programmed learning devices. The method also facilitates learning since trainees learn by actually doing the job and get quick feedback about the correctness of their performance.

However, there are several trainer-related factors to keep in mind when designing OJT programs. The trainers themselves should be carefully trained and given the necessary training materials. (Often, instead, and experienced worker is simply told to "go train)

# 3.2 Step-By-Step Job Instruction Approach

A useful step-by-step job instruction approach for giving a new employee on-the-job training is as follows:

# **Step 1 Preparation of the Learner**

- 1. Put the learner at ease-relieve the tension.
- 2. Explain why he or she is being taught.
- 3. Create interest, encourage questions, find out what the learner already knows about his or her job or other jobs.
- 4. Explain the why of the whole job and relate it to some job the worker already knows.
- 5. Place the learner as close to the normal working position as possible.
- 6. Familiarize the worker with the equipment, materials, tools, and trade terms.

### **Step 2** Presentation of the Operation

- 1. Explain quantity requirements.
- 2. Go through the job at the normal work pace.
- 3. Go through the job at a slow pace several times, explaining each step. Between operations, explains the difficult parts, or those in which errors are likely to be made.
- 4. Again go through the job at a slow pace several times; explain the key point.
- 5. Have the learner explain the steps as you go through the job at a slow pace.

### **Step 3 Performance Tryout**

- 1. Have the learner go through the job several times, slowly, explaining each step to you. Correct mistakes and, if necessary, do some of the complicated steps the first few times.
- 2. You, the trainer, run the job at the normal pace.
- 3. Have the learner do the job gradually building up skill and speed.
- 4. As soon as the learner demonstrates ability to do the job, let the work begin, but don't abandon him or her.

# Step 4 Follow-Up

- 1. Designate to whom the learner should go for help if he or she needs it.
- 2. Gradually decrease supervision, checking work from time to time against quality and quantity standards.
- 3. Correct faulty work patterns that begin to creep into the work, and do it before they become a habit. Show why the learned method is superior.
- 4. Compliment good work; encourage the worker until he or she is able to meet the quality/quantity standards.

# 3.3 Job Instruction Training

Many jobs consist of a logical sequence of steps and are best taught step by step. This step-by-step process is called **job instruction training** (**JIT**). To begin, list all necessary steps in the job, each in its proper sequence. Alongside each step also list a corresponding "key point" (if any). The steps show *what* is to be done, while the key points show *how* it's to be done-and *why*.

Here is an example of a job instruction training sheet for teaching a trainee how to operate a large motorized paper cutter in a Cooperative Printing Press.

Steps	key Points
-------	------------

1.	Start motor	None
2.	Set cutting distance	Carefully read scale-to prevent wrong-sized
		cut
3.	Place paper on cutting table	Make sure paper is even-to prevent uneven
		cut
4.	Push paper up to cutter	Make sure paper is tight-to prevent uneven
	• •	cut
5.	Grasp safety release with	Do not release left hand-to prevent hand
	from being left hand	caught in cutter
6.	Grasp cutter release with	Do not release right hand-to prevent hand
	from right hand	being caught in cutter
7.	Simultaneously pull cutter	Keep both hands on corresponding releases-
	to avoid and safety releases	hands being on cutting
8.	Wait for cutter to retract	Keep both hands on releases-to avoid having
		hands on cutting table
9.	Retract paper	Make sure cutter is retracted; keep both
		hands away from releases
10.	Shut off motor	None

### 4.0 CONCLUSION

Experienced workers who are chosen as trainers should be thoroughly trained in the proper methods of instruction-in particular the principles of learning and perhaps the job instruction technique.

### 5.0 SUMMARY

In this unit, we have extensively explained On-the-Job Training (OJT), Step-By-Step Job Instruction Approach and Job Instruction Training

### 6.0 TUTOR-MARKED ASSIGNMENT

- 1. Explain On-the-Job Training (OJT)
- 2. Describe Step-By-Step Job Instruction Approach
- 3. Discuss Job Instruction Training

# 7.0 REFERENCES/FURTHER READINGS

Cooperative Management and Administration, ILO/COOP, ISBN 92-2-106319, 1988.

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# UNIT 4 COOPERATIVE TRAINING TECHNIQUES (LECTURES, AUDIOVISUAL TECHNIQUES, VIDEO CONFERENCING AND OTHERS)

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Lectures
  - 3.2 Audiovisual Techniques
  - 3.3 Programmed Learning
  - 3.4 Vestibule or Simulated Training
  - 3.5 Computer-Based Training
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
- 7.0 References/Further Readings

### 1.0 INTRODUCTION

This unit will enable you to understand cooperative training techniques, lectures, audiovisual techniques, video conferencing, and how to design the program, the training techniques can be implemented. A description of the most popular training techniques follows.

### 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- explain lectures
- describe audiovisual techniques
- define programmed learning
- explain Computer-Based Training

### 3.0 MAIN CONTENT

### 3.1 Lectures

Lecturing has several advantages. It is a quick and simple way of providing knowledge to large groups of trainees, as when the sales force must be taught the special features of a new product. While written material like books and manuals could be used instead, they may involve considerable printing expense, and they don't permit the give and take of questioning that lectures do.

Some useful guidelines for presenting your lecture follow:

Give your listeners signals to help them follow your ideas. For instance, if you have a list of items, start by saying something like "There are four reasons why the sales reports are necessary. ... The first . . . the second . . "

Don't start out on the wrong foot. For instance, don't open with an irrelevant joke or story or by saying something like, "I really don't know why I was asked to speak here today."

*Keep your conclusions short.* Just summarize your main point or points in one or two succinct sentences.

Be alert to your audience. Watch body language for negative signals like fidgeting and crossed arms.

Maintain eye contact with the trainees in the program. At a minimum you should look at each section of the audience during your presentation.

Make sure everyone in the room can hear. Use a mike or talk loudly enough so that you can be heard by people in the last row and if necessary repeat questions that you get from trainees from the front of the room before you answer.

Control your hands. Get in the habit of leaving them hanging naturally at your sides rather than letting them drift to your face, then your pockets, then your back, and so on. Putting your hands near your face can block your voice projection and also give the impression that you lack confidence in what you are saying.

Talk from notes rather than from a script. Write out clear, legible notes on large index cards and then use these as an outline rather than memorizing your whole presentation.

*Eliminate bad habits.* Beware of distracting your listeners by jiggling coins in your pocket or pulling on an earlobe.

*Practice*. If you have the time, make sure to rehearse under conditions similar to those under which you will actually give your presentation.

# 3.2 Audiovisual Techniques

Audiovisual techniques like films, closed-circuit television, audiotapes, and videotapes can be very effective and are widely used. At AMUL

Cooperatives, for instance, films like *Mandhan* have been used as a basis for discussing the organizational problems of cooperatives in their Training Institutes.

Audiovisuals are more expensive than conventional lectures but offer some advantages. Consider using them in the following situations:

- 1. When there is a need to illustrate how a certain sequence should be followed over time, such as when teaching procurement of milk by the tester.
- 2. When there is a need to expose trainees to events not easily demonstrable in live lectures, such as a visual tour of a factory or open-heart surgery.
- 3. When the training is going to be used organization wide and it is too costly to move the trainers from place to place.

There are three options when it comes to video: You can buy an existing videotape or film; you can make your own; or you can have a production company produce the video for you. Dozens of businesses issue catalogs listing audiovisual programs on topics ranging form applicant interviewing to zoo management.

**Videoconferencing** is an increasingly popular way to train employees. It has been defined as ". . . a means of joining two or more distant groups using a combination of audio and visual equipment." Videoconferencing allows people in one location to communicate live with people in another city or country or with groups in several other cities. The communication links are established either by sending specially "compressed" audio and video signals over telephone lines or via satellite.

Given that videoconferencing is by nature visual, interactive, and remote, there are several things to keep in mind before getting up in front of the camera. Because the training is remote, it's particularly important to prepare a training guide ahead of time, specifically a manual the learners can use to keep track of the points that the trainer s making. A sampling of other hints would include:

- Avoid bright, flashy jewelry or heavily patterned clothing.
- Arrive at least 20 minutes early.
- Test all equipment you will be using.
- Adjust lights (if necessary and if possible); put lighting in front of participants to avoid shadows.

Have all participants introduce themselves.

Avoid focusing just on one group at one remote site (if there are several) and avoid presenting just to the video camera and not to the in-house participants.

Project your voice and speak clearly; particularly if people at the remote site have a different native language, keep yours free of jargon and needlessly complex words.

Remember that excessive physical movement will cause distortion of the video image where compressed telephone transmissions are being used.

# 3.3 Programmed Learning

Whether the programmed instruction device is a textbook or a computer, **programmed learning** consists of three functions:

- 1. Presenting questions, facts, or problems to the learner.
- 2. Allowing the person to respond.
- 3. Providing feedback on the accuracy of his or her answers.

The main advantage of programmed learning is that it reduces training time by about one-third. In terms of the principles of learning listed earlier, programmed instruction can also facilitate learning since it lets trainees learn at their own pace, provides immediate feedback, and (from the learner's point of view) reduces the risk of error. On the other hand, trainees do not learn much more from programmed learning than they would from a traditional textbook. Therefore, the cost of developing the manuals and/or software for programmed instruction has to be weighed against the accelerated but not improved learning that should occur.

# 3.4 Vestibule or Simulated Training

Vestibule or simulated training is a technique in which trainees learn on the actual or simulated equipment they will use on the job but are actually trained off the job. Therefore, it aims to obtain the advantages of on-the-job training without actually putting the trainee on the job. Vestibule training is virtually a necessity when it is too costly or dangerous to train employees on the job. Putting new assembly-line workers right to work could slow production, for instance, and when safety is a concern-as with pilots-vestibule training may be the only practical alternative.

Vestibule training may just place in a separate room the equipment the trainees will actually be using on the job. However, it often involves the use of equipment simulators. In pilot training, for instance, the main advantages of flight simulators are as follows:

Safety: Crews can practice hazardous flight maneuvers in a safe, controlled environment.

Learning efficiency: The absence of the conflicting air traffic and radio chatter that exists in real flight situations allows for total concentration on the business of learning how to fly the craft.

*Money:* The cost of flying a flight simulator is only a fraction of the cost of flying an aircraft. This includes savings on maintenance costs, pilot cost, fuel cost, and the cost of not having the aircraft in regular service.

# 3.5 Computer-Based Training

In computer-based training the trainee uses a computer-based system to interactively increase his or her knowledge or skills. While vestibule or simulated training doesn't necessarily have to rely on computerization, computer-based training almost always involves presenting trainees with computerized simulations and the use of multimedia including videotapes to help the trainee lean how to do the job.

### 4.0 CONCLUSION

In conclusion cooperative training techniques such as lectures, audiovisual techniques, video conferencing and others are of great importance.

### 5.0 SUMMARY

In this unit, we have extensively explained Lectures, Audiovisual Techniques, Programmed Learning, Vestibule or Simulated Training and Computer-Based Training.

### 6.0 TUTOR-MARKED ASSIGNMENT

- 1. Explain Lectures.
- 2. Describe Audiovisual Techniques.
- 3. Define Programmed Learning.
- 4. Explain Computer-Based Training.

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### UNIT 5 MANAGEMENT DEVELOPMENT

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main Content
  - 3.1 Developing Managerial and Supervisory Abilities
  - 3.2 On-the-Job Training Methods
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  - 3.4 Rotations and Transfers
  - 3.5 Understudy Assignments
  - 3.6 Mentoring
  - 3.7 Off-the-Job Training Methods
  - 3.8 Seminars and Lectures
  - 3.9 Laboratory Training
  - 3.10 T-Groups
  - 3.11 Behavioral Modeling
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
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### 1.0 INTRODUCTION

*Management development* is any attempt to improve managerial performance by imparting knowledge, changing attitudes, or increasing skills. It thus includes in-house programs like courses, coaching, and rotational assignments professional programs like Ethiopian Management Institute Programs, and university programs like executive MBA programs.

The ultimate aim of such development programs is, of course, to enhance the future performance of the organization itself. For this reason, the general management development process consists of:

- 1. Assessing the company's needs (for instance, to fill future executive openings, or to make the firm more responsive).
- 2. Appraising the mangers' performance, and then.
- 3. Developing the mangers themselves.

### 2.0 OBJECTIVES

At the end of this unit, students should be able to:

- how to develop managerial and supervisory abilities
- describe on-the-job training methods
- define coaching
- explain Rotations and Transfers

### 3.0 MAIN CONTENT

# 3.1 Developing Managerial and Supervisory Abilities

There are many techniques and approaches in use today for furthering managerial and supervisory abilities and for meeting the developmental needs of employees. We will turn now to some specific training and development techniques in wide spread use today which could be adopted to top Managers/leaders of cooperatives. For convenience, these techniques can be divided into two categories, on-the-job and off-the-job training methods.

# 3.2 On-the-Job Training Methods

Although on-the-job training (OJT) methods are considered more useful for skills training, OJT also forms an important part of managerial and supervisory development. Even if an organization has a well-developed off-the-job training program, OJT is still often necessary, particularly to prove and element of practicality to the training. The major OJT methods are coaching, rotations and transfers, understudy assignments, and mentoring.

# 3.3 Coaching

**Coaching** involves frequent helping activities on the part of a superior toward a subordinate. The following is an excellent statement of what the superior should do in the role as coach:

Coaches are mangers who help employees grow and improve their job competence on a day-to-day basis. Coaches set challenging goals, inform employees what is expected of them, and evaluate progress toward those goals. Coaches also appraise performance in a regular and objective manner. Improved performance change is supported by using positive feedback and reinforcement. In addition, coaches train employees to fill in during absences and prepare them for promotion.

### 3.4 Rotations and Transfers

**Rotations and transfers** are designed to prepare mangers to take on additional responsibilities by providing them with experience in different areas of the firm. Rotations and transfers are often based on an analysis of career paths.

Many rotations and transfers are considered lateral promotions; that is, the manager is placed in a position that carries similar authority and responsibility but in a different part of the firm. The new position can be outside the manger's "specialty." For example, mangers hired to work in the human resources department may be required to serve stints as production supervisors or salespeople. Such assignments are not intended to prepare the manager for a career in production or sales. Rather, the varied assignments can help the personnel specialist better understand the unique problems and needs of mangers in other operating departments. These experiences should lead to better human resources decisions and recommendations, such as in hiring, training, and discipline.

# 3.5 Understudy Assignments

Understudy assignments involves assigning an inexperienced manger to work for a more experienced manger, often on an "assistant to" basis. The understudy manger normally progresses from performing rather mundane, detailed tasks to more advanced work. Eventually, the understudy should be able to perform at about the same level as the experienced manger. The effectiveness of understudy assignments depends on the willingness and ability of the higher-level manger to share experience and to transfer knowledge to the understudy manger.

A variation of the understudy approach involves placing novice mangers on certain committees. The best committees for such assignments include a mixture of experienced and inexperienced mangers, whose interaction results in a coaching type of situation. Sequencing these assignments so that the inexperienced manger is faced with progressively larger responsibilities can result in effective training. However, creating artificial committees or limiting assignments to low-level committees can be counterproductive, particularly when the manager perceives the activity as a waste of time and effort.

# 3.6 Mentoring

According to the *American Heritage Dictionary*, a **mentor** is "a wise and trusted counselor teacher." In contrast to the coaching function performed by an employee's immediate superior. Mentoring can be on a

person —to person basis, or a mentor can meet with a small group of four to six protégés, or both individually and as a group. The group approach has the potential of the group becoming a learning team whose members can also coach each other.

Although informal mentoring occurs daily in all types of organizations, more and more firms are establishing formal mentoring programs. In such programs, managers who wish to be mentors indicate their interest in this additional activity and are given a specific assignment. Mentors can play several valuable roles:

- 1. *Sponsor:* to widen opportunities for special assignments
- **2. Teacher:** to help solve real problems, to create learning situations with hypothetical problems, and to transmit organizational culture
- **3. Devil's advocate**: to provide challenges and to give the trainee practice in asserting ideas and being influential
- **4. Coach:** to support trainees in finding out what is important to them, what skills they possess, and what interests and long –term aspiration they have

Several guidelines can help ensure a successful mentoring program:

- 1. Make sure that mentor participation is voluntary and that potential mentors have a realistic picture of the time involved and problems that might emerge.
- 2. Provide mentors with information about the mentoring role, but encourage them to develop their own style and approach.
- 3. Encourage mentors and trainees to negotiate realistic expectations, and urge mentors to make clear what they can and cannot do.
- 4. Give mentors recognition and visibility
- 5. Keep the trainee's supervisor informed
- 6. Avoid pairing up people who seem to be clones of each other. There will be more growth for both parties if they can look at different ways of doing things.

These guidelines can help organizations avoid potential problems and can increase the possibility that the mentoring program will be rewarding for the trainee, the mentor, and the organization.

# 3.7 Off-the-Job Training Methods

The general nature of managerial and supervisory development requires that much or the training be performed off the job. All the off-the –job training methods discussed in this section can be conducted in –house

(but off the job) or by outside firms that specialize in training. In —house training is most often conducted by larger firms that need a large and ongoing supply of managers and supervisor. Smaller firms typically cannot justify the cost of doing much of this kind of training themselves.

### 3.8 Seminars and Lectures

Most management and supervisory training programs include seminars and /or lectures, particularly at the beginning. Both seminars and lectures involve assembling a group of trainees and a group leader, although seminar groups tend to be smaller than lecture audiences. In seminars, the group leader generally focuses on coordinating and motivating discussion among the group members. The content, for example, may be based on assigned readings. In lectures, the leader presents material in a classroom lecture manner, and the group members tend to focus on the acquisition of knowledge. As indicated, however, most training and development programs use a variety of methods, and a two-hour 'lecture' session might include a lecture followed by discussion, a videotape followed by small group discussion, and group reports.

# 3.9 Laboratory Training

Laboratory training: Can be described as experience-based learning workshop that utilize one or more approaches, such as case discussions, role plays, computer simulations, management games or problem-solving exercises, and /or relatively unstructured group discussions. In some forms of training, the main objective is to provide an opportunity to derive insights from the dynamics of the sessions and from the feedback of other participants. In other forms of laboratory training, the major objective is to apply specific managerial and supervisory techniques to making decisions and taking action in simulated work situations. Trainees typically receive feedback about their decisions or actions. The knowledge and insight from such training are often supplemented by lectures.

Four approaches can provide the trainees with practice in making managerial decisions. First, **computer simulation models** can be developed to simulate or approximate various business situations. The simulation program generally provides the trainee with information about a specific type of decision, such as forecasting the price of key raw materials. The trainee then analyzes the situation and makes a decision. After receiving the trainee's decision, the simulation program can calculate the outcome and provide feedback to the trainee. Although no computer model can completely simulate an actual business situation, models can provide participants with sufficient realism to allow practice

applications without undue risk that the organization's operations will be disrupted or that the firm will lose money.

Second, gaming simulations (or management games) can be used. These are management development exercises in which participants are given background information, instructions about rules and conditions, and perhaps roles to play. One example would be a complex computerized game in which competing groups make a series of management decisions such as product price, sale of stock, wage rates, and inventory size, and are given scores as they progress through a series of changes in the economic environment. Another example-not computerized —is a consensus exercise in which members of groups make individual decisions and then attempt to improve their individual scores through effective group interaction. Such an exercise is used to highlight the advantages of and problems with consensus decision making and to provide a laboratory in which participants can examine group dynamics.

Third, **case studies** involve providing the trainees with written or videotaped descriptions of decision-making situations. The case is subsequently discussed, with emphasis normally on the trainees' analyses, decisions, implications of those decisions, and probable decision outcomes. Executive MBA programs, for example, are often based on this method.

Fourth, **role playing** tends to be more appropriate for problems and decisions having to do with human relations. Participants are typically provided with a specific situation that they must analyze, and then each assumes and acts out the role of a specific person. Since each role player brings his or her own personality to a given role, all participants experience the realistic variability that managers actually encounter in real job situations.

# **3.10 T-Groups**

**T-groups** (derived from the term *training groups*), a form of laboratory training, usually involve small groups, of approximately ten to twelve participants, meeting under the guidance of trainer. (This type of training is also called *sensitivity training*, but this term is frequently misapplied to training other than T-groups.) The groups are largely unstructured in the sense that there is a very flexible agenda and a minimum of formal leadership. The discussions are essentially unguided by the trainer, except that there is a strong emphasis on learning about effective group development and processes, developing more effective interpersonal skills, learning how to communicate feelings and

perceptions clearly and in constructive ways, and learning from the perception and reactions of others.

Because of the self- disclosure and potential stress involved, it is very important that T-groups be conducted by highly qualified professionals, and that participation is voluntary. Further, it is recommended that these groups consist of "strangers" that is, people who are neither working in the same unit of an organization nor have a reporting relationship.

# 3.11 Behavioral Modeling

**Behavioral modeling** (sometimes called *interaction modeling*) consists of presenting or showing participants a particular behavior or way of doing something, such as handling employee complaints, and then having the participants practice the behavior through role playing. This approach may consist of six to twelve modules for small groups in a series of two-or three-hour sessions spread over a few weeks or months.

Behavioral modeling emphasizes positive reinforcement for participants demonstrating appropriate behaviors during the role playing. Whereas other training approaches often address both effective and ineffective management techniques, behavioral modeling usually addresses only useful and effective practices.

**In-basket training** consists of giving trainees a set of memos, letters, and other items that a manger might find in the in-basket upon arriving at work. The trainee is required to respond by:

- 1. Delaying a decision about the issue,
- 2. Referring the issue to someone else in the organization, or
- 3. Making a decision about the issue. The trainer and the group then analyze the responses to see whether any improvements can be made.

The objective of in-basket training is to help trainees determine which decisions can be made quickly, which must or should be delayed, and which should be management. In-basket training is also useful for teaching good time management, which is important enough in most managerial jobs to justify the cost of the training.

Outdoor-based and wilderness programs In recent years, a significant number of companies have involved executives and other employees in outdoor-based and wilderness programs that have such objectives as fostering individual growth and development, increasing self-confidence and risk taking, and building leadership and teamwork skills. In outdoor-based programs, a permanent conference center is used for both indoor and outdoor learning. For example, participants may

undertake some challenging physical, team-oriented task outdoors and then return indoors to debrief the experience. In most **wilderness programs,** the learning takes place in a wilderness area involving such activities as river rafting, mountain climbing, or scaling obstacles, with debriefing occurring at the campsite. Group discussions and sort lectures are usually included in both types of programs.

Although outdoor and wilderness programs enjoy considerable popularity, their contribution needs to be studied carefully. As in perhaps all experiential and laboratory learning, much depends on the skill of the trainers, the voluntary nature of the program, and the efforts made to modify the culture of organizations to accommodate the learning.

### 4.0 CONCLUSION

In conclusion, the extent to which participants can translate these outdoor experiences to their relationships and performance back on the job is a crucial matter.

### 5.0 SUMMARY

In this unit, we have extensively explained Developing Managerial and Supervisory Abilities, On-the-Job Training Methods, Coaching, Rotations and Transfers, Understudy Assignments, Mentoring, Off-the-Job Training Methods, Seminars and Lectures, Laboratory Training, T-Groups and Behavioral Modeling.

### 6.0 TUTOR-MARKED ASSIGNMENT

- 1. How to develop managerial and supervisory abilities
- 2. Describe On-the-Job Training Methods
- 3. Define Coaching
- 4. Explain Rotations and Transfers

### 7.0 REFERENCES/FURTHER READINGS

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# UNIT 6 PROMOTION OF COOPERATIVES RECOMMENDATION (2002) INTERNATIONAL LABOUR CONFERENCE (20 JUNE 2002) RECOMMENDATION 193

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objectives
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  - 3.1 Preamble
  - 3.2 Scope, Definition and Objectives
  - 3.3 Policy Framework and Role of Government
  - 3.4 National Policies should Notably
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignment
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### 1.0 INTRODUCTION

At the General Conference of the International Labour Organisation (ILO), it has been convened at Geneva by the Governing Body of the International Labour Office, which met in its 90th Session. Recognising the importance of cooperatives in job creation, mobilising resources, generating investment and their contribution to the economy, and recognising that cooperatives in their various forms by promoting in the fullest participation in economic and social development of all people and recognising that globalisation has created new and different pressures, problems, challenges and opportunities for cooperatives, and that stronger forms of human solidarity at national and international levels are required to facilitate a more equitable distribution of the benefits of globalisation, and noting the ILO declaration on Fundamental Principles and Rights at Work, adopted

### 2.0 OBJECTIVES

At the end of this unit, you should be able to:

- scope, definition and objectives
- policy framework and role of government
- national Policies should Notably

### 3.0 MAIN CONTENT

### 3.1 Preamble

The General Conference of the International Labour Organisation (ILO), Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its 90th Session on 3 June 2002, and **Recognising** the importance of cooperatives in job creation, mobilising resources, generating investment and their contribution to the economy, and Recognising that cooperatives in their various forms promote the fullest participation in the economic and social development of all people, and **Recognising** that globalisation has created new and different pressures, problems, challenges and opportunities for cooperatives, and that stronger forms of human solidarity at national and international levels are required to facilitate a more equitable distribution of the benefits of globalisation, and Noting the ILO Declaration on Fundamental Principles and Rights at Work, adopted by the International Labour Conference at its 86th Session (1998), and **Noting** the rights and principles embodied in international labour Conventions and Recommendations, in particular the Forced Labour Convention, 1930; the Freedom Association and Protection of the Right to Organise Convention, 1948; the Right to Organise and Collective Bargaining Convention, 1949; the Equal Remuneration 1951: the Social Security (Minimum Convention. Convention, 1952; the Abolition of Forced Labour Convention, 1957; the Discrimination (Employment and Occupation) Convention, 1958; the Employment Policy Convention, 1964; the Minimum Age Convention, 1973; the Rural Workers' Organisations Convention and Recommendation, 1975: the Human Resources Development Convention and Recommendation, 1975; the Employment Policy (Supplementary Provisions) Recommendation, 1984; the Job Creation in Small and Medium-Sized Enterprises Recommendation, 1998; and the Worst Forms of Child Labour Convention, 1999, and Recalling the principle embodied in the Declaration of Philadelphia that "labour is not a commodity" and Recalling that the realisation of decent work for workers everywhere is a primary objective of the International Labour Organisation (ILO), and **Having** decided upon the adoption of certain proposals with regard to the promotion of cooperatives, which is the fourth item on the agenda of the session, and Having determined that these proposals shall take the form of a Recommendation; Adopts this twentieth day of June of the year two thousand and two the following Recommendation, which may be cited as the Promotion of Cooperatives Recommendation, 2002.

# 3.2 Scope, Definition and Objectives

It is recognized that cooperatives operate in all sectors of the economy. This Recommendation applies to all types and forms of cooperatives.

For the purposes of this Recommendation, the term "cooperative" means an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly owned and democratically controlled enterprise.

The promotion and strengthening of the identity of cooperatives should be encouraged on the basis of:

- a) Cooperative values of self-help, self-responsibility, democracy, equality, equity and solidarity; as well as ethical values of honesty, openness, social responsibility and caring for others; and
- b) Cooperative principles as developed by the international cooperative movement and referred to in the Annex hereto. These principles are: voluntary and open membership; democratic member control; member economic participation; autonomy and independence; education, training and information; cooperation among cooperatives; and concern for community.

Measures should be adopted to promote the potential of cooperatives in all countries, irrespective of their level of development, in order to assist them and their membership to:

- a) Create and develop income-generating activities and sustainable decent employment;
- b) Develop human resource capacities and knowledge of the values, advantages and benefits of the cooperative movement through education and training;
- c) Develop their business potential, including entrepreneurial and managerial capacities;
- d) Strengthen their competitiveness as well as gain access to markets and to institutional finance;
- e) Increase savings and investment;
- f) Improve social and economic well-being, taking into account the need to eliminate all forms of discrimination;
- g) Contribute to sustainable human development; and
- h) Establish and expand a viable and dynamic distinctive sector of the economy, which includes cooperatives that respond to the social and economic needs of the community.

The adoption of special measures should be encouraged to enable cooperatives, as enterprises and organizations inspired by solidarity, to respond to their members' needs and the needs of society, including those of disadvantaged groups in order to achieve their social inclusion.

# 3.3 Policy Framework and Role of Government

A balanced society necessitates the existence of strong public and private sectors, as well as a strong cooperative, mutual and the other social and non-governmental sector. It is in this context that Governments should provide a supportive policy and legal framework consistent with the nature and function of cooperatives and guided by the cooperative values and principles set out in Paragraph 3, which would:

- a) Establish an institutional framework with the purpose of allowing for the registration of cooperatives in as rapid, simple, affordable and efficient a manner as possible;
- b) Promote policies aimed at allowing the creation of appropriate reserves, part of which at least could be indivisible, and solidarity funds within cooperatives;
- c) provide for the adoption of measures for the oversight of cooperatives, on terms appropriate to their nature and functions, which respect their autonomy, and are in accordance with national law and practice, and which are no less favorable than those applicable to other forms of enterprise and social organization;
- d) Facilitate the membership of cooperatives in cooperative structures responding to the needs of cooperative members; and
- e) Encourage the development of cooperatives as autonomous and self-managed enterprises, particularly in areas where cooperatives have an important role to play or provide services that are not otherwise provided.

The promotion of cooperatives guided by the values and principles set out in Paragraph 3 should be considered as one of the pillars of national and international economic and social development.

Cooperatives should be treated in accordance with natural law and practice and on terms no less favourable than those accorded to other forms of enterprise and social organisation. Governments should introduce support measures, where appropriate, for the activities of cooperatives that meet specific social and public policy outcomes, such as employment promotion or the development of activities benefiting disadvantaged groups or regions. Such measures could include, among others and in so far as possible, tax benefits, loans, grants, access to public works programmes, and special procurement provisions.

Special consideration should be given to increasing women's participation in the cooperative movement at all levels, particularly at management and leadership levels.

# 3.4 National Policies should Notably

- a) Promote the ILO Fundamental Labour Standards and the ILO Declaration on Fundamental Principles and Rights at Work, for all workers in cooperatives without distinction whatsoever;
- b) ensure that cooperatives are not set up for, or used for, noncompliance with labour law or used to establish disguised employment relationships, and combat pseudo cooperatives violating workers' rights, by ensuring that labour legislation is applied in all enterprises;
- c) Promote gender equality in cooperatives and in their work;
- d) Promote measures to ensure that best labour practices are followed in cooperatives, including access to relevant information;
- e) Develop the technical and vocational skills, entrepreneurial and managerial abilities, knowledge of business potential, and general economic and social policy skills, of members, workers and managers, and improve their access to information and communication technologies;
- f) Promote education and training in cooperative principles and practices, at all appropriate levels of the national education and training systems, and in the wider society;
- g) Promote the adoption of measures that provide for safety and health in the workplace;
- h) Provide training and other forms of assistance to improve the level of productivity and competitiveness of cooperatives and the quality of goods and services they produce;
- i) facilitate access of cooperatives to credit;
- j) Facilitate access of cooperatives to markets;
- k) Promote the dissemination of information on cooperatives; and
- 1) Seek to improve national statistics on cooperatives with a view to the formulation and implementation of development policies.

### Such policies should:

- a) Decentralize to the regional and local levels, where appropriate, the formulation and implementation of policies and regulations regarding cooperatives;
- b) Define legal obligations of cooperatives in areas such as registration, financial and social audits, and the obtaining of licenses; and
- c) Promote best practice on corporate governance in cooperatives.

### 4.0 CONCLUSION

Governments should promote the important role of cooperatives in transforming what are often called marginal survival activities (sometimes referred to as the "informal economy") into legally protected work, fully integrated into mainstream economic life.

### 5.0 SUMMARY

In this unit we have explained in details:

- Preamble
- Scope, Definition and Objectives
- Policy Framework and Role of Government
- National Policies should Notably

### 6.0 TUTOR-MARKED ASSIGNMENT

- Preamble
- Scope, Definition and Objectives
- Policy Framework and Role of Government
- National Policies should Notably

### 7.0 REFERENCES/FURTHER READINGS

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