

Building Strong Membership and Human Resources to Strengthen Co-operatives¹

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Abstract

Co-operatives are value-based private sector enterprises that are member-based, member-owned and democratically controlled. The primary purpose of a Co-operative is to satisfy the social and economic needs of its members. A strong membership base is the foundation of a strong Co-operative enterprise: everywhere, every time and for everyone. Building strong membership and human resources, not necessarily capital, is the basis for building Co-operatives that are both economically strong and sustainable. This paper attempts to answer four key questions: Who are the members of a Co-operative? What are the characteristics of effective membership in Co-operatives? How can we build strong membership a strong membership base in Co-operatives? What role can the education system play to build strong Co-operative membership? The paper identifies ten key avenues for building a strong membership in Co-operatives. It concludes that Co-operatives on a declining business performance trajectory tend to follow the competition, become more bureaucratic and less ideological, ignoring the membership and perceiving members as mere customers while Co-operatives on a growth trajectory may become less ideological but finance growth by involving members, improving efficiency, and developing mechanisms which allow management to know what members are thinking and what they need.

“If we had to start our movement afresh and if we were given the choice between two possibilities - that of starting without capital but with enlightened membership ... (or) starting with a large amount of capital and ill-informed members – our experience would incline us to choose the first course”. (Shimelles, 1995).

This statement is a testimony that building strong membership and human resources, not necessarily capital, is the basis for building Co-operatives that are both economically strong and sustainable. Co-operatives are value-based private sector enterprises that are member-based, member-owned and democratically controlled. The primary purpose of a Co-operative is to satisfy the social and economic needs of its members. A strong membership base is the foundation of a strong Co-operative enterprise: everywhere, every time and for everyone.

Saxena and Craig (1990) suggest that success in Co-operatives depends on the pursuit of a business-like culture. However, Co-operatives on a declining business performance trajectory

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tend to interpret “being businesslike” as following the competition, becoming more bureaucratic and less ideological, ignoring the membership and perceiving members as mere customers. On the other hand, Co-operatives on a growth trajectory perceive being “business-like” being less ideological, financing growth by involving members, improving efficiency, and developing mechanisms which allow management to know what members are thinking and what they need.

This paper attempts to answer for key questions:

- (i) Who are the members of a Co-operative?
- (ii) What are the characteristics of effective membership in Co-operatives?
- (iii) How can we build strong membership a strong membership base in Co-operatives?
- (iv) What role can the education system play to build strong Co-operative membership?

It is important to reflect on the philosophical basis of Co-operatives before we answer the three questions at the centre of this presentation. One, Co-operatives have, for many centuries, survived and thrived under different socio-economic and political systems. The way Co-operatives are organized, the way they relate to Government, the roles they play in society and the way they are managed in different countries reflects the ideological interpretation of the values and principles of Co-operatives but their common thread has always remained the effectiveness of membership. It has been argued that the key role of Co-operatives, under any system, is to cater for the social and economic needs of society that the state, the private sector, big capitalist enterprises and small family businesses may not be able to satisfy (Helm, 1968). To build strong Co-operatives everywhere, for everybody every time, we must combine the desirable approaches of other enterprises such as the service spirit of the state, the efficiency of the capitalist enterprises, the entrepreneurial culture and independence of the private sector, and the proximity and social touch of family business (M’Imanyara, 2008).

After clarifying the concepts, let us now attempt to answer the four key questions.

Who are the members of a Co-operative?

The members of a Co-operative organization are the people who come together, contribute ideas and capital to establish an enterprise that they jointly own, democratically control and share benefits on an equitable basis. For purposes of this paper, however, other stakeholders are

also very important who include: elected officials; employees including managers; Government officials who are engaged in the promotion and supervision of Co-operatives at the various levels of the state administration; and, the general public that constitutes potential members and supporters of Co-operatives.

What are the characteristics of effective membership in Co-operatives?

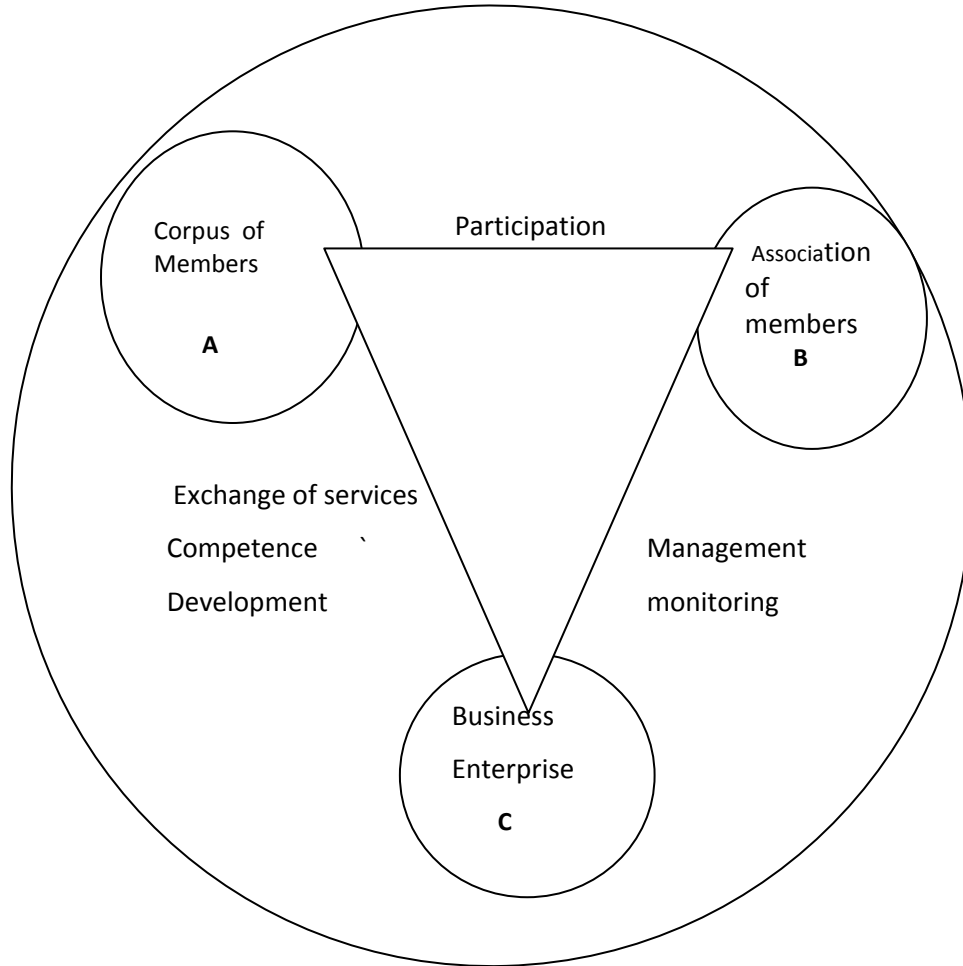
We talk of the characteristics of successful entrepreneurs, the characteristics of successful leaders, the characteristics of successful managers. What are the characteristics of effective Co-operative members, i.e. the essential skills, knowledge bases, values necessary for effective co-operative membership? People become members in Co-operatives because, and when, they believe in Co-operative values that include self-help, self-responsibility, democracy, equality, equity, and solidarity (ICA, 1995). This paper synthesises several readings² and proposes that the characteristics of effective co-operative membership includes, but is not limited to: Clarity and sharing of vision; participation for self and group development; Commitment to common good; placing priority on moral character; commitment to gender parity and solidarity; practice democracy and equity; and basic leadership and management skills.

How can we build strong membership base in Co-operatives?

Building strong membership and a strong base in Co-operatives takes concerted efforts of many actors and can be done through several avenues. Fairbain (1994) argues that the unique importance of the Co-operative idea is that it provided a mechanism by which those adversely affected by the changing economic environment could influence that environment to improve it and illustrates the conceptual relationship between members and their cooperatives as follows:

² References are made to different writings particularly Helm (1968), Munkner (1993), Davis (2004) and ICA (1995).

Conceptual Relationship Between Members And The Co-Operative.



Peter Davis (2004) asserts that this range and depth of human capital could hardly be matched and certainly not surpassed by any other organization of comparable size to the Co-operative and that it provides a unique and potentially powerful competitive advantage. He concludes that Co-operatives can facilitate partnerships of stakeholders uniting supplier and consumer in a networked market place where information is shared and developed for mutual benefit and that the Co-operative Human Resource Management function's overriding goal is the facilitation of these relationships into a coherent market and community led strategy.

The following ten key avenues have been identified³ as critical for building a strong membership in Co-operatives:

1. *Continuous Co-operative education*

One of the pillars of good governance in Co-operatives is member participation in all stages of decision making (Prakeshi 199). But member participation does not just happen naturally or automatically. It has to be induced through different efforts by the leaders, the employed staff as well as the members themselves. One of the critical factors, for causing member participation, is member empowerment. Co-operatives need to strengthen their character as social entities by developing their human resources. If they fail to do so they will be marginalized in the global economy, and one by one disappear (ICA, 1995).

2. *Meaningful members participation*

Participatory democracy is related to the values of Co-operatives and the Co-operative Principles. Participatory democracy is a Co-operative method for realizing the diverse values inherent in the idea of co-operation and practiced through the human resources of the Co-operative. The majority of members who have invested private capital in the Co-operative have expressed their initial interest, but financial participation is only part of the equation.

3. *Effective communication mechanism*

Co-operatives were a feedback mechanism between people and their economic environment (Fairbain, 1994). Co-operative ownership and identity gives legitimacy to co-operative management to harness the total human capital connected to its business (its staff, suppliers, customers, community stakeholders and members). A learning process using participatory democratic techniques that involved members, boards, Management and staff can be the means to develop business operations to meet economic and social needs and as a result, enhance capital formation and create surplus for members.

³ This synthesis is drawn mainly from the works of Peter Davis (2004), Craig and Saxena (1990), Gabriele and Lindenthal (1995).

4. *Continuous human capital development*

As human resources become more and more important the good Manager will have to be more of a generalist, integrating technical, human, operational and technical skills. Organizations will become flatter with the removal of supervisory roles. As Peter Davis (2004) asserts, the range and depth of human capital could hardly be matched and certainly not surpassed by any other organization of comparable size to the Co-operative and that it provides a unique and potentially powerful competitive advantage. This is why it has been recommended that in many developing countries, the Co-operative movement takes the responsibility for the training of their staff and for educating and informing their members. Through management training and members' education an economically viable Co-operative movement providing better services to members could develop, with greater participation by the members in the affairs of their Co-operatives.

5. *A non-bureaucratic management system*

Managers and their organizations need to develop a more proactive and entrepreneurial relationship with the environment (proactive mindset, outside-in-management, positioning and repositioning skills).

Leadership will become less formalized and hierarchical and the more “the ability to mobilize the energies and commitments of people through the creation of shared values and shared understandings.

6. *Self-financing Co-operatives*

Two specific factors which Saxena and Craig identify as significant in influencing success of Co-operatives are; significance of the role played by members in financing the Co-operative, and the extent to which decision makers are close to members/consumers and are able to respond in imaginative ways.

7. *Effective members services*

Munker and A. Shak (1994) note that the management of Co-operatives need to be improved by enthusiastic professionals into their activities ie, Co-operative societies need a Manager and staff who are fully aware of their role as development entrepreneurs in favour of the members of the Co-operative and not as administrators. This can be achieved through sustainable well targeted and efficiently planned programmes which aim at preparing persons to understand their role as development entrepreneurs within economic organizations which have, as their main objective, the provision of effective services to promote the interest of their members and consumers in general.

8. *Research*

Research should be given priority in order to lead to production of teaching materials, syllabi and to devise education systems which are in tune with local needs. Training courses can be effective only if they are based on solid empirical and applied research. Research in Co-operatives is stressed in three key areas of policy, legislation and management. Policy to ensure Co-operatives are relieved from their instrumental role and become SHOs working mainly in the interest of their members. Most African governments retained the colonial model of legislation almost making co-operatives as parastatal organizations. The research will inform making of a Co-operative legislation that corresponds to the needs of Co-operators thus calling for participative law-making. Carrying out basic research which has been lacking due to shortfall in human and financial resources necessary for effective research. Research findings need to be transformed into practice through the integration of information obtained through research in Co-operative education and training programmes.

9. *Effective support services*

Support services to Co-operatives that include Advisory Services, Audit Services etc need to be carried out by people who have the special knowledge about the working of Co-operatives. The more for example, the audit of Co-operatives is entrusted to commercial auditors or certified Public Accountants not having special knowledge about the working of Co-operatives, the greater the danger that audit is reduced to

financial audit leaving out the essential elements of material audit.(management audit/performance audit).

10. School-based Co-operative education

Cabriele and Lindenthal (1995) asserts that Co-operative Human Resource Development should be part of the general education at all levels from school and Universities to vocational training institutions.

What role can the education system play to build strong Co-operative membership?

As already noted above, strengthening co-operatives could be greatly improved by offering co-operative education and training as part of the general education at all levels from school and Universities to vocational training institutions (Cabriele and Lindenthal, 1995).

It is also possible to establish alternative system of education for co-operative members and the public outside the formal school system (study circles, adult education, distance education, etc.).

Conclusion

Co-operatives are value-based private sector enterprises that are member-based, member-owned and democratically controlled. The primary purpose of a Co-operative is to satisfy the social and economic needs of its members. A strong membership base is the foundation of a strong Co-operative enterprise: everywhere, every time and for everyone. Building strong membership and human resources, not necessarily capital, is the basis for building Co-operatives that both economically strong and sustainable. Co-operatives on a declining business performance trajectory tend to follow the competition, become more bureaucratic and less ideological, ignoring the membership and perceiving members as mere customers while Co-operatives on a growth trajectory may become less ideological but finance growth by involving members, improving efficiency, and developing mechanisms which allow management to know what members are thinking and what they need (Saxena and Craig, 1990).

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