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SUCCESS FACTORS OF COOPERATIVES IN MALAYSIA: AN EXPLORATORY INVESTIGATION

Sushila Devi Rajaratnam, Nurizah Noordin, Mohd Shahren Anuar Said, Rafedah Juhan & Farahaini Mohd Hanif
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ABSTRACT
This paper explored the success factors of cooperatives in Malaysia as a study of this nature had not been attempted previously. Questionnaires were distributed using the purposive sampling method to obtain the perception of respondents from cooperatives. Responses from a sample of 203 respondents was then analysed using exploratory factor analysis. A total of five factors were extracted using the principal component method with a varimax rotation. The five factor rotated solution explained a total of 63.84 percent of the variance and all the factors had acceptable reliability. The five factors were labelled as visionary leadership, managerial competency, stability, functional characteristics and operational efficiency. Group mean scores were then calculated for the five factors to determine their importance in determining the success of cooperatives. Based on the group mean scores, only four factors were found to be important and they are visionary leadership, managerial competency, functional characteristics and stability.

INTRODUCTION
The cooperative movement in Malaysia has had a long history beginning with the establishment of the first thrift and loan cooperative on July 21, 1922. In line with the International Cooperative Alliance (ICA) definition, Section 2 of The Cooperative Societies Act 1993 defines a cooperative as “an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise. Cooperatives continue to occupy a dominant place in the Malaysian socio-economic environment as evidenced by the number of cooperatives in existence. For the year ended 31 December 2008 there were 6,084 cooperatives in Malaysia with a total membership of 6.51 million individuals, paid up capital worth RM8.42 billion and total assets amounting to RM55.73 billion (Malaysia Cooperative Societies Commission, 2008). The 6.51 million individual members represented 23 percent of the country’s population of 27.73 million in 2008 (Ministry of Finance, 2008).
Problem Statement
In spite of the fact that one in every five Malaysian is a cooperative member, the cooperative movement currently contributes only 1.4 percent to the country’s Gross Domestic Product (GDP). The Government has targeted for cooperatives to increase this contribution to 4 percent in 2013 (Suruhanjaya Koperasi Malaysia, 2009). To achieve this target, the number of cooperatives will be increased to 10,000 in 2013 with each cooperative having an average yearly turnover of between RM800,000 to RM1.5 million. It is also expected that 50 percent of the adult population in Malaysia will be cooperative members by then. To ensure these targets are achieved, it is important that the cooperative movement in Malaysia is successful. Since successful cooperatives are bound to be influenced by certain pertinent factors, therefore it is of utmost importance to identify these factors in the context of cooperatives in Malaysia. Moreover at the time of writing this article, a study of this nature had not been attempted previously.

Objective of the Study
The objective of this study is to identify success factors of cooperatives in Malaysia, as perceived by key personnel associated with the cooperative movement in Malaysia.

REVIEW OF LITERATURE
This section reviews the relevant literature related to the present study. A brief description of the status of the cooperative movement in Malaysia is highlighted followed by a discussion on the literature relating to success factors of cooperatives in other countries.

Status of Cooperatives in Malaysia
Table 1 shows that as at 31 December 2008 there were 6,084 cooperatives in Malaysia with a total membership of 6.51 million individuals, paid up capital worth RM8.42 billion and total assets amounting to RM55.73 billion (Malaysia Cooperative Societies Commission, 2008). The 6.51 million individual members represented 23 percent of the country’s population of 27.73 million in 2008 (Ministry of Finance, 2008). In terms of function, consumer cooperatives constituted the majority (54 percent) of the 6084 cooperatives. However, cooperatives engaged in banking and credit / finance, which represented only 9 percent of the cooperatives, had 73 percent of the paid up capital and 89 percent of the total assets of the movement. One reason for this situation is that a large number (61 percent) of the consumer cooperatives existed in schools and therefore, had only 0.2 percent of the paid up capital and total assets of the cooperative movement in the country.
As indicated in Table 1, the 6,084 cooperatives were involved in various functions specifically, banking, finance or credit, plantation, housing, industrial activities, consumerism, construction, transport and services. The Department of Cooperative Development (replaced by the Malaysia Cooperative Societies Commission or MCSC since 2008) which is responsible for the supervision of cooperatives in the country classifies them into nine functions based on their business activities. The cooperatives had a total turnover of RM 7.75 billion, which accounted for only 1.4 percent of the country’s GDP of RM533.91 billion in 2008 (Ministry of Finance, 2008). This figure indicates that despite 23 percent of the population being cooperative members, the contribution of the cooperative movement to the country’s economy is insignificant.

For the cooperative movement in the country to effectively contribute towards enhancing the socio-economic status of the people as well as contribute more significantly towards the country’s GDP, it is imperative that the cooperative movement in the country, as a whole is successful.

Table 1: Status of Cooperatives by Function as at 31 December 2008

<table>
<thead>
<tr>
<th>Function</th>
<th>No. of Cooperatives</th>
<th>Membership (individuals)</th>
<th>Capital (RM)</th>
<th>Assets (RM)</th>
<th>Turnover (RM)</th>
<th>Profit/Loss (RM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banking</td>
<td>2</td>
<td>828,484</td>
<td>2,199,709,013</td>
<td>42,208,732,138</td>
<td>3,551,004,345</td>
<td>1,254,943,822</td>
</tr>
<tr>
<td>Credit/Finance</td>
<td>551</td>
<td>1,962,834</td>
<td>3,969,003,533</td>
<td>7,620,467,830</td>
<td>1,747,350,390</td>
<td>353,658,419</td>
</tr>
<tr>
<td>Agriculture</td>
<td>842</td>
<td>248,526</td>
<td>239,016,392</td>
<td>964,366,413</td>
<td>520,805,179</td>
<td>132,336,678</td>
</tr>
<tr>
<td>Housing</td>
<td>88</td>
<td>89,102</td>
<td>131,592,122</td>
<td>540,551,689</td>
<td>103,492,753</td>
<td>38,860,369</td>
</tr>
<tr>
<td>Industrial</td>
<td>75</td>
<td>11,997</td>
<td>6,953,639</td>
<td>49,874,089</td>
<td>42,628,043</td>
<td>41,824</td>
</tr>
<tr>
<td>Consumer:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- adult</td>
<td>1,283</td>
<td>658,029</td>
<td>237,702,053</td>
<td>988,115,272</td>
<td>803,752,797</td>
<td>42,954,235</td>
</tr>
<tr>
<td>- school</td>
<td>2,043</td>
<td>2,022,091</td>
<td>17,529,109</td>
<td>149,894,519</td>
<td>160,819,115</td>
<td>23,170,906</td>
</tr>
<tr>
<td>Construction</td>
<td>108</td>
<td>62,111</td>
<td>15,248,402</td>
<td>57,049,368</td>
<td>23,366,543</td>
<td>417,739</td>
</tr>
<tr>
<td>Transport</td>
<td>336</td>
<td>116,918</td>
<td>47,338,371</td>
<td>182,006,579</td>
<td>391,607,704</td>
<td>14,343,117</td>
</tr>
<tr>
<td>Services</td>
<td>756</td>
<td>509,556</td>
<td>1,553,903,547</td>
<td>2,969,662,339</td>
<td>405,033,640</td>
<td>81,592,599</td>
</tr>
<tr>
<td>Total</td>
<td>6,084</td>
<td>6,509,648</td>
<td>8,417,996,182</td>
<td>55,730,720,236</td>
<td>7,749,860,509</td>
<td>1,942,319,708</td>
</tr>
</tbody>
</table>

(Source: Malaysia Cooperative Societies Commission, 2008)
Success Factors of Cooperatives

There is some literature on the factors influencing the performance of cooperatives and these are generally referred to as success factors. The prior studies determined success factors by investigating the link between selected independent variables and performance of cooperatives. Cooperative performance was mainly measured in terms of financial performance using ratios. Hence, the variables found to be positively associated with improved financial performance of cooperatives were identified as success factors in previous studies.

It is worth noting that prior studies were undertaken in other countries, such as the United States, Europe, Canada, Fiji and Iran. None of the existing literature however, has investigated the success factors of cooperatives in Malaysia. This study focused only on exploring the factors associated with successful cooperatives in Malaysia based on the perceptions of key personnel involved with the Malaysian cooperative movement. The study however, did not measure performance of the cooperatives in Malaysia nor relate these factors to cooperative performance.

Some of the variables that have significantly contributed to cooperatives being successful are reviewed here. For instance, the impact of diversifying the activities of agricultural cooperatives on their financial and non financial performance was investigated by Trechter (1996). Diversification is important component of the functional characteristic of a cooperative as it relates closely to how cooperatives carry out their activities to meet the various needs of their members. Trechter’s (1996) study showed that diversification was not significantly and positively associated to financial performance, measured as profitability, increase in patronage refunds or increases in equity redemption. In contrast however, diversification was positively related to membership size, the indicator used to gauge non financial performance of cooperatives by Trechter (1996), with diversified cooperatives enjoying larger memberships. Diversification was included as a variable in the present study as many of the cooperatives in Malaysia have diversified their activities and are known as multipurpose cooperatives.

As member based organisations, members involvement in their cooperatives is of paramount importance to the survival and success of cooperatives. In fact the existing literature (Amini and Ramezani, 2008; Lluch, Gomis and Jimenez, 2006) has identified active member participation in the administration of cooperatives as a key factor influencing the successful performance of cooperatives. As cooperatives are formed by members to fulfil their common economic and social needs, collective ownership would most likely instil a sense of belonging and in turn encourage active
involvement in the activities undertaken by their cooperatives. Generally, active member participation in the administration of cooperatives is manifested in the form of attendance at the annual general meetings and supporting the products or services of their cooperatives. Members’ attendance at the annual general meeting as well as support towards their cooperatives’ products and services reflect the unique functional characteristics of cooperatives. To reflect active member participation in the administration of cooperatives in Malaysia, the two pertinent variables that were included in the present study were: members’ attendance at annual general meetings and members’ support towards their cooperatives’ products or services.

For cooperatives to succeed, it is imperative that they are managed effectively by visionary and competent leaders. In the context of cooperatives, leaders refer to the board members as well as managerial personnel who are employed by cooperatives. An important criterion of visionary leadership is the need to plan strategically for the continued survival of the cooperative. The importance of planning cannot be underestimated as Pathak and Kumar (2008) also identified that one of the main reasons for the failure of cooperatives in Fiji was inadequate planning. A number of prior studies (Carr, Kariyawasam and Casil, 2008; Carlberg, Ward and Holcomb, 2006; Henehan and Pelsue, Jr., 1986; Pathak and Kumar, 2008) found that having strategic or long term plans was positively associated with successful cooperatives. Long term planning is defined as planning for beyond 1 to a maximum of 5 years (Carr et al., 2008). As there are some cooperatives in Malaysia that have formulated strategic or long term plans, the variable pertaining to cooperatives having a strategic plan for at least three years, was included as a variable in this exploratory investigation. In addition, it makes sense to infer that cooperatives with visionary leaders would be more likely to have strategic plans, hence visionary leaders was regarded as a pertinent variable and included in the present study. Undeniably, two important traits good leaders should possess are effective communication skills and the ability to deal with problems and challenges. These two qualities were thus regarded as pertinent variables and incorporated in the present study.

A visionary and competent leadership also gives high priority to continuous education and training for board members, staff and members of their cooperatives. Continuous education and training is regarded as significant input for cooperatives to be successful by some prior studies (Amini and Ramezani, 2008; Bruynis et al., 2001). In the case of members, to promote their active participation, they need to be educated regularly on cooperative concepts as well as be aware of their rights and responsibilities towards their cooperatives. To ensure that board members and staff are equipped with the right competencies to manage the daily operations of the cooperative, it is vital for
them to undergo regular intensive training on cooperative philosophy and principles as well as management, interpersonal and operational skills related to the business activities of cooperatives. Interestingly, Pathak and Kumar (2008) identified that lack of training in financial management and lack of understanding of cooperative concepts were among the main reasons for the failure of many cooperatives in Fiji. Continuous training would equip board members and staff with the latest knowledge and skills and enable them to maintain the relevant documentation on the activities of cooperatives, including the maintenance of systematic accounting records. In fact, maintaining proper accounting documentation is an effective financial management practice and has been found to be positively associated with successful cooperatives (Boyer, Creech and Paas, 2008). As education, training and information is the fifth Cooperative Principle its role in contributing towards the success of cooperatives in Malaysia cannot be ignored. Therefore variables related to training and education were included in the current study. They were: ongoing training and education, knowledgeable board members and knowledgeable managers/supervisors.

Besides having the relevant knowledge and skills, board members and managerial staff should possess the appropriate experience to manage cooperatives. Board members and managerial staff of cooperatives who have had previous experience in leadership or managerial positions would be in a better position to make better informed decisions for their cooperatives. Indeed, earlier studies have found a positive relationship between previous experience possessed by the board and managers of cooperatives and cooperative performance (Bruynis et al., 2001; Carlberg, Ward and Holcomb, undated; Carr et. al., 2008; Henehan and Pelsue, Jr., 1986). Therefore, knowledgeable board members and knowledgeable managers/supervisors were incorporated as two variables in the present study. In addition to having knowledgeable, skilled and experienced board members and managerial personnel to manage cooperatives professionally, their continuity of service is vital to ensure policies and plans are implemented efficiently without compromising stability of the cooperatives. Accordingly, the variables relating to continuity of board members and continuity of managers/supervisors were included in this study to reflect stability.

Another vital component of stability is financial stability. Some prior studies (Carr et al., 2008; Pathak and Kumar, 2008) have found that having sufficient amount of working capital for activities was positively related to the successful performance of cooperatives. Increasing members’ contribution to share capital is one way to guarantee that cooperatives have a sufficient pool of working capital to carry out their activities. As such, the researchers included large share capital and subscription from members, as a variable in the current study. As owners, it is imperative that members
play an active role in contributing financially to prevent their cooperatives from being dependent on external funding and ultimately being controlled by non members. Prior studies (Bruynis et al., 2001; Carlberg, Ward and Holcomb, 2006) have also identified low operating cost to be associated with cooperatives being successful. Maintaining low cost of operations ensures that cooperatives have operational efficiency and are able to translate this efficiency into lower prices for the essential services provided to members. Low operating cost was therefore incorporated as a variable in this study.

METHOD

A preliminary investigation was carried out to explore the factors perceived to be important for the successful performance of cooperatives in Malaysia. A questionnaire listing twenty one items was developed using both the English and Malay languages and the survey method of data collection was used to obtain the perception of 250 respondents on the important factors influencing the success of cooperatives in Malaysia. Of the twenty one items, eleven items were adopted from previous studies while the remaining ten items were developed by the researchers who are experienced cooperative trainers. The ten items developed by the researchers based on their experience are: type of function, full time managers/supervisors, continuity of board members, continuity of managers/supervisors, highly qualified managers/supervisors, members’ attendance at annual general meeting, visionary leaders, leaders who can communicate effectively, leaders who can deal effectively with problems and challenges and accessibility to financing. All twenty one items were measured on a five-point scale ranging from not important (1) to very important (5). Appendix 1 shows the questionnaire used in the present study.

The sample size of 250 respondents was determined based on the subject (respondent) to item ratio of 10:1, which is considered an appropriate and still prevalent rule of thumb many researchers use for determining sample size for the purpose of exploratory factor analysis (Costello and Osborne, 2005). The purposive sampling method was used to select the respondents who were board members, management staff and members of cooperatives as well as government officers supervising cooperatives. These respondents were deemed appropriate because of their expert knowledge on cooperatives. The questionnaires were distributed to those respondents who attended the training programmes at the Cooperative College of Malaysia. In addition, thirty cooperatives from the 2008 list of 100 best cooperatives in Malaysia were selected at random and three respondents comprising of board members were identified as respondents from each of the thirty cooperatives. The questionnaires were then mailed to the respondents in the thirty cooperatives. Of the 250 questionnaires which were
distributed personally or mailed, a total of 203 responses were usable for analysis, indicating a response rate of 81.2 percent.

The data was analysed using exploratory factor analysis. Exploratory factor analysis was deemed appropriate as the study sought to explore the underlying factors associated with successful cooperatives as perceived by the respondents.

**FINDINGS**

In terms of their positions in the cooperatives, of the 203 respondents, 123 (60.5 percent) were board members, 23 (11.3 percent) were management employees (managers and supervisors), 40 (19.7 percent) were members and 12 (5.9 percent) were government officers supervising cooperatives while 5 respondents did not indicate their positions.

As the purpose of the exploratory investigation was to reduce the items or variables to a manageable number of components or factors contributing to the success of cooperatives, factor analysis was used. A total of twenty one items were subjected to factor analysis using SPSS for Windows (version 15). Factoring ceased when all eigenvalues of greater than one were obtained and when a set of factors explaining a large percentage of the total variance was achieved. The suitability of data for factor analysis was assessed. The Kaiser-Meyer-Olkin value was 0.88 exceeding the recommended value of 0.6 (Pallant, 2002) and the Barlett’s Test of Sphericity reached statistical significance, supporting the factorability of the correlation matrix.

An accepted method of interpretation of factor loadings is to regard significant any variable or item with a loading of 0.5 or greater as associated with the appropriate factor ((Hair, Black, Babin, Anderson and Tatham, 2006). Hence 0.5 was used as the cut-off point to determine the number of items that loaded on to a factor or component. From the initial list of twenty-one items, two items, ‘full time managers/supervisors’ and “accessibility to financing” did not load significantly on to any component and were subsequently excluded. The remaining nineteen items were factor analysed again. The factors were extracted by using principal component method with a varimax rotation. The rotated component matrix presented in Table 2 revealed five components with all variables showing strong loadings (more than 0.5) and nearly all items or variables loading substantially on only one component. The five factor rotated solution explained a total of 63.84 percent of the variance, with Component 1 contributing 37.01 percent, Component 2 contributing 7.74 percent, Component 3 contributing 7.45 percent, Component 4 contributing 6.22 percent and Component 5 contributing 5.42 percent of the variance.
Reliability analysis using Cronbach’s alpha was carried out to examine the internal consistency of the factors obtained where Cronbach’s alpha coefficient at 0.5 or higher was considered acceptable (Kerlinger & Lee, 2000, cited in Mokhlis & Sparks, 2007). Specifically, the Cronbach’s alpha coefficient values for the five factors ranged from 0.53 to 0.85, as shown in Table 2, indicating that the factors had acceptable reliability. Item No.7, “Members’ support towards cooperative’s products or services”, cross-loaded significantly on two factors, Factor 1 and Factor 4. As its significant loading on Factor 4 was slightly higher (0.528) than on Factor 1 (0.512), this variable was retained on Factor 4 to calculate the reliability of Factor 4.

The five factors were labelled as follows: “Visionary Leadership” was the first factor followed by “Managerial Competency”, “Stability”, “Functional Characteristics” and the last factor was labelled as “Operational Efficiency”. The first factor, “Visionary leadership” had seven items with significant factor loadings ranging from 0.512 to 0.769. The Visionary leadership factor was perceived to reflect cooperative leaders who are able to communicate effectively, have vision and strategic plan, deal effectively with problems and challenges, focus on continuous education and training as well as on having proper accounting records for their cooperative. With visionary leadership, the cooperative is able to sustain member support for its products or services. The second factor, “Managerial Competency” had four items and their factor loadings ranged from 0.574 to 0.800. This factor reflects the perception that managers/supervisors and board members who are experienced as well as knowledgeable are important for the success of cooperatives in Malaysia.

The third factor, “Stability” had three items with factor loadings ranging from 0.594 to 0.840. This factor indicates that continuity of service by board members and managers/supervisors as well as substantial amount of share capital and subscription from members, were perceived to be important for the success of cooperatives. The fourth factor, “Functional Characteristics” had four items and their factor loadings ranged from 0.528 to 0.684. This factor portrays the perception that the type of function, the diversification of activities, members’ attendance at the annual general meeting and their support towards their cooperatives’ products or services are important for the success of cooperatives. Members’ attendance at the annual general meetings of cooperatives and support for cooperatives’ products or services are two characteristics which are unique to cooperatives and influence the way cooperatives function. Finally, the fifth factor, “Operational Efficiency” had only two items with relatively high significant factor loadings of between 0.683 and 0.756. This factor reflects the perception that having highly qualified managers/supervisors to manage the cooperatives as well as maintaining low operating cost are important to the success of cooperatives in Malaysia.
Table 2: Factor Analysis of Determinants of Cooperative Performance

<table>
<thead>
<tr>
<th>No.</th>
<th>Variable/Item</th>
<th>Factor 1 (Visionary leadership)</th>
<th>Factor 2 (Managerial Competency)</th>
<th>Factor 3 (Stability)</th>
<th>Factor 4 (Functional Characteristics)</th>
<th>Factor 5 (Operational Efficiency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Leaders who can communicate effectively.</td>
<td>0.769</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Visionary leaders.</td>
<td>0.717</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Leaders who can deal effectively with problems and challenges.</td>
<td>0.706</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Cooperative has a strategic plan for at least 3 years.</td>
<td>0.627</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>On going education and training.</td>
<td>0.618</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Maintaining proper accounting records.</td>
<td>0.547</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Members’ support towards cooperative’s products or services.</td>
<td>0.512</td>
<td></td>
<td>0.528</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Experienced managers/supervisors</td>
<td>0.800</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Experienced board members</td>
<td>0.743</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Knowledgeable managers/supervisors.</td>
<td>0.683</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Knowledgeable board members</td>
<td>0.574</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Continuity of board members</td>
<td>0.840</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Continuity of managers/supervisors.</td>
<td>0.718</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: cont.
Respondents’ opinions on the level of importance of the five factors associated with successful performance of cooperatives as well as the level of importance of the corresponding variables within each factor were obtained, using a 5-Point Likert type Scale ranging from 1 (not important) to 5 (very important). For the purpose of analysis, it was decided that if a factor or variable has a mean score of at least 4 on the Likert type scale means the respondents perceive the factor or the variable to be important for the successful performance of cooperatives in Malaysia. On the other hand, if a factor or variable has a mean score of between 1 to less than 4, means the respondents do not perceive that factor or variable to be important for the successful performance of cooperatives in Malaysia. The resulting mean scores for the five factors and their variables are shown in descending order in Table 3.

As indicated in Table 3, of the five factors, only four factors had group mean scores of at least 4 and these factors are Visionary Leadership, Managerial Competency,
Functional Characteristics and Stability. One factor, Operational Efficiency had a group mean score of less than 4 (group mean score=3.93) and was thus not perceived to be an important contributor to successful cooperative performance. Visionary leadership was perceived as the most important factor with a group mean score of 4.54, followed by the factor, Managerial Competency with a group mean score of 4.52, Functional Characteristics with a group mean score of 4.43 and finally the factor, Stability with a group mean score of 4.00.

Within Factor 1 labelled as Visionary Leadership, all six variables or statements were perceived to be very important as indicated by their individual item mean scores which exceeded 4 and ranged from mean scores of 4.40 to 4.66. Interestingly, the variable or statement, ‘maintaining proper accounting records’ which had the lowest loading on this factor had the highest mean score of 4.66, indicating that this variable was perceived to be the most important variable within the first factor as well as among the nineteen variables included in the study.

All four variables or statements in Factor 2 labelled as Managerial Competency were also perceived to be very important as seen from their high individual item mean scores, ranging from 4.49 to 4.55. It is worth noting that the variables or statements relating to ‘experienced managers/supervisors’ and ‘knowledgeable managers/supervisors’ were perceived to be more important in contributing towards successful cooperative performance than experienced or knowledgeable board members. One possible reason for this perception is that board members in cooperatives are generally inexperienced and manage the cooperatives on a voluntary basis unlike managers or supervisors who are employed full time to run the business operations of the cooperatives. Hence the perception, that for cooperatives to be successful, the commitment of managerial personnel with the appropriate experience and knowledge is important.

The fourth factor labelled as Functional Characteristics has four variables or statements all of which have been perceived to be important as seen from their high individual item mean scores, ranging from 4.19 to 4.52. As expected, the statements on ‘members’ support towards cooperative’s products or services’ and ‘members’ attendance at annual general meeting’ were both perceived to be most important variables in this Factor that contributed towards the success of cooperatives, as seen from the mean score of 4.52. Both these statements reflect the essence of forming a cooperative, which is defined as an autonomous association of individuals united voluntarily to meet their common economic, social and cultural needs through a jointly owned and democratically controlled organisation. Hence, it is imperative that these
members support or patronise the services or products offered by their cooperative and participate directly in setting policies and making decisions for their cooperative by attending the annual general meeting.

The third factor, Stability has three statements with individual item mean scores from 3.95 to 4.04. Only two statements had mean scores exceeding 4.00 and were thus perceived to be important while the statement, ‘large share capital and subscription from members’ had a mean score of 3.95 and thus was perceived to be not important. Thus continuity of board members and managerial personnel are regarded as important variables that contribute to the stability and subsequently the success of cooperatives in Malaysia.

Finally, the fifth factor, Operational Efficiency (mean score = 3.93) has two variables or statements, ‘highly qualified managers/supervisors’ with a mean score of 3.96 and ‘low operating cost’ with a mean score of 3.96. Since both the individual item mean scores are less than 4.00, they were perceived to be not important in influencing the success of cooperatives in Malaysia.

Table 3: Factor and Variable Mean Scores

<table>
<thead>
<tr>
<th>Factor No/Label</th>
<th>Group Mean Score</th>
<th>Variables/Items</th>
<th>Individual Item Mean Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Visionary Leadership)</td>
<td>4.54</td>
<td>Maintaining proper accounting records.</td>
<td>4.66</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Visionary leaders.</td>
<td>4.57</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Leaders who can deal effectively with problems and challenges.</td>
<td>4.56</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Leaders who can communicate effectively.</td>
<td>4.52</td>
</tr>
<tr>
<td></td>
<td></td>
<td>On going education and training.</td>
<td>4.52</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cooperative has a strategic plan for at least 3 years.</td>
<td>4.40</td>
</tr>
<tr>
<td>2 (Managerial Competency)</td>
<td>4.52</td>
<td>Experienced managers/supervisors</td>
<td>4.55</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Knowledgeable managers/supervisors.</td>
<td>4.53</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Experienced board members</td>
<td>4.51</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Knowledgeable board members</td>
<td>4.49</td>
</tr>
<tr>
<td>4 (Functional Characteristics)</td>
<td>4.43</td>
<td>Members’ support towards cooperative’s products or services.</td>
<td>4.52</td>
</tr>
</tbody>
</table>

Table 3: cont.
Malaysian Journal of Co-operative Studies

DISCUSSION

The findings of this investigation indicated that only four factors were perceived as being important in influencing the success of cooperatives in Malaysia. In order of importance these four factors are Visionary Leadership, Managerial Competency, Functional Characteristics and Stability. Importantly, the findings of this study imply the need for cooperatives to be managed professionally so as to be efficient and viable business entities capable of fulfilling their social obligations effectively. Though there are some cooperatives which are led by visionary and competent board members and managerial personnel, the majority of Malaysian cooperatives have small amount of capital and are managed voluntarily by inexperienced board members who may lack the necessary leadership and managerial skills and experience. Moreover, such cooperatives do not employ qualified and competent managerial staff to carry out the business operations. As a result, the majority of cooperatives in the country continue to be involved in conventional low risk activities which eventually lose out to competition and fail.

Though the four factors are interrelated, it cannot be denied that the most important factor for the success of any organisation including cooperatives is the type of leadership that exists in the organisation. Effective leaders must be visionary, that is they must have a vision, put into place strategic or long term plans to achieve that vision and communicate their vision and plan to all stakeholders in the organisation so that everyone works together to achieve that vision. Managerial Competency, the second most important factor perceived in this study is closely linked to Visionary Leadership. This is because to be visionary leaders, it is imperative that board members of cooperatives have the appropriate knowledge and experience in

Table 3: cont.

<table>
<thead>
<tr>
<th></th>
<th>Members’ attendance at Annual General meeting.</th>
<th>4.52</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Type of Function.</td>
<td>4.48</td>
</tr>
<tr>
<td></td>
<td>Diversification of activities.</td>
<td>4.19</td>
</tr>
<tr>
<td>3 (Stability)</td>
<td>Continuity of board members</td>
<td>4.04</td>
</tr>
<tr>
<td></td>
<td>Continuity of managers/supervisors.</td>
<td>4.03</td>
</tr>
<tr>
<td></td>
<td>Large share capital and subscription from members.</td>
<td>3.95</td>
</tr>
<tr>
<td>5 (Operational Efficiency)</td>
<td>Highly qualified managers/supervisors.</td>
<td>3.96</td>
</tr>
<tr>
<td></td>
<td>Low operating cost.</td>
<td>3.91</td>
</tr>
</tbody>
</table>
formulating policies and decision making, while the managerial employees have the relevant knowledge and experience to implement the policies and daily operations of the cooperatives.

The third most important factor perceived to influence the success of cooperatives in Malaysia, Functional Characteristics highlights the functional uniqueness of cooperatives as compared to other business organisations. In the case of cooperatives, members are a vital competitive edge as they have a dual role, as owners and users of the products and services offered by their cooperatives. Hence, to be successful member based business organisations, member participation in the policy making process through attendance at the annual general meeting and patronage of the cooperatives’ products and services needs to be ensured. One way to do this is by focusing on the type of function or activity which would fulfil members’ common economic and social needs. Whatever diversification of activities is undertaken should also be related to the function and in line with the aspirations of members. Finally, Stability was perceived as the fourth most important factor to influence the success of cooperatives and is pertinent to guarantee the continued survival of the cooperative organisation. Continuity of the board members and managers/supervisory staff is a crucial element of stability so as to ensure the sustained implementation and monitoring of the policies that have been formulated.

Though the findings obtained in this study cannot be directly compared to those of previous studies because of differences in context, the findings with regard to some of the variables or statements contained in the four factors are consistent with those of earlier studies. Specifically, in the case of the factor, Visionary leadership, the variable, maintaining proper accounting records was also found to significantly influence the successful performance of cooperatives by Boyer, Creech and Paas (2008), while the statement, ‘ongoing education and training’ was identified as a significant contributing variable by Amini and Ramezani (2008) as well as by Pathak and Kumar (2008). In addition, the statement, ‘cooperative has a strategic plan for at least 3 years’ was also found to significantly contribute towards the success of cooperatives by some prior studies (Carlberg et al., 2006; Henehan & Pelsue Jr., 1986; Pathak & Kumar, 2008). With regard to the factor, Managerial Competency, the variables or statements, ‘experienced managers/supervisors’ and ‘experienced board members’ were found to be significant in influencing the success of cooperative by some previous studies (Bruynis et al., 2001; Carr et al., 2008).

In the case of the factor, Functional Characteristics, the two variables, ‘members’ support towards the cooperative’s products or services’ and ‘members’ attendance at
the annual general meeting’ were also identified as important elements influencing the success of cooperatives by Amini and Ramezani (2008), while the statement ‘diversification of activities’ was found to significantly contribute to the success of cooperatives by Trechter (1996). Finally, where the factor Stability is concerned, one variable, ‘large share capital and subscription from members’ was found to be an important element of cooperative success by Bruynis et al. (2001).

CONCLUSION

This study explored the success factors of cooperatives in Malaysia as a study of this nature had not been attempted previously. The results from this study provide evidence that only four factors are perceived to be important and in order of importance they are: visionary leadership, managerial competency, functional characteristics and stability. One factor, operational efficiency was found to be not an important factor and hence disregarded. The current study only focused on exploring the factors associated with successful cooperatives in Malaysia based on the perceptions of key personnel in the cooperative movement. The study however, did not measure the performance of cooperatives in Malaysia nor determine the relationship between the perceived factors and cooperative performance. Hence, future research can be undertaken to confirm the validity of the perceived factors and establish the relationship between the validated factors and performance of cooperatives in Malaysia.
REFERENCES


BORANG SOALSELIDIK

FAKTOR-FAKTOR PENTING YANG MEMPENGARUHI KEJAYAAN KOPERASI (IMPORTANT FACTORS INFLUENCING SUCCESS OF COOPERATIVES)

Tuan / Puan,


SEGALA JAWAPAN YANG DIBERI AKAN DIRAHSIAKAN

Sekian, terima kasih.

Yang benar,
Raja Maimon binti Raja Yusof
Timbalan Pengarah (Akademik)
b.p Pengarah
Maktab Kerjasama Malaysia
BAHAGIAN A: LATAR BELAKANG RESPONDEN
(SECTION A: RESPONDENT BACKGROUND)

ARAHAN:  Sila tandakan ( √ ) dalam satu petak sahaja atau isikan ruang kosong.
INSTRUCTION:  Please tick ( √ ) in only one box or fill in the space provided).

1.  Nama Koperasi/Agensi : _______________________________________

2.  Jawatan anda (Your position)

Pengerusi
Setiausaha
Bendahari
Ahli Lembaga Koperasi
Pengurus
Penyelia
Anggota
Pegawai yang menyelia koperasi
BAHAGIAN B: PANDANGAN MENGENAI FAKTOR-FAKTOR PENTING YANG MEMPENGARUHI KEJAYAAN KOPERASI
(SECTION B: YOUR OPINION OF IMPORTANT FACTORS INFLUENCING SUCCESS OF COOPERATIVES)

ARAHAN: Sila tandakan (√) dalam satu petak sahaja pendapat anda mengenai tahap kepentingan faktor-faktor berikut terhadap kejayaan koperasi. Gunakan skala 1 hingga 5 seperti di bawah. Tiada jawapan yang dianggap betul atau salah.

(INSTRUCTIONS: Please indicate your opinion on the level of importance of the following factors on the success of coopeartives. Tick (√) only one box, according to the scale 1 to 5 below. There is no right or wrong answer.)

1. Fungsi koperasi
   (Type of function)

2. Kepelbagaian aktiviti
   (Diversification of Activities)

3. Anggota Lembaga Koperasi yang berpengalaman
   (Experienced Board Members).

4. Pengurus / Penyelia yang berpengalaman
   (Experienced Managers / Supervisors).

5. Pengurus / Penyelia sepenuh masa
   (Full Time Managers / Supervisors)

6. Anggota Lembaga Koperasi yang berpengetahuan
   (Knowledgeable Board Members).

<table>
<thead>
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</tbody>
</table>
7. Pengurus / Penyelia yang berpengetahuan (Knowledgeable Managers / Supervisors).

8. Kesinambungan Anggota Lembaga Koperasi memegang jawatan (Continuity of Board Members)

9. Kesinambungan Pengurus / Penyelia berkhidmat di koperasi (Continuity of Managers / Supervisors)

10. Pengurus / Penyelia berkeberkaitan tinggi (Highly qualified Managers / Supervisors).

11. Pendidikan dan latihan yang berterusan (On going education and training)

12. Koperasi mempunyai perancangan strategik untuk sekurang-kurangnya 3 tahun (Cooperative has a strategic plan for at least 3 years)

13. Sokongan anggota terhadap produk atau perkhidmatan koperasi (Members’ support towards cooperative’s products or services).


15. Pemimpin yang berwawasan (Visionary leaders).

16. Pemimpin yang boleh berkomunikasi dengan berkesan (Leaders who can communicate effectively).
17. Pemimpin yang boleh menangani masalah dan cabaran dengan berkesan
(Leaders who can deal effectively with problems and challenges).

18. Kemudahan mendapatkan pembiayaan
(Accessibility to financing).

19. Jumlah modal syer dan yuran anggota yang besar
(Large share capital and subscription from members).

20. Kos operasi yang rendah
(Low operating cost).

21. Penyenggaraan rekod perakaunan yang baik
(Maintaining proper accounting records).

22. Produk atau perkhidmatan yang ditawarkan memenuhi keperluan anggota
(Product s or services offered fulfill the needs of members).

23. Pihak pengurusan yang proaktif, inovatif dan bersedia mengambil risiko
(Management which is proactive, innovative and willing to take risk).

24. Lain-lain faktor yang difikirkan SANGAT PENTING kepada kejayaan koperasi.
(Other factors that you consider to be VERY IMPORTANT for the success of cooperatives).

__________________________________________________________________
__________________________________________________________________
__________________________________________________________________
__________________________________________________________________
__________________________________________________________________

TERIMA KASIH DI ATAS KERJASAMA ANDA.
(THANK YOU FOR YOUR COOPERATION).
AUTHORS’ BACKGROUND

**Sushila Devi Rajaratnam** is the Head of the Research Management and Publication Centre as well as Chief Editor for the Malaysian Journal of Co-operative Studies, at the Co-operative College of Malaysia (CCM). She has more than 29 years experience as a trainer with CCM and besides training, has undertaken a number of research studies and written journal articles related to co-operative management. She holds a Ph.D. in Management from Multimedia University, Malaysia, Masters in Business Administration and Bachelor in Economics with Honours (Business Administration) from University of Malaya, Malaysia.

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**Farahaini Mohd Hanif** has been with the Accounting and Finance Centre, Co-operative College of Malaysia (CCM) since 2006 and is a trainer in accounting, auditing and financial management. She holds a Masters in Accounting and Bachelor in Accounting with Honours from Universiti Teknologi MARA.
This paper presents findings of a study whose objectives are to explore the history and current activities and challenges of the co-operative movement in Uganda as one of the development options for poverty alleviation; and to examine strategies for making it an effective model of poverty alleviation in this 21st Century. Poverty in Uganda is a reality, with Uganda now categorized among the least developed of the developing countries. This is an exploratory research using qualitative approaches to data collection and analysis. It is a desk review of existent literature and related documents and interviews of key persons in co-operative and finance-related institutions in Uganda. The paper establishes that the co-operative movement, from colonial times to date, has undergone a lot of challenges, both emanating from the cooperatives themselves and those from its contexts. It also establishes that despite many interventions to alleviate poverty by government, especially in the last 20 years, poverty still bites a very significant proportion of the population, mainly due to inappropriate model of intervention.

The paper agrees that Uganda government’s current promotion of co-operatives is an indication of how it believes in its importance as a complementary development model. The paper argues that for co-operatives to effectively fight poverty amidst the challenges and meet the Millennium Development Goals (MDGs) by 2015, policy innovations should include, firstly, action by the government to provide support and conducive legal environment for the operation of co-operatives and, secondly, reforms within the societies themselves to enable them overcome internal and external forces. The paper also concludes that though the role of government and cooperatives are significant in the fight against poverty, the Non-govermental Organizations (NGOs) and the private sectors should equally be engaged in this struggle if meaningful development is to be realized and poverty in particular, fought.
INTRODUCTION

This research was undertaken to explore the role of co-operatives in poverty alleviation in Uganda today. The antecedent of the co-operative movement and the activities to the present day, including the challenges has been examined. The paper is divided into five sections: The introduction and background, theoretical and practical experience, the antecedent and challenges up to 1980; 1980s to the present day; and lastly the strategies for the 21st Century. The 21st Century is emphasized because it is during this period that the Millennium Development Goals (MDGs) targets are expected to be met and Uganda hopes to eradicate poverty and improve living conditions for all Ugandans (Uganda APRM, 2009).

Between 1998 and 2008, poverty eradication was the core objective of Uganda’s development strategy (Republic of Uganda, 2000). The aim was to reduce poverty levels from 44 percent in 1997 to below 10 percent in 2017 (Manyire, 2009) and to meet the MDGs by 2015. Over the last decade therefore, Uganda’s development strategy was implemented within the framework of the Poverty Eradication Action Plan (PEAP). The PEAP was developed in 1997, revised in 1999/2000 and in 2003/4 as a comprehensive national policy framework, which guided national planning. Since eighty five percent of Uganda’s estimated population of 31 million lives in the rural areas where they depend mainly on agriculture for their livelihood, agriculture on average accounts for about 20.9 percent of the GDP\(^1\), the government believes the agricultural sector is in a stronger position for spearheading the transformation. A major intervention therefore, among others, to operationalise PEAP was PMA (Plan for Modernization of Agriculture) through many intervention areas one of which is the National Agricultural Advisory Services (NAADS) (Republic of Uganda, 2004). Other integrated interventions specific to some vulnerable communities include NURP (Northern Uganda Rehabilitation Program), NUSAF (Northern Uganda Social Action Fund), KALIP (Karamoja Livelihoods Program); ALREP (Agricultural Livelihoods Rehabilitation Project) and RALNUC (Restoration of Agricultural Livelihoods for Northern Uganda Component). In addition, in 2006, a government funded national program, commonly known as Bona Bagaggawale\(^2\) was initiated by President Yoweri Museveni as a core of the sub-county based economic development strategy.

Due to the interventions above, since 1990s, real growth is estimated to have averaged 6 percent per annum (Uganda APRM, 2009). Despite tremendous economic growth

\(^1\) Background to the budget 2008/9 read during the Financial Year ending June 2008
\(^2\) A vernacular term which means “prosperity for all” in English
rates realized in the last eighteen years (1990-2008), Uganda still finds herself in a situation where poverty is pervasive in most sections of the society. Up to 20 percent of Ugandans are still living in chronic poverty (Uganda APRM, 2009). The most recent statistics by UNESCO show that of the 31 million Ugandans, 5 million are malnourished, with a mortality rate of over 137 children out of every 1,000 dying before their fifth birthday, while 76 out of every 1,000 die before their first birthday. The country also has a total of 4.8 million secondary school enrolment per year only, with an adult literacy rate of 66.8 percent. The same report names Uganda among the least developed of developing countries, with a three year average estimate of gross national income per capita threshold of US$905 out of a threshold of US$1,086 for graduation from LDC status (Kulabako, 2009). Although Uganda has made progress in reducing poverty, the Government acknowledges that there is general evidence of inequality beyond incomes as this statement attes: “Despite the government’s efforts, there are widening inequalities with regard to access to quality social services between the rich and the poor, between regions, between rural and urban areas and between social groups. More interestingly, some segments of the population seem not to have benefited much from the mainstream development programs/interventions”. Why has fighting poverty been unsuccessful?

Problem statement

Due to the public concern about the poverty situation in the country, the researcher carried out a pilot survey in 2008 with 46 master’s degree students enrolled in the prestigious Social Sector Planning and Management program at Makerere University where the researcher teaches. The students were from different backgrounds characterized by age, sex, place of birth in Uganda, political affiliation and work experience. When asked to rank at least four major obstacles to the effective fight against poverty in Uganda, a common pattern emerged as follows: up to 83 percent of the respondents reported inappropriate intervention of top-bottom approach to development; 75 percent mentioned corruption by the implementers; 70 percent mentioned poor prioritization of the budget by government; 67 percent mentioned dependency on foreign markets/foreigners; and 67 percent mentioned internal conflict and disharmony. When asked which of the bottom-up approaches would be most suitable for Uganda, 80 percent mentioned the co-operative movement and justified this by saying that it puts the interest of the community at the centre.

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of development because it operates on the basis of values and principles that leave members in control of their destiny. To the respondents, the top-bottom approach is considered non-participatory, based on incorrect and inadequate information, leaves gaps for manipulation and thus could be used to exploit the intended beneficiaries. The research thus proceeded to examine the role of co-operatives in the development process, also being motivated by two issues; firstly there is little macro data on co-operatives in Uganda (Tayebwa, 2009) and secondly, many countries, for example Israel, has eliminated poverty using this bottom-up co-operative development model (Tayebwa, 2009).

Key objectives of the research:

i. To examine the antecedent, activities and challenges of co-operatives in Uganda to the present day;

ii. To identify strategies to enable the co-operative movement to become an effective development model for the 21st Century.

METHODS

This was an exploratory research using qualitative approaches and predominantly a desk analysis also involving interview of 9 key people (KII) in the co-operative fraternity, namely the Ministry of Tourism, Trade and Industry where the Minister and the Commissioner for Cooperatives were interviewed; the Project Manager, the Manager, Agribusiness Unit, both of Uganda Co-operative Alliance (UCA); a senior statistician with Uganda Bureau of Statistics (UBOS); Governor, Bank of Uganda and a senior Banking Officer (Foreign); Manager and Secretary, Uganda Co-operative Society and Credit Union (UCSCU); and three focus group discussions with Namukora Co-operative Savings and Credit Limited. The last were three groups of 10 each- male, female and youth. The Namukora Co-operative was purposively selected because it is an active society and operates in one of the most poverty stricken parts of Uganda, the north. It was thought that by selecting this society, better views and experience of primary co-operatives could be obtained. The disaggregating by gender and youth groups was intended to tap the different experiences of each category that would otherwise not be obtained if they were interviewed together. The views obtained during the pilot survey were considered reliable since the KIIIs were considered most informed on this sector, and from different background which represented different segments of Uganda’s population.
Theoretical Basis of Co-operative Movement and some Practical Experience

The International Co-operative Alliance (ICA) defines a co-operative as, “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 principles of co-operation are open membership, democratic control of members, relative equality of share capital, and return to members proportionate to business done through co-operatives (Crawford et al., 1981). A well managed co-operative is expected to reward virtue and repudiate greed, avarice and exploitation.

The co-operative movement in Uganda operates on the western model birthed mainly as an alternative to the full-blooded emergence of the capitalist era (Crawford, et al., 1981). To this author, its application as a model of development is premised mainly on five development theories: modernisation, dependency, neo-liberalism, populist and globalisation.

Firstly, many theorists, including Hyden (1980; 1983), have argued that the peasant’s mode of production prevails in Africa with small independent units of production with no structurally enforced co-operatives and little exchange between the various units of production. To Hyden (1980; 1983), these characteristics are some of the root causes of underdevelopment which must be addressed, if progress is to take place. Given this modernisation perspective, it is pertinent to point out that the peasants’ question occupies a special place in the existing theories of development in developing countries. All the modernisation theories emphasize transforming the peasant economy with institutional management, such as the co-operative movement, if these states are to enter the ranks of modern societies. Secondly, the co-operative movement identifies with the dependency (dependentistas) theory (Haines, 2000) in which the Third World economies are heavily dependent on the First World not only for markets but also for policies, for all their products, both industrial and agricultural, with a high level of inequality between the centre and the periphery. This dependency exists not only in national systems but also in the pattern of economic relations between hegemonic powers and their clients (Black, 1991). To break this inequality cord, one needs a critical organised mass, thus the inevitability of a co-operative movement. Thirdly, the author considers a co-operative movement as a reaction to neo-liberalism which has

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over time witnessed a decline in the influence of Keynesian economics and the paring down of the welfare state, coupled with the resurgence of neoclassical economics and new right social theory which stresses the role of the market (Haines, 2000). As neo-liberalism or market liberalism, characterised by market competition, has become the dominant view of development today, it is only prudent that the poor organise themselves in order to effectively compete in all their business activities. Fourthly, the co-operative movement owes a lot to the populist perspective on development (Allen and Thomas, 1992; Galli, 1992; Korten, 1990). Because co-operatives are community-based, membership-driven and emphasize people as agents of their own development, these fit them within this theory. Lastly, from the globalisation perspective, the co-operative movement today has borrowed heavily. For example, all their principles are universally applicable whenever the movement is operating. Their development roadmaps are firmly guided by the global political, economic and cultural processes and ideals. With the unevenness of the impact of globalisation, together with providing new opportunities and constraints for local development, and by bringing in the fundamental problem of increasing inequality at the local level due to unequal power relations (Berner and Conyers, 1998), it is only an organised community, in the form of a co-operate, that can be an effective engine for poverty alleviation.

Generally, co-operative advocates agree that human development is obstructed by three sets of problems: a) Concentration of power within government and large private sector firms; b) Bureaucracies which tend to evoke narrow economic and technical criteria and procedures as a basis for their decisions and general operations; c) Exclusion mechanisms which work through the state and market and thus marginalise the vast majority of poor people from political and economic life. Co-operatives attempt to address these obstacles. Practically, co-operatives and poverty reduction are inseparable as evidence in Tanzania, Sri Lanka (Birchall and Simmons, 2009) and Malaysia reveals. Tayebwa (2009) gives some of the experiences thus: In Kenya, co-operative societies are a source of 45 percent of GDP and 31 percent of national savings and deposits, 90 percent of pyrethrum and 95 percent of cotton. In Brazil, co-operatives produce 72 percent of wheat, 44 percent of barley, 43 percent of soy, 39 percent of milk, 38 percent of cotton, 21 percent of coffee and 16 percent of maize. In Norway dairy co-operatives produce 99 percent of milk and 76 percent of timber. Globally co-operatives provide 100 million jobs, 20 percent more than multinational enterprises. In Switzerland, cooperatives are the largest employer. In France 21,000 co-operatives employ 700,000 people. In Italy 70,400 co-operatives societies employ 1 million people.
Together with the above, it can be concluded that the co-operative movement is a better development model because it provides solution to all causes of poverty, by creating employment in diverse activities, being spread in both rural and urban, with no discrimination for membership, survives across generations and provides education to members (Tayebwa, 2009).

Co-operative Movement in Uganda: A Review of the Antecedent up to 1980

The co-operative movement in Uganda resulted from a protracted historical struggle by Uganda farmers against exploitation by foreign commercial firms that dominated commercial agriculture during the colonial era. In the early 1910s, African co-operative groups were vexed by the obvious collusion between alien commercial entrepreneurs and the colonial state that resulted in banning Africans’ participation in the more lucrative business of processing and marketing export crops. Their struggle was successful and African farmers organised into co-operative societies and were permitted by the colonial administration to engage in commercial cropping operations. The first co-operative to be formed was Kinakulya in 1913 (Tayebwa, 2009).

Nevertheless, the 1946 Co-operative Societies Ordinance gave the Registrar of Co-operatives excessive powers to control and regulate co-operative societies. The African co-operative groups resented this interference in their internal affairs, and organised to demonstrate their grievances. By the early 1950s, they had succeeded in having this Ordinance repealed, which reduced the power of the Registrar of Co-operatives and helped to gain the participation of Africans in processing and marketing cotton. Despite this success in improving their external environment, weaknesses in the internal capacity continued to undermine the effectiveness of co-operative societies. “Vested interests working inside and outside these societies were undermining the values and principles of co-operatives,” were some of the weaknesses reported by a UCA official.

The government introduced a new Co-operative Societies Act in 1970 ostensibly to control such devious acts. In reality, however, co-operative societies were once again placed firmly under the control of a government ministry. State functionaries became

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a new cadre of vested interest groups that was interested more in their own personal welfare than in the welfare of members or the health of the organization. Member participation in the affairs of the co-operatives simply provided a façade behind which co-operatives leaders, staff of the government’s co-operative department, and union officials pursued their personal interests, unhindered by compulsions of equity or empowerment. Consequently, many members abandoned societies, in which they had lost faith.

The period 1971-1981 is known as the era of co-operative decline in Uganda. The major drawback, according to a UCA official, was, “the expulsion of Asians by Amin in 90 days which led to economic upheavals of the 70s.” The Amin era (1971-1979) was characterised by trade malpractices – magendo – such as overcharging and creating artificial shortages, amongst other malpractices, which led to the decline in the coffee and cotton trade (Kyamulesire, 1988).

The death of co-operatives

The introduction of a liberalised macro-economic environment in 1987 presented both an opportunity and a threat to the UCA. The liberalised market was supposed to bring more players scampering after farmers’ produce, offering them higher prices (Muhwezi-Bonge, 2009). Unfortunately, “the forces of liberalisation, privatisation and globalisation created a climate where the weak were increasingly marginalized,” said a UCA official. Under the free market mechanisms, there was very little the government could do to control the constant price fluctuations due to forces of demand and supply and a number of other factors, such as weather and consumption trends. However, liberalised economic rules provided an opportunity for the more capable district unions to participate in export marketing, thereby generating additional financial benefits for the primary co-operative societies and for individual farmers.

UCA adopted a series of measures to deal with the obstacles created by liberalisation, by, among others, encouraging district unions to allow some of their affiliated primary co-operative societies to trade directly with non-co-operative buyers of processed coffee. To further strengthen internal capabilities among its member societies, UCA organised a series of delegate conferences at which primary society members

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questioned district- and federation-level officials and demanded justification for the actions taken by these officials. Despite these initiatives, major challenges remained. Most significantly, power continued to remain in the hands of those who themselves were not producers. In this way, societies remained vulnerable to capture by vested interests.\textsuperscript{10}

Over the years, government interference, mismanagement, fraud, and pressure from the donors combined to discredit the co-operative movement (Muhwezi-Bonge, 2009). Co-operatives were finally disbanded in the mid-1990s on the advice of the World Bank. Some of the country’s most promising co-operatives, such as West Acholi Co-operative Union and Lango Co-operative Union, collapsed. Despite all odds, “Nyakatonzi in Kasese district has remained the most active,” said a UCA official.

It can be observed that the history and challenges of the co-operative movement in Uganda up to 1980 are not very different from other counterparts in the developing countries such as Sri Lanka (Ebert, 1994; Jaraweera, 1990) and Tanzania (Banturaki, 2000). In these states, the co-operative movement was a colonial creation, initiated by native farmers as production and sales societies to compete against the dominant white community and had restrictive Acts to control their activities.

**Co-operatives Activities and Challenges in the Fight Against Poverty-1980s to Present Day**

**Poverty scenario in Uganda**

Over the last two decades, the government of Uganda, supported by partner-donors, civil society, and private sector, has contributed to the change in overcoming decades of, amongst other development challenges, mass poverty. Major advances (cf. Omona, 2008; GoU, 2007; UNDP, 2008b; UNDP, 2007) have been made over the past decade in the national economic and welfare indices thus:

- Inflation brought under control at 4.8 percent per annum and private investment in real terms as a percentage of GDP rising from 9.1 percent in 1991 to 15.6 percent in 2003.
- With the introduction of Universal Primary Education (UPE) in 1997, gross primary school enrolment rose from 2.5 million pupils to 7.5 million in 2005; the national literacy rate increased from 61.8 percent in 1996 to 70 percent in 2003.

• Out Patient Department (OPD) attendance improved from a baseline rate of 0.40 visits/person/year in 1992 to 0.72 visits/person/year in 2002.
• The percentage of people with access to safe water increased from about 20 percent in 1991 to 55 percent in 2002. Rural access to safe water is presently reported at 61.3 percent in the wet seasons and 52 percent in dry seasons.
• HIV/AIDS prevalence has declined from 30 percent in 1988 to 6.4 percent in 2005.

The current government has achieved much in the fight against poverty, with per capita income rising from 246 dollars in 1986 to 440 dollars in 2009 and income poverty dropping from 56 percent in 1992 to 31 percent in 2006 (The New Vision, June 2009; UNDP, 2007; Uganda APRM, 2009). Other indicators of development include, liberalising politics\(^\text{11}\) and the economy, decentralisation of the government and civil service reforms (Uganda APRM, 2009; Oguttu and Ofondo, 2009; PEAP, 2004).

Though the achievements are impressive, most welfare indices are poor in the Northern part of Uganda because of conflict and weak state institutions. For example, income poverty has not declined as compared to other regions of the country. The proportion of poor people who are unable to meet their basic needs declined modestly from 72 percent in 1992 to 60 percent in 1997 and has since remained high at 64 percent in 2002. As already mentioned, a significant proportion of Ugandans are still facing in chronic poverty. It is because of these disturbing poverty statistics that the author thinks co-operatives could complement other stakeholders in the development process.

**Co-operatives, Poverty Alleviation and Challenges Today**

According to an official with UCA, Uganda now has 10,715 co-operatives out of which 2,800 are Saving and Credit Co-operatives (SACCOs). The Uganda government is again looking to the co-operative model to improve farmers’ incomes. “The current government, through its ambitious Bona Bagaggawale programme, encourages subsistence farmers to set up SACCOs to attract funding from the government’s prosperity-for-all-programme. The government has so far committed 20 billion Uganda shillings (US$10million) to the programme,” said a senior statistician with

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\(^{11}\) Thirty-three political parties have registered since the multiparty political dispensation was introduced when a majority voted in favour of it as opposed to the “one-party” system in a national referendum in July 2005.
UBOS. This was launched in 2007\textsuperscript{12} with the aim of enabling every household in Uganda to meet its basic needs and afford basic goods and services for material and social comfort and to earn an income of at least 20,000,000 Uganda shillings per year (US$10,000). In this regard, a UCA official said, “UCA is training small farmers to organise themselves into groups with a collective voice.” The Minister of Trade, Tourism and Industry said, “the government is committed to helping co-operatives grow so that Ugandans can work together in undertaking income generating activities.” Though the minister talks of commitment, “This is mainly lip-service because little budget is apportioned to the co-operative department compared to other departments,” said a staff from the department. This is a common view amongst other key informants.

The UCA is implementing various co-operatives-based projects that are leading to unprecedented co-operative revival and to poverty reduction. An example is agro-based project which has three components: a) Empowering Farmers through Agribusiness and Financial Services (EFTAF); b) Youth Economic Empowerment through Co-operatives (YEECO) and Integrated Finance and Agricultural Initiative (IFAPI).\textsuperscript{13}

The EFTAF\textsuperscript{14} is a three-year project that started in 2007 and funded by the Swedish Co-operative Centre (SCC), the Royal Norwegian Society for Development (Norges-Vel) and UCA. The project focuses on increasing agricultural production and productivity, establishing viable and sustainable marketing systems, establishing strong and viable rural producer organisations, and establishing safe, sound and sustainable SACCOs. Since the project’s inception, major achievements have been realized thus:

\textit{During the last year, 25,000 farmers participated in a number of seminars and workshops intended to equip them with the needed skills for increased production and productivity in enterprises such as bee-keeping and honey processing, fish farming, upland rice, beans, bananas, coffee, dairy farming, beef farming, pineapples, sunflowers, maize and hot pepper. (UCA official)}


\textsuperscript{13} UCA Agribusiness Unit (ABU) Annual Report for 2007/8

\textsuperscript{14} UCA Agribusiness Unit (ABU) Annual Report for 2007/8
The workshops/seminars included tips on the criteria for selecting a particular enterprise such as relative profitability, market availability, and risks involved.

The Youth Economic Empowerment through Co-operative Project\textsuperscript{15} is a four-year project supported by the Swedish Co-operative Centre (SCC) and UCA. The project aims at contributing to poverty reduction and improving livelihoods of the youth through sustainable community-based co-operatives. According to the UCA official, “by the end of 2008 the project was working with 59 co-operatives/groups across the country through providing technical and entrepreneurial skills, and creating employment opportunities by mobilising youth to engage in income-generating activities such as crop production, brick-making, knitting and weaving, retail trading, boda-boda\textsuperscript{16} and carpentry.” With support from the staff of the UCA Micro-finance Unit, the youth continued to be sensitised to the need to continue strengthening the saving culture through promotion of SACCOs and pro-SACCO groups. Members of youth co-operatives were also encouraged to join existing micro-finance institutions where they existed in close proximity. A total of 530 youth, of whom 254 were females, opened accounts for the first time in existing financial institutions within their communities during the year. Moreover, HIV/AIDS awareness campaigns were integrated in all youth project activities. The project collaborates with a number of HIV/AIDS service providers that have been instrumental in providing training and other HIV/AIDS specialised services, such as Voluntary Counseling and Testing services and condoms distribution. Drama and video are some of the strategies used in the awareness campaigns as they have proven to be youth-friendly. Though the youth programs looks impressive, much of the co-operative services are still not accessible to all the youth across the country because of limited coverage. Give that Ugandans’ median age is 15 years\textsuperscript{17}; the youth therefore constitute the bulk of the population and should be taken seriously in the development process. The case of Tanzania and Sri Lanka where through SACCOs, youth societies are set up to develop their skills and encourage them to save and support their educational endeavors (Birchall and Simmons, 2009), should provide the inspiration.

The Integrated Finance and Agricultural Production Initiative Project is supported by the Canadian Co-operative Association (CCA) and UCA. It aims at improving the livelihood of producers in parts of Nebbi, Arua, Koboko and Apac districts through an integrated approach. According to a UCA source, the overall goal of the project

\textsuperscript{15} UCA Agribusiness Unit (ABU) Annual Report for 2007/8

\textsuperscript{16} Local name for a motorcycle used by youth for carrying passengers over a short distance at a fee.

is to contribute towards the national efforts at rural poverty alleviation while the purpose is to provide a holistic suite of community-controlled services that improve people’s wellbeing by increasing food production and income as well as providing financial services. Apart from agricultural input supply, other activities under this project include agricultural extension services and commodity marketing services, amongst other services.

According to the key informants and the Namokora Focus Groups, these are the summary of challenges facing the co-operative movement today: a) Internal: Poor evaluation of performance and lack of clear criteria for evaluation; poor human resource management; poor leadership and leadership styles; increasing marginalisation of women and youth in most societies. (b) Contextual factors: Poor governance at macro-level; insufficient commitment of government to the cooperatives’ affairs; inequality of income and opportunities within the economy and lastly, the global financial crunch. Not surprisingly, these are also some of the problems facing cooperatives elsewhere (Birchall and Simmons, 2009); especially in developing countries.

According to Bank of Uganda and UBOS officials, the recent global financial crunch had the most profound impact on co-operative activities in recent years. “This marked an apparent twist in the global macroeconomic stability and resulted in the current volatile macroeconomic environment,” said the Governor, Bank of Uganda. According to Bank of Uganda and UBOS officials, the crisis has had challenges for Uganda’s economy, especially in four ways. First, export demand for Uganda’s goods fell on the world market and commodity prices also plummeted. Second, there was reduced private capital inflow over the last financial year as investors became more cautious. Third, economic growth prospects slowed down throughout the region and stagnated globally. Fourth, there were reduced remittances from Ugandans abroad. For example, The New Vision (June 2009) reports that remittances fell by 47 percent to US$267.3m in July-December compared to the same period in 2007/8. According to a Bank of Uganda source, the remittances from Ugandans working aboard dropped by more than 56 percent from US$800m (1.6 trillion shillings) to US$350m (735billion shillings) in the first quarter of the year (Also Among, 2009). In her budget speech for 2009/10 the Minister of Finance, Planning and Economic Development, said remittances for the whole of 2008/9 stood at 413.87 million shillings, a 24 percent decrease from

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the 546.36 million in 2007/8. According to the UBOS official, the above trends had a serious impact on the economy. Although agricultural sector performance grew by 2.6 percent in the financial year 2008/9 compared to 1.3 percent in the financial year 2007/8, this was mainly due to an increase of 2.9 percent in food crop yields which were mainly domestically consumed. Most producers were unwilling to commit themselves to production of crops that would not earn much on the world market. The economy is projected to grow by 6 percent in the financial year 2009/10 – lower than the average growth rate of 9.5 percent in the last three years. It can be observed that the global crisis is worsening the plight of the co-operatives, which are already struggling to survive. Such a globally generated problem should also make Uganda pursue some inward looking development strategies so as not to be too dependent on external systems. It should also be noted that the global credit crunch is a testimony of the effect of globalization and dependency models of development earlier mentioned. Though it is true that much the global financial crunch posed a serious challenge, we should not forget other macro-level vices such as endemic corruption, weak political will and poor governance which are crippling the growth of cooperatives.

**Strategies for effectiveness and research limitations**

**By Government**

To mitigate the severe future effect of such a recent financial crunch on the economy which directly affected the co-operatives, the government needs to constantly review its macro-economic and sectoral policies. Though it is true the market-based, private sector led economic growth strategy that the government has pursued toward poverty eradication has largely succeeded in reversing the macro-economic disequilibria that the economy suffered between the 1970s and the 1980s (Uganda APRM, 2009); much needs to be done to reduce excessive dependency on foreign markets, donors and foreign nationals. Liberalizing to nationals as a matter of priority, broadening tax base and capturing the informal sector are some of the in-ward looking strategies that can be used to bring macro economic stability. In addition, the government needs to refocus its trade polices to tap the market within the East Africa Community, with a population of 127,139,000\(^9\); and the 19 member COMESA\(^{20}\) countries, with a population of 406,102,471. The marketing boards for coffee and lint that were liquidated during the macro economic reforms of the 1980s need to be restored to the co-operatives to boost the domestic market and strengthen the co-operatives.

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Government intervention should be a key in the co-operative activities as this to a great extent determines the identity and the future of the co-operatives. Government can intervene in two ways: direct financial support and creating an enabling law. “Government financial support is inevitable to ensure the suitability of the economy,” a Bank of Uganda official said. Government support is particularly vital in fragile societies such as in northern and eastern Uganda for building family structures, social networks and social capital that may be necessary for the co-operatives to thrive. The features of social organisation such as trust, norms and networks can improve the efficiency of society by facilitating coordinated actions (Putnam, 1993, UNDP, 2008a). “The government needs to formulate favourable policies and regulations to guide the affairs of co-operatives,” said the Minister of Tourism, Trade and Industry. In Malaysia for example, the Co-operative Societies Act 1993, the Co-operative Societies Regulations 1995, the Registrar General’s Circulars and Co-operative by-laws are some of the pillars that make co-operatives strong (Kamaludin, 2009). Uganda could emulate this. The Commissioner of Co-operatives said, “the existing policy is weak on accountability, leadership and governance”. He said the draft policy would soon be tabled before cabinet. He continued, “initially anybody would assume a post of leadership and head any co-operative without being scrutinised but we now want to study individuals and know that they patronise with society.” All these are attempts to ensure that co-operatives are manned by competent personnel, are accountable and are generally properly managed. However, the author believes that it is one thing to have a well laid down policy framework and yet another altogether to have it implemented. Sasikumar21 examined the identity of co-operatives in India with a stakeholder perspective and established that the effectiveness, long run performance and the cooperative identity with government are related. So, the synergy between co-operatives and government is crucial.

Though the Ugandan economy has been growing at a much higher average since the 1980s, government must ensure that there is a re-distribution of the growth benefits. For example, the latest UNDP (2008b) report shows that the poorest 10 percent of the population only have a share of 2.3 percent of the national income whereas the richest 10 percent have a share of 37.7 percent, with a Gini index of unto 45.7. “The inequality is not merely that of income but also exists in other aspects of well-being such as education, health, water, land, credit, among other services,” reported the

UBOS source. Though the economy has been growing reasonably fast since 1999, the trickle-down process has not worked, inequality in rural-urban development has deepened over time and the crop-farm sector has systematically lagged behind (Sewanyana et al., 2004; Government of Uganda, 2008). As already noted, the northern and north eastern parts of the country are economically marginalised and have the lowest development indices in the country (Government of Uganda, 2007). When a journalist asked the outgoing American ambassador to Uganda, S. A. Browning, to comment on the situation in the north where people have been living in the internally displaced people’s camps owing to the more than 20 years of the Kony insurgency, he said, “It’s so dehumanising and unhealthy to depend on handouts. I think it is my biggest disappointment” (Kikonyogo, 2009). These regions need affirmative action in development terms. Though such actions have been expressed through NUSAF and NURP, they have proved “insufficient and politically and technically ineffective in addressing the glaring level of inequality,” said a male member of one of the FGD groups. Most Ugandans would agree with this view.

To the author, good governance should be an obligation, and not an option. Good governance is Pillar Four of PEAP. Despite the achievements already mentioned, there are governance issues that need to be urgently addressed. “Corruption is particularly a major problem that affects the effective service delivery,” reported a youth member of the FGD. No wonder, the recent global corruption barometer report that was released places Uganda in third position (Transparency International, 2009; Mukasa et al., 2009). The APRM report also indicates that issues that need to be addressed include the omnipotent powers of the president over the rubberstamp parliament, army representation in parliament, the militarisation of politics, the continued rigging of elections, and the creation of many non-viable districts for capturing votes, and poor social services. “The creation of new districts for political votes without proper oversight and resource support appear not to be adding any value to the development effort,” opined one of the members of male FGD group. At independence, Uganda had 17 districts; this became 39 at the time the NRM constitution was promulgated in 1995. By 30 June 2009 there were 83 districts, with 14 more proposed for creation, giving a total of 97 by 2010 if parliament approves them (Gyezaho, 2009). “This trend is worrying. Soon every village will become a district!” a youth member of the FGD quipped. To the author, this trend is even against the spirit of pan-Africanism and regional integration. As the Governor of Bank of Uganda said, “the need for critical monitoring of microeconomic indicators by Bank of Uganda, Ministry of Finance, Planning and Economic Development, UBOS, National Planning Authority to mention but a few for regular economic and financial sector review and oversight…” should be pursued to constitute the component of good governance.
The author however believes that for the government to improve on the governance related issues, the citizens must take this as their primary responsibility to hold the government accountable; and other stakeholders such as members of APRM, EAC (East Africa Community), donors and the UN must condemn and not tolerate poor governance.

**By Cooperatives**

For it to weather the storm of poverty and remain effective as a model for poverty alleviation in this century, the co-operatives in Uganda should begin to seriously evaluate their performance on key indicators such as economic performance, member benefits in terms of dividends, social benefit and patronage. These indicators have been used to evaluate the performance of 20 big and 20 small co-operatives in Malaysia and have proven to be credible measures of co-operative performance.

The significance of effective human resource management has been proven to enhance co-operative effectiveness in many studies and should not be underrated in Uganda’s co-operative reform process either. For example, Jimmy (2006) found out that effective co-operative need membership that understand the need for investment in its human capital, management, board, staff, members and other significant polices. Members must also be aware of issues concerning the successful delivery of their specific social and economic needs. Jimmy found that if properly applied and managed, human resource management strategies will provide a better fit in a membership-based organization and could provide co-operatives with a genuine competitive advantage. Sushila (2008) also carried out a survey among clerical employees in 140 service-based co-operatives in West Malaysia on a sample of 516 respondents, using the structural equation modeling technique, to determine the relationship between human resource management practices, organizational commitment, and supervisory commitment and employee performance. One of the key findings was that human resource management practices, specifically training and development;

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performance appraisal, rewards and communication and participation, showed significant direct positive relationship with employee performance. In Malaysia, the development of human resource is a key thrust in the 9th Malaysia Plan (2006-2010) and the government has been supportive of the human resource development in the co-operative sector (Kamaludin, 2009). Eulogio25 (2007) also established that Co-operativism in the Philippines is developing into institutional viability and that this should be enhanced by creating a pool of manpower with appropriate education and training on co-operatives to serve as the backbone of the development process. However, Jamilah26 (2008) carried out a further stakeholder analysis on a total of 393 Board members from 131 selected co-operatives across 11 divisions in Sarawak in Malaysia and established that factors which determine the future prospects of co-operatives are not only training and education of members and board members but also members support and also acquiring external financing. Though the Chairman of Uganda Co-operative Savings and Credit Union (UCSCU) rightly observed that, “as a technical organisation our services will continue to be providing training to SACCO members, Committees/Boards and employees,” the author suggests that human resource management must generally be treated as a priority at all the co-operative levels-primary, secondary and national.

One critical issue to be addressed by the co-operatives in Uganda for it to effectively fight poverty is the management styles. Leaders of different co-operatives must be in a position to practice various kinds of styles that suite the environment in order to achieve the organizational mission and strategic goals. Yusman27 (2006) carried out a study on management styles of co-operative managers by adopting the theoretical framework of spectral management type theory which has eight management styles, namely: Innovative style, Developmental style, Analytical style, Enterprising style, Change style, People Style, Action style and Adoptive style. One of the findings was that strong co-operatives were found to be well cultured in innovative management style. Leaders of Ugandan co-operative societies therefore need to improve on their innovative and strategic capabilities in order to steer their societies to greater heights.

Uganda co-operatives should begin to involve women and youth seriously in all their endeavors. The current level of involvement leaves a lot to be desired. “Gender issues in Uganda need to be addressed if the co-operative movement is to be a force to be reckoned with in the development process,” a woman in the FGD emphasised. Uganda’s latest world gender-related development index is ranked number 133 compared with the world’s worst- Sierra Leone which is ranked number 157 (UNDP, 2008b). The core components of poverty, i.e. capability, opportunity, security, and employment, differ significantly along gender lines (Lawson, 2003). As Kerr (2006) rightly puts it, the issues of women’s rights in development, especially regarding access to the basic ingredients of survival such as land, water, shelter, clean environment and bio-diversity, should be progressively mainstreamed into development agendas. Weak women’s involvement appears to be a general problem facing co-operatives elsewhere. For example, in a study to explore the participation of women in selected co-operatives in Peninsular Malaysia and determine the variations of their participation across selected demographic variables, it was found that participation of women in the co-operative movement is still considered to be unsatisfactory. Women members constitute only 34 percent of the total membership of co-operatives in the country out of a total of 27,664. Board members are dominated by men- up to 90.7 percent out of 24,992 compared to 10 percent women (2,672). Yet research elsewhere has shown that such gender inequality inhibits growth and slows down poverty reduction efforts (Ssewanyana and Okidi 2007; Mpuga and Canagarajah, 2004). Ugandan co-operatives have to take up this gender dimension more seriously. The youth too, being the majority of Uganda population, should be involved in the development process through skills training and knowledge development. This is already happening in Sri Lanka and Tanzania (Birchall and Simmons, 2009).

It should however be noted that the government and co-operative synergy alone can not effectively lead to poverty alleviation and meeting the MDGs. This is an enormous task that should include the NGOs and the private sector at the local, national and international levels.

Despite the recommendations, this research has three limitations: Firstly, it broadly covered the vast terrain of co-operative movement in Uganda, hence all the details that should have been included in this sector was hot examited. In future, more research

28 “Participation of Women in Selected Co-operatives in Malaysia,” by Hayati Md, Sellah and Ismail Rejab in Malaysian Journal of Cooperative
needs to be done in specific sectors of the co-operatives namely- the marketing, producers, consumers, financial, service and workers as none of these has gained any significant visibility in the co-operative body of literature in Uganda today. Secondly, the research did not include a broader research design to include the quantitative aspect. In this way, the richness of the co-operative movement in Uganda could have been missed out. Future research should consider this aspect and with a bigger sample of respondents. Thirdly, the research was unable to precisely find out the contribution of the co-operatives in poverty alleviation against other stakeholders such as government, private sector and NGOs. A different form of study, using regression analysis is recommended in this regard. Despite these limitations, the author believes that the study has added to the existing limited body of knowledge on co-operatives in Uganda and provided the stakeholders with the necessary up-to-date information to inform policy development in this sector that should effectively lead to the meeting of the poverty eradication challenges of the 21st Century.

CONCLUSION

It can be concluded that the co-operative movement in Uganda has come a long way and the way has not been smooth but the future is bright. From early constraints created by the colonists to the recent global financial crisis, there have been many challenges to poverty alleviation and meeting the MDGs. It is unfortunate that a significant proportion of Ugandan population still live in absolute poverty and the current interventions have failed to effectively tackle this because of the top-down approaches that take little care of the needs of the majority poor. The current government effort to embrace co-operatives is commendable though much needs to be done. A co-operative movement, as the evidence from other countries both developed and underdeveloped indicates, is an effective model for poverty alleviation because its values and principles are populist and pro-poor people. The experiences of Sri Lanka, Malaysia and Israel amongst other countries, though not perfect, should provide sufficient inspiration on this model of development. If Uganda is to pull out of poverty, the government should strengthen the co-operatives and create a conducive environment for it to thrive by tackling the legal, institutional and governance challenges. The government should specifically be committed to providing financial support to co-operatives and creating a policy environment that enhance their activities. Other issues such as the redistribution of growth benefits within the economy and good governance are challenges that the government needs to address to provide a fertile ground for the co-operatives to thrive on. The co-operatives themselves have to play an active role in addressing internal weaknesses. In particular, the co-operatives should frequently evaluate their performances to provide basis
for planning and reforms; address issues of human resource capacity at all levels; adopt management styles that are participatory and involve women and youth in as many activities as possible because these constitute the majority of the marginalized. Because the issue of poverty is complex, it should be noted that co-operatives and government alone are insufficient ammunition for the fight against it—thus calling for the contribution of the private sector and NGOs in the development equation if poverty is to be defeated. It can also be concluded that other countries, especially developing countries that have a lot in common with Uganda and are facing the challenges of poverty alleviation, could find some of these recommendations relevant for strengthening their cooperative movements.

REFERENCES


AUTHOR’S BACKGROUND

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ABSTRACT

Managers get things done through people efficiently and effectively. Managerial roles explain the actual work that managers do. Mintzberg has documented ten (10) specific managerial roles and classified them into three areas: (a) interpersonal, (b) informational, and (c) decisional. Managers of conventional companies are governed, among others, by the Companies Act 1965 under the Companies Commission of Malaysia, whereas co-operative organisations are administered by the Co-operative Act 1963 under the supervision of the Co-operative Commission of Malaysia. This paper investigates the perceptions of co-operatives’ senior managers toward managerial roles and their training within the co-operatives’ framework. The results showed that senior managers of co-operatives performed Mintzberg’s managerial roles and sought similar managerial training like their companies counterparts despite operating under different legal frameworks. However, the results were not conclusive considering constraints on sample size of the study (n=52). The study proposed that future research use case study method to understand the details of managerial work at cooperatives.

INTRODUCTION

Co-operatives play a vital role in generating growth in an economy. They are equally important like other economic institutions that contribute to the prosperity and wealth of a nation. According to the Ministry of Domestic Trade, Co-operatives and Consumerism Malaysia (2010), more than 6 million people or 25% of the total population are members of co-operatives. In fact, the co-operative sector is the third largest sector, besides the public and private sectors that has contributed about five percent in Gross Domestic Product (GDP) to the growth of the Malaysian economy.

In this vein, they also need managers to coordinate economic activities, allocate resources, and compete with the rivals. The managerial philosophy of managers of co-operatives and other commercial institutions would likely be similar because
both function to maximise the interests of the stakeholders. In both types of organization, managers need to influence organisational members to enhance the latter’s commitment and effort to achieve organisational goals.

Problem Statement
Managers of co-operatives and other commercial institutions perform similar jobs, but play different roles. The established literature on management widely argues that managers in for-profit or for-non-profit organisations practise typical managerial tasks and roles. However, co-operative organisations have both for-profit and non-profit elements. Thus, the study assumes that co-operative organisations also practise managerial tasks and roles as their counterparts in other organisations. In addition, co-operative managers also attend the same training that is necessary to equip them to execute managerial roles and skills effectively.

Research Objectives
The study aims to investigate the perceptions of cooperatives’ senior management toward managerial roles and training, and to aggregate their thought into broader categories. The study addressed two research questions:
1. What is the description of manager’s job according to co-operative managers?
2. What are the perceptions of co-operative managers toward a manager’s job, managerial roles and training?

The two research questions are in line with the problem statement that managers of co-operative organisations are not different from their counterparts in other types of organisations. This provisional assumption provides the main argument of the study considering that the established literature on management emphasises that managers are involved in typical managerial tasks in both for-profit and non-profit organizations.

LITERATURE REVIEW
In Malaysia, co-operatives are regulated by the Commission of Co-operative Malaysia (or Suruhanjaya Koperasi Malaysia) under the Ministry of Domestic Trade, Co-operatives and Consumerism. According to the Commission of Co-operative Malaysia (Suruhanjaya Koperasi Malaysia/SKM, 2009), a “co-operative” is defined as “… a society registered under the Co-operative Societies Act 1993 with objectives to promote economic interest among its members in accordance with co-operative principles.”
The above definition implies that a co-operative is a business organisation voluntarily formed and run by members to cater for their “economic” needs. It is not a non-governmental organisation (SKM, 2009) rather one that is managed and controlled by the members themselves through mutual cooperation (“co-operative principles”). Other features of a co-operative defined by the Co-operative Societies Act 1993 are as follows:

i. A co-operative is not a political organisation and it should not be used as a political platform;

ii. A co-operative is not a trade union;

iii. A co-operative is not a charity organisation; and

iv. A co-operative is an enterprise owned and controlled by the members whom it serves (SKM, 2009).

All members of a co-operative are equal and have equal say in its management and share its surplus according to their share in its capital as well as their patronage (SKM, 2009) of the co-operative activities.

The characteristics of co-operative defined by the Co-operative Societies Act 1993 are consistent with those described by the International Co-operative Alliance or ICA, i.e. co-operative is “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise” (ICA, 2009).

In addition, co-operatives promote the values of self-help, self-responsibility, democracy, equality, equity, and solidarity (ICA, 2009; SKM, 2009). Continuing the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

**Co-operative Legislation in Malaysia**

There are three legislations that govern co-operatives in the country:

i. Co-operative Societies Act 1993 (Act 502)

ii. Co-operative Societies Regulations 1995


As a result of changes affecting the movement, the Co-operative Societies Act of 1948 had been rendered ineffective as an instrument for the constitution and control of co-operatives and therefore had to be replaced by the Co-operative Societies Act
The new Act consolidates and unifies the various legislations that governed the cooperatives in the country. The authorities formulated the Co-operative Societies Regulations 1995 to operationalise the principles and provisions of the Co-operative Societies Act 1993.

The Co-operative Societies Act 1993, also known as Act 502 Laws of Malaysia (Malaysia, 2007, p.9), states that the purpose of the law is to “to make provisions for the constitution, registration, control and regulation of co-operative societies; to promote the development of co-operative societies; and for matters connected therewith.” The Co-operative Societies Regulations 1995 supports the implementation of Co-operative Societies Act 1993. According to SKM (2009), both legal provisions play very important roles in promoting good governance, transparency, accountability, prudence and quality administration.

SKM (2009) explained that the Co-operative Societies Tribunal Regulations 1998 provides a forum to resolve cases referred to under Section 82 of the Co-operative Societies Act 1993. In doing so, it allows co-operatives in Malaysia to be more competitive in their course of actions.

Managers’ Job

Managers’ job requires them to work with people in order to achieve a specified performance. Schermerhon (2002, p.15) defines managers as “persons in organisations who directly support and help activate the work efforts and performance accomplishment of others.” Campling, Poole, Wiesner, Ang, Chan, Tan, and Schermerhon Jr. (2008, pp.4-5) also define managers as persons who “support and help activate the work efforts and performance accomplishment of others.” According to Robbins and Coulter (2009, p.21), a manager is “someone who coordinates and oversees the work of other people so that organisational goal can be accomplished.”

Since managers do their own work and supervise the work of other people, Robbins and Coulter (2009, p.25) argue that managers are expected to demonstrate specific actions, behaviours and approaches so that they can perform their own work and help others to meeting the goals of organisations. Hitt, Black and Porter (2009, p.25) argue that managers are involved in “assembling and using sets of resources in a goal-directed manner to accomplish tasks in an organisational setting.”

The managerial jobs described above are very challenging because managers are not only responsible and accountable for their job but also the job of other people. According to Campling et al. (2008, pp.4-5), managers need to align themselves to the
requirements of the knowledge and innovation driven economy and high performance approaches such as “respect, participation, empowerment, involvement, teamwork, self management and so forth.”

In addition, Campling et al. (2008, pp.5-6) describe that the knowledge driven economy poses new challenges, namely how to deal with the intellectual capital, knowledge workers, globalisation, workforce diversity, ethical concern, and career dynamism. Therefore, Schermerhon (2002, p.23) argues that managers need to acquire extra capability and competency because they “work long hours. They work at an intense pace. They work at fragmented and varied tasks. They work with many communication media. And, they accomplish their work largely through interpersonal relationships.”

Thus, in responding to the dynamic pace of working environment and changes in organisational setting, Schermerhon (2002, p. 26) proposes six managerial competencies, namely communication competency, teamwork, self-management, leadership, critical thinking, and professionalism.

However, Hitt, Black and Porter (2009, pp.26-31) argue that managers are actually the “drivers” of their organisations that they need to accomplish specified objectives within the boundaries and constraints such as how to manage “change” (in the forms of technology, globalisation, and lifestyle), and “resources” (financial capital, human capital, physical resources, and technology), and “entrepreneurially” (to search for more business opportunities within the existing market as well as to create new markets).

Thus, Hitt et al. (2009, pp. 35-39) propose managers to acquire skill on how to win the support of people (interpersonal), how to acquire timely and accurate information (informational), and how to make decisions (decisional) that add value to the organisations. Indeed, Stewart (1982) proposes the managers’ job to be classified into three dimensions, namely the demands, the constraints, and the choices of the managers’ job.

Manager’s job is complex, both in private and public sectors. In meeting the job obligations, they need to do whatever and fast (Lau, Newman, and Broedling, 1980). A manager’s job should have the attributes of flexibility and practicality (Stewart and Fondas, 1992, p.11). More importantly, such approaches allow them to train people to be knowledgable and able to provide value to the stakeholders (Zarutskie, 2010).
Managers’ Roles

In the late 1960s, Henry Mintzberg conducted an in-depth study of managers at work (Mintzberg, 1980). He concluded that managers perform ten different, but highly interrelated roles. Management roles refer to specific categories of managerial behaviour, namely interpersonal, information and decisional roles (Mintzberg, 1980).

According to Mintzberg (1980), interpersonal roles include figurehead, leadership, and liaison activities. As figureheads, managers perform ceremonial and symbolic duties, such as presenting a letter of appreciation at the company’s dinner. In leadership, managers are involved in the hiring process, appraisal, motivation, and training. Finally, managers provide a bridge for contacting external sources (i.e. individuals or groups) to obtain information for the organisation.

Secondly, managers perform information roles in their daily tasks. Informational roles include monitoring, disseminating, and spokesperson activities. In monitoring, managers organise, search and collect information from outside organisations, e.g. talking with others about competitors for the organisations. Then, the managers will disseminate the relevant information to the employees. In formal communication with outsiders, managers will speak on behalf of the organisations with outsiders.

Finally, it is very necessary for managers to perform decision roles. Decisional roles include the managers’ role as entrepreneurs, disturbance handlers, resource allocators, and negotiators. As entrepreneurs, managers create, organise and supervise new projects that are packaged with risks and uncertainties for their organisations. In the meantime, managers as disturbance handlers take corrective actions on all high impact problems that occur. Nevertheless, more importantly, managers have to face a very tough job when they have to allocate resources and negotiate with stakeholders that are in line with their organisations’ objectives.

Followup studies of Mintzberg’s role categories in different types of organisations and at different managerial levels within organisations have generally supported the notion that managers perform similar roles (Bright, 1982; Osuala, 1992).

METHODOLOGY

The study used mixed methods, both quantitative and qualitative, to generate rich data for analysis. The study used an instrument called “Description of a Manager’s Job”. The research selected the co-operatives headquartered in Kuala Lumpur and
Selangor from the Directory of Registered Co-operatives Societies Year 2005 of the Commission of Co-operatives Malaysia (SKM). Fieldwork was conducted between January 2009 and March 2009.

The unpublished instrument was developed by the co-author since 21 July 2001 and has been used in multiple studies on managerial roles and job (Ismail, 2001; 2003; 2005; 2007). There are 41 questions under nine (9) components in the instrument: (a) Earlier Perceptions (2 questions), (b) Job Description (8 questions), (c) Knowledge and Skill Required (4 questions), (d) Differences (4 questions), (e) Impact of Job on Personal/Family Life (4 questions), (f) Future (3 questions), (g) Books (3 questions), (h) End (1 question), and (i) Background of manager (12 questions).

The study employed two undergraduate research assistants to administer the instrument. They used qualitative method, specifically the structured interview technique, when they asked the questions in the instrument to the interviewees and written down the answers. After the interview, they took notes of the interviewees’ answers and requested them to verify the answers before leaving the venue. The verified responses were analysed using content analysis method (qualitative method). Then, the results of the content analysis were then coded into several categories. Two postgraduate assistants were employed to verify the consistency of the coded responses with the original interview notes. After the verification, the coded responses were keyed into SPSS Version 11 to produce descriptive statistics. In addition, the scaled items under component (e) were tested for reliability and they produced acceptable Cronbach’s Alpha (on standardized items) value of 0.714.

**FINDINGS**

**Respondents’ Profile**

Approximately 200 co-operatives in Kuala Lumpur and Selangor were contacted, and 60 of them agreed to be interviewed. However, the study managed to interview 52 co-operative managers only after a last minute withdrawal from eight co-operatives. Out of 52 interviewees, 71% (37) are male and 29% (15), female.

Some of the interviewees have already served for five years and below (35%). This is followed by those who served for 6 to 10 years (27%), 11 to 20 (23%), 21 to 30 years (9%), and more than 30 years (6%). Identifying the highest academic qualifications, bachelor’s degree (37%) topped the list, followed by diploma (31%), master’s (17%), and others (15%).
Most of the interviewees occupy the first hierarchy in the organisation (40%), followed by the second level (25%), and board of co-operatives level (15%). The remaining interviewees sit in the next lower levels in the organisational hierarchy. In addition, most of the interviewees are Malay (82%) as opposed to Indian (10%) and Chinese (6%).

Manager’s Job

Interviewees were asked to give a description of a manager’s job based on the instrument provided for the study. The data was keyed in by a postgraduate student assistant and coded by her peer. The code was then verified by the principal researcher. The researchers asked the interviewees their perceptions towards being “a manager” during their college/university days. The interviewees perceived that being a “manager” involves “managing people with persuasion” (31%), “handling and controlling” (27%), “authoritative” (16%), “goal oriented” (10%), “directing” (6%), “supervision” (6%), “administration” (2%), and “planning and organizing” (2%). However, the most apparent attribute mentioned by the interviewees was on how to manage and persuade people in organisations to achieve organisational goals.

When the interviewees were asked their opinions about management textbooks, almost all of them (81%) agreed that the reading of management textbooks has helped them to understand the concept and application of management courses. However, a minority of interviewees (6%) did not think so. Seven respondents (14%) did not respond to the question. The interviewees described their work as dealing with “typical routines and tasks.” The principal researcher coded the interview notes into a few groups to create identifiable patterns. Both researchers have been using coding method in many similar studies and find close agreement in their independent coding. Most of the manager’s typical work consist of managing people and his organisation responsibly (both produced 17%), ethically (15%) and financially (8%); also managing problems (6%), and reality (6%). However, sixteen respondents (31%) did not give any feedback.

Interviewees were also asked to give examples of their non-routine work. Most of the manager’s non-routine work is related to financing (32%) and monitoring performance (23%). Most of the problems faced by managers were those related to their workers (53%), customers (18%) and errors (11%). The other problems include cash flow (6%), corruption (4%), and investors (4%) which are not considered serious, but deserved some attention from the respondents.
The most widely used approach by managers in solving difficult problems is “meeting” (58%). The other approaches used are “training” (20%), “reminder” (12%), and “third party intervention” (10%).

Manager’s Roles

The co-operative managers also were asked about the proportion of time they dealt with people within and outside their organisations. Based on the feedback, they spent 51% within and 49% outside the organisations. These managers also acquired some managerial skills to perform their managerial roles, namely, conceptual (21%), decision-making (31%), interpersonal (28%) and technical (20%) skills.

The study also asked the interviewees to indicate the generic managerial functions based on management textbooks: planning, organising, directing and controlling. The respondents performed more on organising (26%) and directing (26%), but slightly less on controlling (25%) and planning (23%). It seems that the interviewees gave almost equal attention to the generic managerial functions. The respondents also spent 57% of their work on teamwork such as attending meetings and participating in seminal discussions. This means that more than half of the work was done on teamwork basis.

Training: Knowledge and Skills Required

As for knowledge and essential skills acquisition, the interviewees were asked how much input (out of 100%) the academic training has helped them in their first job (after graduation) and in their first job as managers. According to them, prior academic training contributed 58% to their first job after graduation, and 57% to their job as managers. Academic training, therefore, does help people become competent managers.

The co-operative managers said that knowledge on functional areas enabled them to perform their job in this order: “accounting” (23%), “finance” (15%), “communication” (13%), and “controlling” (13%). Other forms of knowledge are also important such as business, marketing, economics, entrepreneurship, human resource management, writing, and information technology. For the skills required by managers in their current job, the interviewees said “interpersonal” (24%), “communication” (21%), and “management” (19%) as very important competencies. However, this does not mean that other skills such as technical, accounting, decision making, conceptual, entrepreneurial, public relations and marketing are not important.
Interviewees were also asked to suggest some ways to further develop practicing managers. Their suggestions to develop practising managers include providing hands-on experience (20%), attending courses (16%), training (15%), continuous reading (12%), and socialising for networking (10%). In the meantime, they need to be decisive, proactive, know people, do mentoring, always be confident and creative, and practice life long learning.

Concerning the most effective training programmes that they have attended, only half of the interviewees (50%) answered this question. Among those who answered, they considered the following as the most effective programmes that they have attended, namely (a) all levels of co-operative management courses conducted by Co-operative College of Malaysia (CCM), (b) training programmes conducted by the National Co-operative Organisation of Malaysia (ANGKASA), and (c) other courses organised by the Co-operative Commission of Malaysia and other agencies.

Contents of the effective courses that they attended are related to (a) the nature of co-operative in Malaysia, (b) problem solving techniques, (c) administration of co-operative, (d) leadership, (e) project management, (f) team building, and (g) quality management systems. The feedback was based on the views of 44% of the respondents. In addition, interviewees were also asked about the time (year) they attended the programmes; however, 64% of the respondents did not respond. Among those who responded, they attended effective programmes between 1970 and 2009. However, the highest number of effective (modern/advanced) programmes occurred in two years, i.e. 2006 and 2008 (7.7% each) respectively, followed by 2007 (3.8%), and the remaining, only 1.9%.

The programmes were held at different places, such as Genting Highlands (3.8%), Port Dickson (3.8%), and venues such as the Prime Minister’s Department office, and Multimedia University. As for the duration of the programmes, the results reveal within 3 days (15%), followed by 2 days (4%) or 4 days (4%). The organisers of the programmes are mainly Co-operative College of Malaysia, National Co-operative Organisation of Malaysia, and the Commission of Co-operative Malaysia. As for the number of enrollment in these programmes, there were three types, namely 20 participants (30%), 30 participants (30%), 50 participants (35%) and less than 20 participants (5%).

DISCUSSION

The research framework of the study conceptualises how co-operative managers perceived their managerial roles and training in the competitive business environment.
of today and in the future when they have to work within the “conservative” nature of co-operative establishment (due to statutory and legal requirements) and the traditional managerial practices. In doing so, co-operative managers have to acquire latest managerial knowledge and critical competencies that are compatible with the contemporary expectations.

According to Nikiforow (2010), training has a role to change managers’ perception and behaviour to increase productivity. While agreeing that training for managers is important, Anderson (2010) argues that the training version for managers need to address the dynamism, context-based and fluidness of managerial roles and tasks. Tengblad (2006) contends that contemporary managers need to be trained with contemporary competencies. Mantere (2008) concurs that contemporary managers need to understand the contemporary roles and expectations too. Thus, Carbery and Garavan (2007) maintain that training providers need to reconceptualise the paradigm of managers that focused on learning and development.

Their attitude and effort towards this direction are commendable. Indeed, they are aware that the main challenge of managerial role is to manage their people effectively and efficiently when they pointed out “managing with persuasion” and “handling and controlling.” The results are consistent with Anderson (2010)’s contention that contemporary managers need training sessions that are dynamic, context-based and fluid. Consequently, managers need to renew their knowledge on contemporary managerial competencies by attending courses, training, continuous reading and socialising within their network. Among other courses, training and reading include those related to (a) legal update on the governance of co-operatives, (b) problem solving techniques, (c) contemporary technique of co-operative management, (d) effective leadership, (e) project management, (f) team building, and (g) quality management systems.

Besides acquiring knowledge formally through courses, co-operative managers also enhance their stock of managerial knowledge and competencies through meetings, seminars and workshops. The findings are in line with Nikiforow (2010)’s argument that training is able to change managers’ perception and behaviour toward increasing productivity. Based on their experience as co-operative managers, they suggested the universities or colleges to focus more on industrial training (internship), hands on and industry oriented courses for undergraduates. In the meantime, future managers also need to possess soft skills especially in handling people (employees, customers and partners).
Needless to say, interviewees argued that managing cooperatives lies somewhat between managing public organisations and private companies. The “welfare” plus “profitability” concerns of co-operatives require co-operative managers to be always up to date with managerial knowledge and skills. To address this dual need, co-operative managers should continue to read contemporary business-management books and periodicals.

The feedback from the co-operative managers suggest that even though they are faced with statutory constraints and managerial conservativeness, they adjust themselves by attending courses, updating themselves with contemporary knowledge, working with team, establishing smart partnership and collaborating with external organisations that provide enormous advantages for co-operatives to be competitive in the global markets.

CONCLUSION

The study examines the perceptions of co-operatives senior management toward managerial job, roles and training. These managers require relevant managerial skills to formulate and execute strategies. In the meantime, they have to ensure the co-operatives can survive and compete with companies established under a different legal framework (i.e. the Companies Act 1965). Even though co-operatives come under the close supervision of the regulators, they are optimistic and confident to face contemporary business challenges. They managed to position themselves between the need to abide by the statutory requirements and the need to do competitive business like other commercial entities. They know exactly what they need to do to bring high performance to the co-operatives. With the courses and training provided by Co-operative College of Malaysia (CCM) and National Co-operative Organisation (ANGKASA), co-operative managers are able to acquire necessary knowledge and competencies. However, the results were not conclusive considering constraints on sample size (i.e. 52 co-operatives managers). The study proposed that future research use case study method to understand the details of managerial work at co-operatives.

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**AUTHOR’S BACKGROUND**

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AN EMPIRICAL ANALYSIS ON STRESS AMONG THE EMPLOYEES OF CENTRAL COOPERATIVE BANK IN DINDIGUL DISTRICT, TAMILNADU, INDIA

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ABSTRACT

Cooperatives have a different kind of management and administration system. Though the members are the owners, the governing authority is the government (through the officials) because of the initiation, sponsorship given by it to the cooperative movement in our country. There are reasons for stress in a cooperative enterprise such as workload, working conditions, and so on.

This paper attempts to find out the reasons for and reactions to the stress among the employees of the Central Cooperative Bank (CCB) in Dindigul District in Tamilnadu, India; to identify the stress and disclose the factors responsible for the causes of stress; and identify stress management techniques followed by the employees; and to coin out strategies to manage and reduce stress. Since it is empirical in nature, survey method was adopted and Dindigul CCB was selected purposively. The employees at the strategic, tactic and operational level were selected by employing census method sampling procedure. A well-designed questionnaire consists of statements to be responded on five point scale was administered among the respondents to elicit information in tune to the objectives of the study. The collected information was processed and analyzed, and major findings were given.

The result of the study shows that the operational level employees has more stress than other levels of employees of the bank. They are feeling stress by mental energy drains, physical energy drains and spiritual energy drains. Most of the respondents recently have been used to go for walk in the morning, yoga and go for games and recreational activities as stress management techniques to reduce the stress.

BACKGROUND AND LITERATURE REVIEW

Stress is the “wear and tear” body experience as human beings adjust continually changing environment; it has physical and emotional effects on men and women and can create positive or negative feelings. As a positive influence, stress can help compel
to action; it can result in a new awareness and an exciting new perspective. As a negative influence, it can result in feelings of distrust, rejection, anger, and depression, which in turn can lead to health problems such as headaches, upset stomach, rashes, insomnia, ulcers, high blood pressure, heart disease, and stroke. With the death of a loved one, the birth of a child, a job promotion, or a new relationship, men and women experience stress as readjust lives. In so adjusting to different circumstances, stress will help or hinder us depending on how we react to it. Richard S Lazarus defined “stress is a condition or feeling experienced when a person perceives that demands exceed the personal and social resources the individual is able to mobilize” (http://www.ivf.com/stress.html).

Many researchers have conducted studies on stress. Some of the early research on stress established the existence of the well-known “fight-or-flight” response (Walter Cannon 1932). His work showed that when an organism experiences a shock or perceives a threat, it quickly releases hormones that help it to survive. Studies by Bhandarker and Singh (1986), Zauderer and Fox (1987), Smith and Siwolop (1988) concentrated on the stress among the managers of private and public sectors. The organisational factors as predictors of job-related stress have been examined in the banking institutions (Chand & Sethi 1997, Rajeswari 1992, Bedeian et.al 1986). Studies have also been conducted to assess the occupational stress among various institutional employees like teachers, professionals, medical practioners so forth to identify the factors influencing stress and stress management techniques used by the employees to manage stress (Singh & Mishra 1984, Pavithran, Leong 1998, Ryhal & Singh 1996, Chandraiah 1997). Some studies have been done with particular reference to women employees of various sectors (Nelson & Quick 1999, Sharma 2001) on the lines of mental health and physiological depression. Work appraisal, strain coping, job satisfaction and negative affectivity (Decker & Borgan 1993), multiple roles (Kandel 1985), stress assessment among software professionals (Soujanya 2002), job stressors, job involvement and employee health (Prone 1995) have been analysed in various situations in different sectors. Desai (1993) and Pant and Bhardwaj (1992) discussed differential response profile of three levels of management on the different measures of stress and work stress and related factors among public sector managers of three levels of management.

Stress Management in Cooperatives

Cooperatives have a different kind of management and administration system. Though the members are the owners, the governing authority is the Government – legal, administrative, financial and technical – because of the initiation, sponsorship
and promotion given to the cooperatives by it. It could be the main reason for the
prevalence of stress among the employees in a cooperative enterprise.

The relationship between the levels of management emphasizes on the process
of accommodation whereby the parties involved develop skills and methods of
adjusting to and cooperating with each other. The objects of cordial relationship
between the management levels are: i) to avoid conflicts among employees; ii) to
raise productivity; iii) to maintain democracy; iv) to bring down strikes and other
disputes, and v) evolving a healthy social order and this would enable to reduce
stress and strain among the employees of a cooperative enterprise. If there is no such
cordial relationship then there is the existence of stress among the different levels of
management of a cooperative.

Most of the cooperative enterprises at present are experiencing stress due to unhealthy
relationship between the levels of management. The sense of frustration, tension,
feelings of conflict, growth of splinter groups, indifferences, rise of complexes,
dissatisfaction etc., have crept among the members and those who manage the
affairs and also between and among the persons at different levels of management
of a cooperative enterprise. Thus, the cooperatives as well as the managerial staff
are sailing with stress and strain confused and bewildered as if in any stormy ocean
with an eye on lighthouse to find a way out. Most of them have rather decomposed in
search of a possible course and few could manage to get on right path. It is the high
time for studying stress feel, causes, reasons, reactions, factor responsible for stress
and coping strategies to reduce stress. This warrants an empirical analysis on stress
among the employees of cooperative enterprise and this study focus with special
reference to the Central Cooperative Bank, Dindigul District in Tamilnadu, India.

Problem Statement

With a view to have a cordial relationship between and among the employees of the
Central Cooperative Bank in Dindigul District in Tamilnadu, it is proposed to address
a few issues: What are the reasons, causes and consequences for stress among the
employees of the central cooperative bank? What are the reactions to stress? Which
are the factors responsible for the causes of stress and strain? Is there any relationship
between causes and stress? Is there any relationship between consequences and stress?
Do the employees follow any or more of the stress management techniques to reduce
/ manage stress? Do they require coping strategies to manage stress? This paper is an
attempt to address these issues an empirical analysis was made.
Objectives
The objectives of this study are:

i. To find out the reasons for and reactions to stress among the employees of the sample bank;

ii. To identify the factors responsible for the causes of stress;

iii. To analyze the stress management techniques followed by the respondents; and

iv. To coin out coping strategies for stress management.

METHOD
Since the study is empirical in nature, survey method was adopted. All the employees at the strategic, tactic and operational level were selected as respondents for the present study by employing the sampling procedure namely, census method. Thus, 7 strategic, 12 tactic and 40 operational employees were selected and totally 59 employees formed the samples of the study. A semi-structured interview schedule was prepared, pre-tested and administered among the respondents to elicit information in tune to the objectives of the study. Besides, Focus Group Discussion (FGD) as a technique was also used to address a few issues regarding stress.

MAJOR FINDINGS
The summary of major findings from the analysis is presented hereunder.

Personal profile of the employees: Majority (57%) of the employees was in the age group between 35 and 50 (middle age). Employees belonging to younger age group were far as there was no recruitment right from 1989. Majority of the respondents were male and 58 per cent were operational level employees (supervisors and assistants). Most of the respondents under this study were married. The employees hailing from urban area formed as high as 56.7 per cent and 54.2 per cent had plus two as their educational qualification. Majority of them (70%) had nuclear family system. The earnings of majority of the respondents ranged between $105 - $210 (Rs.5001 – Rs.10000) per month. Most of the employees had more than 12 years of service.

Stress among the Employees
The causes/reasons for and reactions/consequences to stress, factors responsible for stress and stress management techniques adopted by the employees of the bank were discussed hereunder based on the analyses.
**Causes for stress:** Table 1 depicts the causes for stress among the three levels of employees.

<table>
<thead>
<tr>
<th>Causes</th>
<th>Strategic (N=07)</th>
<th>Tactic (N=12)</th>
<th>Operational (N=40)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feeling out of control</td>
<td>06 (85.7)</td>
<td>10 (83.3)</td>
<td>23 (57.5)</td>
</tr>
<tr>
<td>Feeling tense</td>
<td>05 (71.4)</td>
<td>12 (100.0)</td>
<td>38 (95.0)</td>
</tr>
<tr>
<td>Putting down &amp; complaining</td>
<td>-</td>
<td>05 (41.7)</td>
<td>36 (90.0)</td>
</tr>
<tr>
<td>Worrying about things that you can’t control</td>
<td>-</td>
<td>07 (58.3)</td>
<td>34 (85.0)</td>
</tr>
<tr>
<td>Overload of fear/ anger/fatigue in life</td>
<td>08 (85.7)</td>
<td>11 (91.7)</td>
<td>32 (80.0)</td>
</tr>
</tbody>
</table>

*Figures in parentheses are percentages to ‘N’ total*

As for causes for stress as perceived by the employees, the survey revealed that majority of the employees under strategic level had stress due to feeling out of control, feeling tense and overload of anger and frustration in their work place. This could be due to the fact that being the top level authority of the bank, whenever they move with politicians and higher level officials (Registrar of Cooperatives, Apex bank, NABARD) they might have lost their control, feel much tension and get frustrated. While in case of tactical level (middle) employees, 100 per cent of them had stress due to the cause of feeling tense since they are the balancing actor between the strategic and operational level employees. To justify this, tactic level employees are the answerable persons to execute all the decisions taken by the top level authorities and extract as much work as possible from the operational level employees with great difficulties. As in the case of operational level employees, they had stress due to all the causes as mentioned in Table 1. This could be due to pressurization of both strategic and tactic level employees to expedite the work, threats from higher levels, over workload, family responsibilities, so forth are the stimuli for the above causes for stress.
Consequences to stress: The reasons/consequences to stress among the employees of the bank are dealt in Table 2.

Table 2: Consequences/Drains to Stress

<table>
<thead>
<tr>
<th>Reactions</th>
<th>Response</th>
<th>Strategic (N=07)</th>
<th>Tactic (N=12)</th>
<th>Operational (N=40)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mental</td>
<td></td>
<td>5 (71.4)</td>
<td>8 (66.7)</td>
<td>24 (60.0)</td>
</tr>
<tr>
<td>Physical</td>
<td></td>
<td>2 (28.6)</td>
<td>9 (75.0)</td>
<td>36 (90.0)</td>
</tr>
<tr>
<td>Spiritual</td>
<td></td>
<td>2 (28.6)</td>
<td>4 (33.3)</td>
<td>27 (67.5)</td>
</tr>
</tbody>
</table>

Figures in parentheses are percentages to ‘N’ total

So far as consequence to stress is concerned, 71.4 percentage of strategic level employees had much of mental reactions while tactic level employees had much mental and physical reactions, whereas in case of operational employees, they had invariably all the reactions. Smoking, alcohol, poor diet and insufficient sleep are the physical reactions in case of tactic and operational level employees due to their work stress. Further, operational level employees had more of spiritual reactions (67.5%) such as staying in a job they dislike, staying in an unhealthy relationship, pushing themselves to do things they do not want to do and holding inside that afraid to express than other level employees. Too much mindless TV, worrying too much, no concentration in work and unsettled conflicts are the mental reactions, which were found high among strategic level employees.

Factors responsible for stress: The factors such as individual, organisational and environmental that are responsible for stress were identified and analysed in Table 3. Among individual factors aspirations/calibre, family responsibility, permission towards life, discipline among employees and prejudices/biasness/individual differences were considered. Under organisational factors objective/principles, organisational structure, job specification, communication system and reporting system were taken into account. Political, legal, technological and economic were perused for environmental factors.
Table 3: Factors Responsible for Stress

<table>
<thead>
<tr>
<th>Factors</th>
<th>Response</th>
<th>No. of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Strategic (N=07)</td>
<td>Tactic (N=12)</td>
</tr>
<tr>
<td>Individual factors</td>
<td>3 (42.8)</td>
<td>8 (66.7)</td>
</tr>
<tr>
<td>Organisational</td>
<td>4 (57.1)</td>
<td>9 (75.0)</td>
</tr>
<tr>
<td>Environmental</td>
<td>7 (100.0)</td>
<td>3 (25.0)</td>
</tr>
</tbody>
</table>

Figures in parentheses are percentages to ‘N’ total

It is worthwhile to mention that environmental factors were the most responsible for stress among the strategic level employees as they have to cope up with the changes in the political, legal, technological and economic systems as and when occurred. As for tactic level employees, organizational factors were the most responsible for stress among them since the entire responsibility of accomplishing the organization goals and objectives is vested with them by mingling with strategic and operational level employees. In case of operational level employees both individual and organizational factors were responsible for stress. This could be due to family responsibility coupled with work atmosphere.

**Stress Management Techniques**

There are very many techniques that can be used to manage stress. To find out the stress management techniques being adopted by the three (3) levels of employees, Focused Group Discussion (FGD) was perused. The result of FGD revealed that all the three (3) levels of employees have been adopting both mental and physical techniques to reduce work stress.

i. Among strategic level employees they have been using some of the mental techniques such as, meditation, rational positive thinking, thought awareness and reducing uncertainty and deep breathing/control, progressive muscular relaxation, games, exercise of various types and sleep as physical techniques to reduce work stress.

ii. As far tactical level employees are concerned, they have been adopting meditation, reducing importance of an event, anticipation and avoidance, and rational positive thinking as mental techniques. Exercise of various types, games and rest/relaxation are the physical techniques very often used by them to be free from stress.
iii. As for operational level employees, it was distressing to note that none of them used any of the techniques to reduce/manage stress.

They said,

“Since we are having more responsibility on either side – office and family – we are unable to spend time for using the stress management techniques intensively. Thus, we live in stress; work with stress and will die due to stress and strain”.

(FGD held among the operational level employees of the bank)

**Strategies to Manage and Reduce Stress**

The following are the strategies evolved based on the analyses to manage and reduce stress among the employees.

i. Improve, modify or change the personality and attitude;

ii. Relaxation, recreation and meditation;

iii. Religious activities;

iv. Learn to listen;

v. Counseling by seniors;

vi. Learn and get pacified on seeing people with more stress;

vii. Improve inter-personnel relationship;

viii. Social activities; and

ix. Physical fitness.

**CONCLUSION**

To conclude, although all levels of employees felt stress, more was found among operational level employees. They are feeling stress by mental energy drains, physical energy drains and spiritual energy drains. Most of the respondents recently have been used to go for walk in the morning, yoga and go for games and recreational activities as stress management techniques to reduce the stress. It is advocated that the employees have to manage and reduce stress by adopting any one or more of the above mentioned stress management techniques and strategies regularly for stress free life.
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**AUTHOR’S BACKGROUND**

**M.Karthikeyan** is an Assistant Professor in the Department of Cooperatives, Institute of Cooperatives and Development Studies, Ambo University, Ethiopia. He holds a Ph.D and M.A in Cooperative Management from Gandhigram Rural University, India. He also obtained his M.B.A from Tamilnadu Open University, India. At Ambo University, M.Karthikeyan was actively involved in research studies and has carried out a number of written related publications. Besides that, he provides research advisory to undergraduate and postgraduate for the thesis level and project works in the area of cooperatives, management, entrepreneurship, marketing and auditing.
This study shows the importance of an effective administrative management and high cooperative commitment in the case study of the Satara Group Limited from New Zealand whose primary business is in packing of kiwi fruits. Research data was collected through interviews and observations. The study showed that the cooperative administration displayed high level of professionalism, being governed by effective and committed board of directors and management team. Corporate administration is set as guidelines so that the cooperative administration is done accordingly since the cooperative obtain its financial resource from members and outside investors. However, the Hybrid Cooperative still maintain 60 percent of Cooperative members vote in its Annual General Meetings even though the investors have more investment capital than the Cooperative members.

Kajian ini memperlihatkan kepentingan pelaksanaan pengurusan koperasi yang cekap dan komitmen koperasi yang tinggi berdasarkan kajian kes yang dijalankan di Satara Co-operative Group Limited, New Zealand yang menjalankan fungsi utamanya dalam pembungkusan buah kiwi. Data kajian diperoleh dengan menggunakan teknik temu bual dan pemerhatian. Dapatan kajian menunjukkan pengurusan pentadbiran koperasi yang sangat profesional kerana ditadbir oleh Ahli Lembaga Pengarah dan pihak pengurusan yang cekap dan komited. Tadbir urus korporat dijadikan sebagai garis panduan agar pentadbiran koperasi mengikut landasan yang betul kerana koperasi memperoleh sumber kewangan dari anggota dan juga pelabur luar. Namun begitu, koperasi hibrid tetap mengekalkan 60 peratus kuasa anggota koperasi dalam Mesyuarat Agung Tahunannya walaupun pelabur mempunyai modal pelaburan melebihi modal anggota koperasi tersebut.
PENGENALAN


Dalam berkoperasi tiada istilah pemilik individu. Setiap anggota tanpa mengira jumlah saham yang dimiliki adalah pemilik bersama, mempunyai hak yang sama dan tanggungjawab yang sama dalam koperasi yang dianggotainya. Oleh yang demikian, dalam meneliti dan memahami sistem atau struktur pentadbiran koperasi, perlu difahami bahawa yang menjadi tunggak kepada sistem tersebut ialah demokrasi. Kuasa tertinggi dalam institusi koperasi ialah Mesyuarat Agung yang mana anggota berkumpul sekurang-kurangnya setahun sekali bagi meneliti perkembangan serta menentukan hala tuju koperasi yang dianggotainya. Kejayaan dan kegagalan suatu koperasi sangat bergantung kepada sokongan anggota kerana dasar dan motif penubuhan koperasi ialah untuk menyediakan kemudahan dan perkhidmatan kepada anggotanya dan prestasi tersebut bergantung pada sokongan mereka.

Koperasi akan mencapai matlamatnya apabila setiap anggota mengetahui peranan, hak dan tanggungjawab mereka dan berperanan aktif sebagai anggota. Golongan anggota ini aktif dalam setiap aktiviti yang dijalankan oleh koperasi dan memberi perkhidmatan secara sukarela tanpa memikirkan ganjaran. Untuk melahirkan golongan anggota ini, setiap anggota perlu melengkapkan diri dengan ilmu berkoperasi. Anggota yang memahami prinsip dan falsafah koperasi akan mempunyai sikap taat setia terhadap koperasi. Oleh itu, dalam berkoperasi, kepentingan kumpulan perlu didahului berbanding kepentingan individu.
Melihat kepada struktur pentadbiran koperasi di Malaysia menunjukkan bahawa Anggota Lembaga Koperasi (ALK) dipilih dan diberi mandat oleh anggota untuk memimpin koperasi menerusi proses pemilihan dalam Mesyuarat Agung Tahunan. ALK dianahkan untuk menjalankan tugas di bawah kuasa peraturan-peraturan undang-undang koperasi, disamping nilai-nilai murni untuk mentadbir koperasi. Justeru itu, ALK perlu mempunyai pengetahuan dan kemahiran supaya sebarang aktiviti dapat dilaksanakan dengan teratur melalui perancangan serta kecuali sistem dan prosedur yang lengkap dan efektif. Melalui kecekapan dan kekuatan yang dimiliki, koperasi akan berupaya menjadi organisasi berdikari dalam menjalankan aktiviti-aktivitinya yang memberi peningkatan kepada kualiti kehidupan dan mengutamakan perkhidmatan serta kebajikan kepada anggota. Senario ini dikenali sebagai struktur koperasi traditional (SKT).


**Pernyataan Masalah**

Perniagaan yang besar memerlukan modal yang besar. Amalannya, modal dikumpul menerusi sumber dalam seperti syer, yuran dan simpanan anggota atau pinjaman dari sumber luar. Kajian ini merujuk kepada koperasi yang berasaskan pertanian, maka, modal yang banyak diperlukan oleh koperasi bagi menyediakan infrastruktur sebelum sesuatu produk dapat dikeluarkan sekiranya ingin memprosesnya sendiri. Antaranya seperti penyediaan kilang memproses padi, rumah pembungkusan buah-
buahan dan stor sejuk beku sebelum produk seperti produk berasaskan hasil tenusu, penternakan dan pertanian dipasarkan.

Namun demikian, faktor kewangan (modal) dan pengurusan secara profesional telah dikenal pasti sebagai punca kepada masalah koperasi tradisional apabila menjalankan aktiviti yang melibatkan kewangan yang besar. Selain itu, pihak pengurusan koperasi juga memainkan peranan penting dalam memastikan aktiviti koperasi berkembang maju dan memperoleh keuntungan tanpa mengabaikan kebajikan anggota. Persoalannya, bagaimana koperasi dapat menjana modal yang banyak dengan cepat serta bagaimana pula pihak pengurusan dapat membantu mengatasi masalah ini? Ini kerana jika masalah modal tidak ditangani akan menyebabkan koperasi kehilangan banyak peluang perniagaan dan akhirnya koperasi tidak mampu untuk menjadi pesaing yang hebat dalam dunia perniagaan.


Objektif

Kajian ini bertujuan untuk mengenal pasti ciri-ciri positif yang terdapat dalam struktur Koperasi Hibrid yang diamalkan oleh Satara Co-operative Group Limited, New Zealand. Selain itu, kajian ini juga bertujuan untuk mengenal pasti kaedah koperasi ini menjana modal koperasi melalui anggota dan pelabur bagi mengatasi masalah kekurangan modal dalam menjalankan aktiviti utamanya. Seterusnya, kajian ini akan menilai sejauh mana komitmen pihak pengurusan koperasi dalam memberi impak kepada pencapaian prestasi koperasi yang cemerlang.

SOROTAN KAJIAN

Sumber atau modal kewangan koperasi boleh diperoleh melalui pengumpulan modal saham, modal yuran dan simpanan anggota (Akta Koperasi 1993). Tetapi,


Struktur Koperasi

Kewujudan koperasi lahir dengan niat yang murni iaitu keadilan sosial dan ekonomi melalui penghapusan eksploitasi orang tengah dalam kalangan masyarakat yang lemah. Nilai-nilai murni yang perlu diberi perhatian dan diperkukuhkan dalam setiap diri anggota koperasi adalah seperti berdikari (self help), bertanggungjawab (self-responsibility), demokrasi (democracy), kesamaan (equality), ekuiti/kesaksamaan (equity), perpaduan (solidarity), kejujuran (honesty), keterbukaan (openness), tanggungjawab sosial (social responsibility) dan mengambil berat terhadap masyarakat (caring for others) (Co-operative College, 2010).

Kebanyakan koperasi yang mengamalkan pengurusan pentadbiran SKT bertujuan untuk meningkatkan tahap sosio ekonomi anggota dengan membantu diri sendiri, bertanggungjawab ke atas diri sendiri, bekerjasama sesama anggota dengan mengamalkan nilai-nilai murni seperti keadilan, perpaduan, keterbukaan, amanah, tanggungjawab sosial dan prihatin terhadap orang lain seperti yang digariskan di dalam Akta Koperasi 1993 (Hayati et al., 2008). Namun hari ini, kajian menunjukkan SKT tidak dapat bertahan dengan perubahan persekitaran yang memerlukan modal kewangan yang besar, komitmen yang tinggi dan pembuat keputusan yang cekap untuk merebut peluang yang tersedia (Woodford, 2003). Secara amnya, terdapat dua struktur koperasi iaitu koperasi tradisional dan koperasi bukan tradisional (Cook, et al., 2008; Kenkel & Park, 2007; Wordford, 2003). Jadual 1 menunjukkan ringkasan perbandingan Struktur Koperasi Tradisional (SKT) dengan Koperasi Bukan Tradisional (SKBT).

### Jadual 1: Perbandingan SKT dengan SKBT

<table>
<thead>
<tr>
<th>Bil</th>
<th>Kriteria</th>
<th>SKT</th>
<th>SKBT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>PLC</td>
<td>NGC</td>
</tr>
<tr>
<td>1.</td>
<td>Keanggotaan</td>
<td>Terbuka</td>
<td>Tertutup</td>
</tr>
<tr>
<td>2.</td>
<td>Yuran kemasukan</td>
<td>Tidak membebankan</td>
<td>Ditetapkan</td>
</tr>
</tbody>
</table>

**Jadual 1: Cont.**
3. Modal
- Tiada perjanjian atas modal yang dilaburkan
- Saham syarikat boleh dijual beli oleh orang awam atau disenaraikan di bursa saham.

4. Tabungan modal
- Sukar meningkat
- Peningkatan baik
- Peningkatan baik

5. Dividen atas syer
- Tidak tetap & tidak boleh dijual beli
- Tetap dan boleh dijual beli oleh awam
- Tidak tetap & tidak boleh dijual beli

6. Kuasa meminjam
- Sukar mendapat kepercayaan peminjam luar kerana modal koperasi kecil
- Tidak sukar mendapat pinjaman kerana koperasi mempunyai modal besar
- Tidak sukar mendapat pinjaman kerana koperasi mempunyai modal besar

7. Komitmen anggota
- Mengharapkan anggota lain mencari pendapatan ke atas koperasi
- Mewajibkan anggota memberi komitmen
- Mewajibkan anggota dan pelabur memberi komitmen

8. Penamatan keanggotaan
- Menyebabkan modal koperasi terjejas
- Modal koperasi tidak terjejas
- Modal koperasi tidak terjejas

9. Pulangan atas modal syer
- Bergantung pada kelulusan pendaftar koperasi
- Pulangan bergantung kepada keuntungan koperasi
- Pulangan bergantung kepada keuntungan koperasi

10. Akta
- Akta Koperasi
- Akta Syarikat
- Akta Koperasi dan Akta Syarikat


* SKT – Struktur Koperasi Tradisional
* SBKT – Struktur Bukan Koperasi Tradisional
* PLC - Public Limited Company
* NGC – New Generation Co-operative

Struktur Koperasi Tradisional (SKT)


Bagaimanapun, masalah akan timbul apabila koperasi berhasrat untuk menjalankan aktiviti yang berasaskan modal yang besar. Masalah juga akan timbul apabila koperasi melibatkan perusahaan yang memerlukan pulangan keuntungan yang banyak untuk terus bertahan di dalam arus perniagaan global. Namun begitu, secara kebiasaannya koperasi tradisional tidak berupaya untuk memenuhi keperluan ini kerana struktur modal tidak membenarkan koperasi mendapatkan modal yang banyak dengan cepat. Ini menyebabkan pembantutan dan kehilangan peluang untuk meningkatkan ekonomi koperasi. Walau bagaimanapun, persekitaran dunia perniagaan hari ini menghendaki koperasi bertindak pantas untuk merebut peluang perniagaan yang ditawarkan.

Menurut Woodford (2003) dan Cook & Chaddad (2004), terdapat beberapa masalah yang sering dihadapi oleh koperasi untuk mengembangkan aktiviti ekonomi atau perniagaan, antaranya ialah (a) Kesukaran untuk meningkatkan modal koperasi dimana anggota tidak mampu atau tidak mahu menyediakan modal yang diperlukan oleh koperasi. Alasannya adalah kerana pulangan tidak sepadan dengan modal yang disumbangkan oleh anggota, (b) Dividen ke atas syer tidak tetap dan minimum, dan tidak boleh dijual beli, (c) Kesukaran untuk mendapatkan kepercayaan dari peminjam luar seperti bank kerana modal koperasi kecil, (d) Masalah free
rider/sleeping partner di mana sebuah koperasi dianggotai oleh mereka yang mempunyai kepentingan yang sama, namun mereka mengharapkan anggota lain mencari pendapatan dan menjana keuntungan ke atas koperasi dan dapt memberikan pulangan dividen yang tinggi (Gadzikwa, et al., 2007). Apabila tujuan asal tercapai, mereka berhenti sebagai anggota yang menyebabkan modal koperasi terjejas, dan (e) Koperasi tidak dapat memberi pulangan yang tinggi walaupun keuntungan koperasi meningkat. Contohnya di Malaysia, Seksyen (5) (b) Akta Koperasi 1993 memperuntukkan pemberian dividen boleh diberi melebihi kadar maksimum yang ditetapkan dengan syarat mendapat kelulusan dari Ketua Pendaftar (SKM).


**Struktur Koperasi Bukan Tradisional**

Sejarah pembentukan koperasi di Malaysia bermula dengan koperasi berasaskan konsep jimat cermat dan pinjam meminjam. Kini disamping aktiviti utama, koperasi juga mempelbagaikan aktivitinya seperti perumahan, perkilangan, peruncitan, pelancongan dan pengangkutan. Justeru, struktur koperasi bukan tradisional (SKBT) diperlukan untuk menampung keperluan koperasi yang memerlukan modal yang besar kerana kebanyakan anggota koperasi tidak dapat menyediakan modal yang diperlukan.

Melalui SKBT koperasi boleh mendapatkan modal melalui anggota dan pelabur. Kaedah ini dapat membantu kepada menyelesaikan masalah kekurangan modal dan ini memaksa anggota memberi komitmen sepenuhnya PLCs secara umumnya mempunyai modal saham yang melebihi 50 peratus di dalam sesebuah syarikat yang mana saham syarikat boleh dijual beli oleh orang awam atau disenaraikan di bursa saham. Kerry Group PLC di Kanada antara syarikat koperasi jenis PLC yang mana aktiviti utamanya mengeluarkan produk tenus (Doyon, 2005).
Menurut Zeuli, K. & Radel, J. (2005), struktur Koperasi Generasi Baru (NGC) menetapkan sejumlah syer kepada anggota bagi memenuhi keperluan koperasi. Contohnya, anggota perlu menyediakan produk atau perkhidmatan kepada koperasi dan koperasi hendaklah membeli produk atau menggunakan perkhidmatan tersebut seperti yang dijanjikan. Beberapa penyelidik (Kenkel & John, 2007; Cooperative Management Letter, 2007; Fulton, 1999a; Cook, 2005), menyatakan terdapat beberapa ciri-ciri NGC yang telah dikenalpasti seperti (a) koperasi ini mengamalkan keahlian tertutup, dimana hanya anggota/ pelabur dibenarkan membekal produk/keluaran kepada koperasi, (b) sumbangan modal syer permulaan anggota besar (dan tinggi), iaitu anggota (merupakan pelabur utama) perlu membuat sumbangan agar aktiviti urusniaga koperasi dapat dilaksanakan.


Dalam sistem Hibrid yang dilaksanakan oleh Kerry Coop, koperasi mensyaratkan 60 peratus saham koperasi tidak boleh dijual beli dan dinamakan sebagai saham jenis B, manakala 40 peratus saham yang boleh dijual beli dan diniagakan di pasaran saham dipanggil saham jenis A. Syarat yang dikenakan ini membolehkan Kerry Coop mengawal pengurusan Kerry Group. Keuntungan yang diperoleh syarikat diagihkan dalam bentuk dividen. Sebagai tambahan, koperasi masih dapat menjaga kebajikan anggota dengan menawarkan harga susu yang berpatutan kepada pembekal susu koperasi. Seterusnya, dalam memilih Anggota Lembaga Pengarah, tadbir urus koperasi dipraktikkan dengan satu anggota satu undi tetapi bagi mengurus syarikat, Kerry Group mengamalkan tadbir urus korporat yang lebih fleksibel serta mengikut
kecekapan amalan perniagaan biasa berbanding struktur koperasi tradisional (Pellervo, 2000).


**Jadual 2: Ciri-ciri Positif Koperasi Hibrid**

<table>
<thead>
<tr>
<th>Bil.</th>
<th>Perkara</th>
<th>Huraian</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Prinsip (falsafah)</td>
<td>Keanggotaan dibuka kepada anggota dan pelabur yang mempunyai kepentingan untuk koperasi. Anggota membeli produk dan pelabur menyuntik modal (infrastruktur) bagi menjalankan perniagaan koperasi.</td>
</tr>
<tr>
<td>2.</td>
<td>Penyertaan anggota/ pelabur</td>
<td>Memudahkan anggota dan pelabur membuat sesuatu keputusan untuk kepentingan koperasi tanpa perlu merujuk kepada Mesyuarat Agung dan sebagainya. Pelabur bertindak membuat keputusan seperti seorang ahli perniagaan.</td>
</tr>
<tr>
<td>3.</td>
<td>Galakan komitmen</td>
<td>Komitmen pelabur dan anggota menjadi galakan yang kuat untuk memajukan koperasi secara bersama kerana tanpa komitmen yang jitu mereka akan mengalami kerugian.</td>
</tr>
<tr>
<td>4.</td>
<td>Suntikan modal</td>
<td>Tabungan modal koperasi akan meningkat dan berkembang kerana pelabur akan menyumbangkan sejumlah modal yang besar untuk melaksanakan aktiviti koperasi yang berskala besar agar berjalan dengan lancar. Koperasi juga mendapat kepercayaan untuk mendapatkan peminjam luar seperti bank kerana modal koperasi yang tidak terhad.</td>
</tr>
<tr>
<td>5.</td>
<td>Bahagian Audit</td>
<td>Mempunyai Ahli Jawatankuasa yang komited untuk memantau pencapaian koperasi secara keseluruhan dan melaksanakan audit secara profesional.</td>
</tr>
<tr>
<td>6.</td>
<td>Perundangan</td>
<td>Struktur koperasi hibrid tidak melanggar perundangan dan sah di sisi undang-undang walaupun mempunyai 2 akta iaitu Akta Koperasi dan Akta Syarikat.</td>
</tr>
</tbody>
</table>

*Sumber:* Rodgers (2008)
METODOLOGI KAJIAN


Temu bual separa berstruktur dan terbuka digunakan supaya kesemua maklumat yang diperlukan dapat disampaikan kepada penyelidik. Begitu juga dengan pemerhatian yang dijalankan iaitu pemerhatian turut serta dan pemerhatian tidak turut serta. Selain itu, penelitian dokumen juga digunakan untuk menyokong temu bual dan pemerhatian yang telah dijalankan.

Kaedah Kajian


Satara mempunyai lima orang pengurusan atasan; pengurus besar kumpulan, pengurus kewangan, pengurus komersial, pengurus ladang dan pengurus operasi serta dibantu oleh 150 kakitangan tetap dan 2,000 kakitangan sambilan. Walau bagaimanapun, hanya tiga orang pengurus yang atasan yang dapat ditemu bual. Penyelidik
menyediakan soalan-soalan berasaskan fungsi yang ada di koperasi. Soalan-soalan tersebut berkaitan dengan struktur pengurusan koperasi, tanggungjawab fungsi setiap komponen koperasi seperti Bahagian Perladangan, Bahagian Operasi (ketuanya dilantik sebagai Ketua Audit Dalaman Koperasi) dan Bahagian Sumber Manusia. Penyelidik banyak mendapatkan maklumat berkaitan dengan aktiviti perladangan kerana aktiviti utama SATARA adalah perladangan; penanaman, pembungkusan, penyimpanan dan pengeksportan buah kiwi.

ANALISIS DAN PENEMUAN KES

**Satara Co-operatives Group Limited (Satara)**


Pendapatan keseluruhan Satara diperoleh daripada aktiviti pengurusan ladang (Orchard management), pembungkusan (housepack) dan penyimpanan (cold store) buah kiwi (95%) dan avocado (4%), manakala, satu peratus (1%) lagi diperoleh daripada penyewaan tempat penyimpanan sejuk beku ikan (frozen fish) dan produk tenustu (dairy product) dari syarikat/koperasi yang memerlukan kemudahan ini.

Sejarah Koperasi Satara


Keuntungan yang didapati akan dikongsi antara koperasi dan anggota. Koperasi akan memberi rebat kepada anggota/penanam buah kiwi (grower) berdasarkan jumlah kotak (tray) yang dibungkus (pack) oleh Satara dan dividen kepada pemegang saham. Pemberian dividen adalah berdasarkan keuntungan dari penyewaan infrastruktur koperasi seperti tempat penyimpanan sejuk beku (cold store), tempat pembungkusan (pack house) dan pengangkutan yang disediakan untuk mengangkut buah kiwi yang telah diguna oleh anggota koperasi. Selain itu, koperasi juga menerima pendapatan dari syarikat/koperasi atau orang perseorangan yang memerlukan kemudahan infrastruktur di atas (contract packer). Satara juga mengambil pajakan ladang buah
kiwi terhadap penanam buah kiwi yang tidak mampu mengurus ladang mereka sendiri (penyewaan ladang). Pihak koperasi kebiasaannya mengambil kontrak pajakan setiap tiga tahun.

Memandangkan Koperasi Satara mempunyai kemudahan pembungkusan dan bilik simpanan barangan sejuk beku (cold storage) yang terbesar di New Zealand dengan muatan sehingga 13 tan, ianya disewakan kepada Koperasi Fontera dan syarikat yang terlibat dalam industri perikanan (frozen fish) diluar musim buah kiwi.


Amalan struktur koperasi Hibrid yang diamalkan oleh Koperasi Satara telah membuktikan bahawa sesebuah koperasi itu berkeupayaan untuk menjadi lebih maju, berdaya tahan dan berdaya saing.

**Pengurusan / Kakitangan**


Di samping itu, pemilihan dan pengambilan kakitangan koperasi amat diambil berat di mana mereka yang dilantik mesti mempunyai pengalaman di dalam industri buah kiwi dan kepakaran strategik untuk menjadi pengurus besar dan pengurus-pengurus bahagian. Kakitangan koperasi juga boleh menjadi anggota koperasi ini (jika mempunyai ladang dipanggil anggota atau jika mereka membeli saham dari

**Pengurusan / ALK**

Perancangan hala tuju sesebuah organisasi amat penting bagi membolehkan ALK merancang strategi untuk mencapai matlamat yang digariskan oleh koperasi. Penyelidik mendapati ALK yang dilantik hendaklah memastikan pencapaian prestasi koperasi akan lebih baik berbanding tahun yang sebelumnya (Satara, 2007). Oleh itu, pemilihan ALK dilakukan dengan amat teliti. Komposisi ALK Satara juga menggambarkan struktur yang hibrid. ALK koperasi ini mesti mempunyai kombinasi dari anggota (penanam) yang mempunyai kepentingan dalam koperasi dan pelabur. ALK yang akan dipilih akan diteliti latar belakangnya dan mereka yang betul-betul sesuai akan dilantik.

**Komitmen Anggota**

Kewujudan koperasi bukan tradisional ini disebabkan kekangan yang ada pada struktur koperasi tradisional. Oleh kerana ciri utama koperasi bukan tradisional ini mempunyai keahlian tertutup dan setiap anggota mempunyai tanggungjawab untuk memastikan koperasi ini beroperasi seperti yang dirancang. Anggota mempunyai kontrak untuk membekalkan komoditi mereka kepada koperasi dan sebagai balasan koperasi akan memastikan semua bekalan akan dibeli. Tambah pula, penubuhan Satara adalah hasil dari pakatan penanam-penanam buah kiwi yang bermasalah untuk mengekalkan kualiti buah kiwi yang memenuhi standard pengeksport. Justeru, Satara berperanan menjadi penasihat dan sentiasa memantau kualiti buah kiwi anggota agar ia sentiasa bertepatan dengan standard kerana harga buah kiwi yang boleh dieksport ke luar negara (kelas I) lebih mahal berbanding untuk pasaran Australia (kelas II), tempatan (kelas III) dan makanan ternakan (kelas IV).

Didapati kebanyakan koperasi yang menggunakan struktur koperasi hibrid ini terlibat dalam sektor pertanian dan sektor tenusu (Trechter et al., 2003). Ini adalah kerana
produk pertanian dan tenusu boleh diberi nilai tambah selain dari memasarkan begitu sahaja. Koperasi yang berasaskan tenusu boleh memproses susu kepada lain-lain produk seperti keju dan susu tepung. Koperasi jenis ini memerlukan modal yang besar untuk menyediakan prasarananya yang sesuai.

Penutup

Pengurusan pentadbiran yang cekap dalam koperasi hibrid berupaya meningkatkan pendapatan anggota. Berdasarkan kajian yang dijalankan di Satara Co-operative Group Limited, New Zealand, dapatkan kajian menunjukkan pengurusan pentadbiran koperasi ini sangat profesional kerana pengurusan koperasi ini ditadbir oleh Ahli Lembaga Pengarah dan pihak pengurusan yang cekap dan komited dengan tanggungjawab masing-masing. Struktur koperasi hibrid berusaha untuk memastikan kedua-dua pihak iaitu anggota dan pelabur mendapat manfaat yang setimpal; anggota setia kepada koperasi untuk terus membeli produk kerana koperasi akan memastikan semua produk akan dipasarkan dan pada masa yang sama produk yang bermutu akan menghasilkan pendapatan yang tinggi kepada koperasi bagi membolehkan pembayaran yang tinggi juga kepada pelabur (Bekkum, 2006).

Alternatif SKBT merupakan satu perkara mustahak untuk dipertimbangkan oleh pihak yang bertanggungjawab di Malaysia. Hasil analisis dan perbincangan menunjukkan ia dapat menyelesaikan masalah struktur koperasi tradisional dan amat praktikal di laksanakan di koperasi yang boleh memberi nilai tambah kepada fungsi utama koperasi seperti koperasi yang berasaskan pertanian, pemprosesan makanan dan perladangan. Koperasi yang memproses sendiri komoditi mereka amat memerlukan suntikan modal yang besar untuk penyediaan infrastruktur yang sesuai. Selain itu, apa yang paling penting ialah koperasi dapat menjamin dan memastikan semua komoditi yang dibekalkan oleh anggota akan dibeli. Ini kerana tanpa komitmen anggota untuk membekalkan komoditi, perkhidmatan yang ditawarkan oleh koperasi tidak akan berguna. Tambahan pula, Satara menunjukkan penubuhannya adalah kerana permintaan anggota sendiri yang bermasalah untuk memasarkan komoditi mereka mengikut standard yang ditetapkan oleh pengeksport buah kiwi. Pelabur (bukan penanam) yang membeli syer Satara pula akan mendapat dividen hasil dari pelaburan mereka di mana mereka akan menyumbang modal yang besar kepada koperasi untuk merealisasikan perniagaan koperasi dapat dilaksanakan dengan jayanya.

Oleh itu, sistem koperasi hibrid membolehkan koperasi, pelabur dan anggota memenuhi tujuan koperasi iaitu mengimbangkan kepentingan kebajikan dan meningkatkan ekonomi anggota koperasi. Bagi penyelidikan akan datang, penyelidik
perlu membuat kajian untuk mendapatkan pandangan dan maklum balas dari pihak pengurus koperasi, agensi yang menyelia atau terlibat dengan pembangunan koperasi dan anggota sama ada struktur koperasi hibrid ini boleh dipraktikkan di Malaysia. Cadangan untuk mewujudkan model koperasi hibrid boleh dibuat dengan menubuhkan koperasi baru yang membenarkan pelaburan dari luar koperasi. Koperasi ini akan tertakluk kepada dua buah akta iaitu Akta Syarikat dan Akta Koperasi.

Kajian ini diharapkan dapat memberi manfaat kepada pihak tertentu khususnya yang terlibat secara langsung atau pun secara tidak langsung dengan gerakan koperasi. Hasil kajian boleh dimanfaatkan oleh koperasi dalam membuat perancangan aktiviti perniagaan yang memerlukan modal yang besar. Selain itu, kajian ini diharapkan dapat membantu Maktab Kerjasama Malaysia (MKM) Suruhanjaya Koperasi Malaysia (SKM) dan Angkatan Koperasi Kebangsaan Malaysia Bhd. (ANGKASA) untuk membuat tindakan susulan bagi menyokong pelaksanaan koperasi hibrid di Malaysia.

RUJUKAN


AUTHORS’ BACKGROUND

Najmah Nawawi is currently the Eastern Region’s Director, Co-operative College of Malaysia (CCM). She obtained her Masters in Science (Information Technology) and Bachelor Science in Information Technology from Universiti Teknologi MARA and Diploma in Co-operative Management from CCM. She joined CCM in 1992 and is an experienced trainer in information and communication technology (ICT). Besides training, she also provides advisory and consultancy services to co-operatives and has been involved in research studies in these areas.
Norhayati Abdul Rahman has been a trainer with the Business Management & Entrepreneurial Centre, Co-operative College of Malaysia (CCM) since 2004. She holds a Masters in Business Administration, Bachelor in Marketing with Honours and Diploma in Business Studies from Universiti Teknologi MARA. Besides being an experienced trainer in business, management and entrepreneurial, she also provides advisory service to co-operatives and has been involved in research studies in these areas.
AN ASSESSMENT OF THE SOCIAL IMPACT OF COOPERATIVES IN DINDIGUL DISTRICT, TAMILNADU, INDIA

R. Karunakaran

Hawassa University, Awassa, Ethiopia

ABSTRACT

It is often said that Cooperative is an industry where fine rational human beings are produced with the materials of honesty, unity, equality, etc. Moreover, social integration, education and training, community development, gender equality and protection against twin evils of rugged individualism and blatant totalitarianism are the ways in which cooperatives contribute for social development as well as for sustainable human development. Social contribution of cooperatives therefore, cannot be underestimated. The main objective of the study is to assess the social impact of cooperatives with particular reference to contribution of social benefits, contribution of democratic benefits and contribution of empowerment benefits. The study is based on empirical analysis. Hence field survey method was adopted. As it covers both rural and urban area, multi-stage random sampling procedure has been employed to select the area as well as respondents. As the issues to be addressed in the study are of qualitative and quantitative nature, different tools and techniques of data collection have been used. Besides Personal Interview (PI) for administering the Structured Interview Schedule (SIS) among the respondents, Focus Group Discussion (FGD) and a few Participatory Rural Appraisal (PRA) techniques have been used. Findings reveal that members of cooperatives have high perception on the social, democratic and empowerment benefits of Cooperatives. They view cooperatives as social institutions where economic benefits can also be availed especially by those who are deprived of access to resources. Long years of membership in cooperatives, increased use of services of cooperatives and greater participation in the management of cooperatives have enabled to derive greater social benefits of Cooperatives. Hence, whatever be the lapses and ineffectiveness in the economic achievements of cooperatives, the social, democratic and empowerment benefits extended by cooperatives to individuals, and the society at large are very explicit and appear forefront. There are evidences that cooperative movement in the district has made sustainable social impact among people.
INTRODUCTION

Cooperation is a philosophy of life and has a mission of its own. It is not merely an economic movement; but a moral movement. It has ideological base and universally recognized principles, which are applied and practiced in order to make a better person and a better society (Krishnaswami, 1985). Although Cooperation is viewed as an organization for the promotion of economic interests of its members, it does not confine itself only the economic aspect of life. It permeates the social aspects of life and aims at establishing a new democratic social order based on freedom, fraternity, equality and equity where people live in harmony, caring and sharing like a family, where there is unity of spirit and common economic bond and where people have the freedom to shape their destiny. In the words of Goerge Russel, “membership of cooperative societies is a practical education in economics fitting men for public service and by its principles; it fosters the spirit of citizenship” (Daman Prakash, 1995). Thus, cooperation alone has both economic and social aims. O.R Krishnaswamy claims that it has spiritual basis also. The cooperative form of organization alone is spirituality applied to business since it practices brotherhood and fellowship and love and sacrifice. If a cooperative organization has to remain true to itself, these values must be living realities in the activities and behaviour of cooperators. Hence, Fauquet mentions, “These values are both a condition and a result of Cooperation”. Cooperative organizations develop these values among cooperators through the means they employ. They raise people to a higher moral standard.

Problem Statement

It is often said that Cooperation is an industry where fine rational human beings are produced with the materials of honesty, unity, equality, etc. Moreover, social integration, education and training, community development, gender equality and protection against twin evils of rugged individualism and blatant totalitarianism are the ways in which cooperatives contribute for social development as well as for sustainable human development (ICA, 1995). Since Indian Cooperative Movement has crossed a century, it is no doubt that the movement has contributed a lot for humanity. Social contribution of cooperatives therefore, cannot be under-estimated. In this broad context a query on the social contributions and achievements of cooperatives in countries like India is very relevant and it is necessary to assess people’s perception on the social impact of cooperatives.

Research Questions

1. Do members view cooperatives as institutions for social betterment or merely as economic institutions where goods and services are availed or vice versa?
2. Do members realize social benefits of cooperatives?
3. Do they realize that cooperatives have contributed for human socialization?
4. Do they derive democratic benefits of cooperatives?
5. Do they realize that cooperatives have brought social outlook among people by inculcating human values?
6. Do cooperatives provide empowerment benefits?
7. Do weaker sections (poorer sections of the community) feel secure out of cooperatives?
8. Are there differences in the perception on social role of cooperatives among members of cooperatives?
9. Whether people derive social benefits of cooperatives out of their cooperative membership characteristics or not?
10. Do they find problem or are there barriers in the realization of social benefits of Cooperatives?
11. What do people suggest to maximize social contribution of cooperatives?

These and other issues require an empirical in-depth investigation.

**Significance of the Study**

Any analysis aiming at gauging the success of cooperatives must bear in mind the twin aspects of cooperatives viz., the social and economic contributions. A close look on the literature related to cooperatives shows that there are ample literatures depicting economic significances of cooperatives at all levels. Several committees, economists and academic organizations have examined one or the other economic impact of cooperatives on the economy or a particular sector or the section of the people. Especially reports of the government on cooperation examining the economic impact are available right from the year 1904. Particularly after independence, since the government has recognized the cooperatives as an instrument of economic planning to be used in the pursuit of national objectives, studies on the economic contributions and perspective are abundant. Although a few studies examining the socioeconomic impact of cooperatives were available, a holistic approach to study the social impact of cooperatives, which is necessary for understanding the social impact of all types of cooperatives on the society, particularly on individuals, is absent. In fact, the need for social impact studies on Cooperation is felt necessary when the policy of multi-agency approach for economic development is advocated. The need to have such study is felt very latent also when the economic efficiency of cooperatives is questioned. In this broad context, a query on the social contributions and achievements of cooperatives in countries like India is very relevant and it is necessary to assess people’s perception on the social impact of cooperatives.
Objectives of the Study

The study has the following specific objectives:
1. To assess the social impact of cooperatives with particular reference to:
   - Contribution of social benefits.
   - Contribution of democratic benefits.
   - Contribution of empowerment benefits.
2. To identify barriers impinging social contribution of cooperatives and
3. To offer suggestions of people for maximizing social impact of cooperatives.

Conceptualization of Terms

Cooperatives: The term ‘Cooperatives’ refers to cooperative society/societies registered under the Tamilnadu Cooperative Societies Act, 1983. So far as the study is concerned, Cooperatives include Agricultural Cooperative Banks/Societies, Primary Cooperative Agriculture and Rural Development Banks, Urban Cooperative Banks, Employees Thrift and Credit Societies, Primary Dairy Cooperatives, Agricultural Marketing Cooperative Societies, Industrial Cooperative Societies including Handloom Weavers’ Cooperative Societies, Primary Consumer Cooperative Stores/Wholesale Store and Cooperative Housing Societies.

Impact of Cooperatives: It refers to the effect of values and principles guiding the constitution, management and operations of Cooperatives which together result in or enable developments in the socio-economic conditions of members and the public. So far as this study is concerned, improvement in the existing state of affairs as felt by people has been taken as a test of the impact of Cooperatives.

Social impact: Social impact of Cooperatives has been tested at two levels: one at the level of individuals and the other on society/community level. Changes in awareness, realization of social, democratic and empowerment benefits of Cooperation, creation of a sense of security and ownership in the cooperative societies are the test of social impact at the individual level. Promotion of leadership, reduction in social inequalities/social distance and promotion of unity and solidarity at the society/community level are tested for assessing social impact of Cooperatives at the community level.

Social benefits of Cooperatives: Cooperatives tend to check petty quarrels and bitterness of village life and build them together in friendly relationship. They develop a sense of responsibility, integrity and diligence as they rely on the characters of members (Madan 1989). Through the influence of Cooperation, the idle men become hard working persons who spend money extravagantly become economical, the drunkard reform his way
and becomes sober and the illiterate learns to read and write (Vidya Bhusan 1999). The friction among members of cooperative societies, which tend to decrease, may doubtless be credited to the influence of Cooperation. Cooperation has helped in several counters, even harmonizing conflicting social and economic interests (Krishnaswami 2000). Thus, Cooperation brings in social benefits for its members. As such, Cooperatives strive to create a higher social order and cooperative common wealth.

**Democratic benefits of Cooperatives:** Although Cooperatives are democratic institutions and they provide democratic benefits to their members, an identity crisis seems to have emerged for the Cooperatives in recent years due to adaptation to the changing environment caused by science and technological advancements, market forces, change in policies of the government towards Cooperatives and the like. To pay toll to this new turnpike, Cooperatives therefore seem to be concentrating greatly on ‘economics’ by subsidizing their social and empowerment values (ICA 1995, Subburaj 2002).

**Empowerment benefits of Cooperatives:** Cooperatives are democratizing organizations in which every individual who claims ownership right with a cooperative should feel empowered. Because whatever benefits members want from the cooperatives, they are put forth to the management to the extent the collective demands aggregate the individual demands. Cooperatives provide an appropriate forum for aggregating such demands and voicing them. This means that people are empowered to define, decide and direct the affairs of their cooperatives in their interest as well as that of the community at large. When cooperatives nurture such values among members, it is natural that such values will be reflected in their personal life too.

**METHODOLOGY**

The study is based on empirical analysis. Hence field survey method was adopted. As it covers both rural and urban area, multi-stage random sampling procedure has been employed to select the area as well as respondents.

**Area Description:** Dindigul District, which is of very recent origin in 1985, was carved out of the erstwhile Madurai district in Tamilnadu. Dindigul being the head quarter town of the district has a very rich history. It is located between 10°05” and 10°9” North latitude and 77°30” and 78°20” East longitude. It is bounded by Erode, Coimbatore, Karur and Trichirapalli districts on the North, by Karur and Trichirapalli districts on the East, by Madurai and Theni districts on the South and by Coimbatore district and Kerala State on the West. The District consists of three revenue divisions viz., Dindigul, Palani and Kodaikanal and seven taluks viz., Dindigul, Natham, Vedasandur, Nilakkottai, Palani, Kodaikanal and Oddanchatram and 14 blocks. (Development Block is a local
government body at the Teshil or Taluka level in India. It works for the villages of the Teshil or Taluka that together are called a Panchayat Samiti. The Panchayat Samiti is the link between the Village Panchayat and the district administration).

Dindigul District has been selected purposively as the study area. However, the entire district has been divided into two geo-agro climatic regions namely, (i) western ghat region and (ii) plain up land region. This has been done on the rationale that since cooperatives deal with agricultural and related activities at primary level, geo-agro climatic factors largely exert a greater influence over cooperative activities of the people than any other factors.

**Selection of villages:** For selecting the villages for the study, as the first step, all the blocks in each region were classified in to three clusters based on existence of viable cooperative institutions, particularly Primary Agricultural Cooperative Banks/Societies viz., blocks with more of viable cooperative institutions, blocks with less of viable cooperative institutions and blocks with neither more nor less of viable cooperative institutions. Three blocks at the rate of one block per cluster were selected on simple random basis. To select villages for the study the methodology adopted for selection of blocks was repeated. Thus 18 villages from six blocks were selected for the study. Besides an urban center from each geo agro climatic region was selected on convenience basis for conducting field survey in urban area.

**Table 1:** List of the Sample City/Urban Area and Villages

<table>
<thead>
<tr>
<th>Region</th>
<th>Block</th>
<th>Villages</th>
<th>City/Uran</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Ghat</td>
<td>Authoor</td>
<td>Ayyampalayam</td>
<td>Palani</td>
</tr>
<tr>
<td></td>
<td>Oddanchatram</td>
<td>Sittayankottai</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Palani</td>
<td>Pithalaipatty</td>
<td></td>
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<td></td>
<td></td>
<td>Chatrapatty</td>
<td></td>
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<td></td>
<td></td>
<td>Idayakottai</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Keeranur</td>
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<td></td>
<td></td>
<td>Peria kalayamithur</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Malayagoundenpatty</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kamakkampatti</td>
<td></td>
</tr>
<tr>
<td>Plain up land</td>
<td>Sanarpatty</td>
<td>Kanavaipatti</td>
<td>Dindigul</td>
</tr>
<tr>
<td></td>
<td>Vedasandur</td>
<td>Kosavapatti</td>
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<tr>
<td></td>
<td>Vadamadurai</td>
<td>Kambiliampatti</td>
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<td></td>
<td>Kasipalayam</td>
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<td>Thottanampatti</td>
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<td>V.Ammapatti</td>
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<td></td>
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<td>V.Mettupatti</td>
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<td></td>
<td></td>
<td>Pilathu</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Vadamadurai</td>
<td></td>
</tr>
</tbody>
</table>

ACR – Agro-Climatic Region
Selection of respondents/households: Since the study intends to assess the social impact of cooperatives among people in general and members of cooperative societies in particular, the sample for the study obviously would include both member and non member respondents. So far as the proportion of members and non members constituting the sample for the study is concerned, the state average figure related to coverage of households by cooperatives has been considered. It comes to around 75 percent while the national average figure comes to around 70 percent. On snow ball basis, by adopting Disproportionate to size sampling (Quota sampling) 20 member users per village (360) and 90 member users per urban center (180) were selected as respondents for the study. Thus, 540 member households constitute the sample for the study.

Tools and techniques for data collection: As the issues to be addressed in the study are of qualitative and quantitative nature, different tools and techniques have been used. Besides Personal Interview (PI) for administering the Structured Interview Schedule (SIS) among the respondents, Focus Group Discussion (FGD) and a few Participatory Rural Appraisal (PRA) techniques have been used.

Focus Group Discussion (FGD): Qualitative research encompasses several different techniques. Focused Group Discussion is one important technique among them. “Full Group Type” (A Full Group consists of a discussion of approximately 90 to 120 minutes, led by a trained moderator involving 8 to 10 persons who are based on their common demographics, attitudes or germane to the topic) (Greenbaum 1998) focus group has been used. Focus Group Discussion Guides (FGDG) were prepared, pre tested and finalized. FGD in general contained hints under three broader headings namely, Introduction, Warm up session and Issue for focused discussions. The issues affecting the efficiency and effectiveness of Cooperatives in delivering social benefits to people in particular and the economy in general were gauged through FGDs.

Participatory Rural Appraisal Techniques (PRA): PRA is “a family of approaches and methods to enable the rural people to share enhances and analyzes their knowledge of life and conditions to plan and to act” (Chambers Robert 1985). In this wide range of techniques available, a few of the PRA exercises were used in this study.
**FINDINGS**

**Inferences**

Performance of Cooperatives in the district – A bird’s eye view: At present, there are 197 Primary Agricultural Cooperative Banks, one District Central Cooperative Bank with 17 branches, 6 Primary Agricultural and Rural Development Banks, 4 Urban Cooperative Banks, 52 Employees Thrift and Credit Cooperative Societies, 21 Housing Cooperative Societies, 32 Primary Handloom Weavers’ Cooperative Societies, 7 Industrial Cooperative Societies, 15 Primary Consumer Cooperative Stores and 84 Students’ Cooperative Stores and a District Consumer Cooperative Wholesale Store. Moreover, there are 3 Agricultural Producers’ Cooperative Marketing

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**Table 2: List of Variables**

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Dependent Variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographic</td>
<td>Realization of:</td>
</tr>
<tr>
<td>- Age</td>
<td>- Social benefits of Cooperatives</td>
</tr>
<tr>
<td>- Gender</td>
<td>- Democratic benefits of Cooperatives</td>
</tr>
<tr>
<td>Social</td>
<td>- Empowerment benefits of Cooperatives</td>
</tr>
<tr>
<td>- Education</td>
<td></td>
</tr>
<tr>
<td>- Family size</td>
<td></td>
</tr>
<tr>
<td>- Exposure to mass media</td>
<td></td>
</tr>
<tr>
<td>- Contact with change agents</td>
<td></td>
</tr>
<tr>
<td>- Social participation</td>
<td></td>
</tr>
<tr>
<td>Economic</td>
<td></td>
</tr>
<tr>
<td>- Total assets</td>
<td></td>
</tr>
<tr>
<td>- Family income</td>
<td></td>
</tr>
<tr>
<td>- Occupation</td>
<td></td>
</tr>
<tr>
<td>- Size of land holdings</td>
<td></td>
</tr>
<tr>
<td>Cooperative indicators</td>
<td></td>
</tr>
<tr>
<td>- Duration of membership</td>
<td></td>
</tr>
<tr>
<td>- Proportion of borrowings from cooperatives</td>
<td></td>
</tr>
<tr>
<td>- Participation in cooperative management</td>
<td></td>
</tr>
<tr>
<td>- Services availed from cooperatives</td>
<td></td>
</tr>
</tbody>
</table>

**Chart 1: Social Impact of Cooperatives – A Framework for Analysis**
Societies and 549 Primary Milk Producers’ Cooperative Societies affiliated to the District Milk Producers’ Cooperative Union. Out of 1.75 million total populations 92 percentage of eligible population and cent percent of villages in the District are covered by cooperatives. They have been rendering services at an annual growth rate of 5.8 percent in the district. Their role of promoting the economic life of people in general and weaker sections in particular is very significant.

Table 3: Cooperatives in Dindigul District, 2006-2007 (Average)

<table>
<thead>
<tr>
<th>Key indicators</th>
<th>ACCs</th>
<th>NACCs</th>
<th>ANCCs</th>
<th>NANCCs</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of societies</td>
<td>204</td>
<td>77</td>
<td>227</td>
<td>105</td>
</tr>
<tr>
<td>Membership (in numbers)</td>
<td>413528</td>
<td>1.92</td>
<td>125232</td>
<td>2.8</td>
</tr>
<tr>
<td>Share capital</td>
<td>42.00</td>
<td>3.01</td>
<td>20.93</td>
<td>9.11</td>
</tr>
<tr>
<td>Working capital</td>
<td>884.00</td>
<td>1.56</td>
<td>179.45</td>
<td>6.11</td>
</tr>
<tr>
<td>Loans disbursed</td>
<td>57.96</td>
<td>3.94</td>
<td>100.13</td>
<td>2.64</td>
</tr>
<tr>
<td>Loans outstanding</td>
<td>603.91</td>
<td>4.78</td>
<td>152.21</td>
<td>5.49</td>
</tr>
<tr>
<td>Recovery of loans</td>
<td>27.14</td>
<td>7.47</td>
<td>99.45</td>
<td>4.38</td>
</tr>
<tr>
<td>Business operations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

ACCs-Agricultural Credit Cooperatives; NACCs-Non-Agricultural Credit Cooperatives; ANCCs-Agricultural Non-Credit Cooperatives; NANCCs-Non- Agricultural Non-Credit Cooperatives. AGR-Annual Growth Rate (USD in Millions)

Inferences on the Realization of Social Benefits of Cooperatives by Respondents

Table 4: Multiple Linear Regression Model – Perception of Members on the Social Benefits of Cooperatives

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Among Members (β)</th>
<th>Among Landowning Members (β)</th>
<th>Among Landless Members (β)</th>
<th>Among Urban Members (β)</th>
<th>Among Rural Members (β)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>0.185***</td>
<td>0.116*</td>
<td>0.180***</td>
<td>0.166*</td>
<td>0.128*</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.246</td>
<td>-0.511</td>
<td>0.866</td>
<td>-0.984</td>
<td>0.133</td>
</tr>
<tr>
<td>Social</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>3.235 E-02</td>
<td>-0.143</td>
<td>5.127 E-02</td>
<td>0.325*</td>
<td>-0.206</td>
</tr>
</tbody>
</table>

Table 4: Cont
This section addresses people perception on the social benefits of cooperatives through survey statements, results of statistical analysis, and inferences of Participatory Rural Appraisal (PRA) and Focus Group Discussions (FGD). For the purpose of statistical analysis, responses of the respondents were measured in six point Likert’s scale (viz., strongly agree, agree, neither agree nor disagree, strongly disagree, disagree and do not know). Index scores for each member and non-member on the social benefits of Cooperatives was arrived at. Based on the index score, respondents were grouped in to three categories namely low (scores between 1 and 28), medium (scores between 29 and 56), and high (scores above 56).

Table 4: Cont

| Family size | -0.143 | -0.860* | 0.659* | 1.023* | -0.535* |
| Neighborliness | 0.129 | 0.328 | 7.174E-02 | 0.648* | -7668 E-02 |
| Contact with change agents | -1.432E-02 | 0.306** | -0.313** | -0.300* | 8.217E-02 |
| Exposure to mass media | 0.454** | 8.254E-03 | 0.609** | 0.905** | 0.322* |
| Social participation | 0.207 | -5.45E-02 | 0.263 | 0.960* | 0.104 |

**Economic**

| Assets | -9.847E-06** | - | - | -0.978E06** | 1.612E-5** |
| Family Income | 3.931 E-06 | -1.500E-05 | -1.062E-05 | -2.847E02 | 6.497E-06 |
| Occupation | -1.233 | - | - | -1.318E-02 | -1.311 |
| Land size | 5.382E-02 | - | - | - | 0.271 |

**Cooperative**

| Duration of membership | -0.101* | -5.121 E-02 | -7.305E-02 | -0.350** | -7129E-03 |
| Proportion to total borrowings | 4.237E-02** | 1.657 E-02 | 2.188E-02 | 3.810E-02* | 4.065E-02** |
| Participation in cooperative management | 7.219E-02 | 1.149 E-03 | 9.811E-02 | -6.198E-02 | 1.128E-02 |
| Knowledge about cooperative management | - | -0.168 | 0.363 | 0.443* | -4.228E-02 |
| Service availed from Cooperatives | 0.156 | 0.601 | -0.310 | -0.474 | 0.450 |
| Constant | 12.378 | 20.221 | 4.620 | -5.546 | 20.617 |
| R² | 0.123** | 0.151** | 0.189** | 0.368** | 0.149** |
| N | 540 | 282 | 258 | 172 | 368 |

* Significant at 0.05 level, ** Significant at 0.01 level
and high (scores between 58 and 84). A higher score implies that the
respondent has a greater perception on social benefits of Cooperatives. For the
purpose of analysis, members were categorized by considering their place of domicile
and land holdings.

Analysis of MLR model (Table 4) reveals that the demographic indicator namely
age has positive significant effect to have greater realization of the social benefits
of Cooperatives among all categories of members. Supersession of the board of
management of Cooperatives and non–conduct of elections to Cooperatives for more
than three decades in Tamilnadu have denied the opportunity to realize the social
benefits of Cooperatives by youngsters.

Among social indicators, mass media play a very important role to realize the social
benefits of Cooperatives. Higher level of education, greater exposure to mass media
and high social participation of urban members, aggressive use of mass media to
disseminate the schemes and programmes of the Government, which are implemented
by Cooperatives exclusively for the benefit of landless people and non-farm sectors
have enabled to realize the significance of the social role of Cooperatives by landless
and non–farm sector beneficiaries of Cooperatives (Table 4).

The social indicator namely family size has negative significant effect among land
owning members in rural area due to provision of membership according to land
ownership to land owning households whereas the entire family members of a landless
household can have membership in Cooperatives. Moreover, it is a fact that non-farm
services of Cooperatives in urban area are availed by the entire family members in
their individual capacity. So far as economic indicators are concerned, Cooperatives
do not discriminate members on the basis of economic indicators to provide social
benefits (Table 4).

Among the Cooperative indicators, duration of membership has negative significant
effect among members in general and urban members in particular. However the
variable namely proportion of borrowings from Cooperatives has positive significant
effect to realize social benefits of Cooperatives by members in general and members
in urban and rural areas in particular. This shows that although Cooperatives have
not discriminated members on the basis of social and economic indicators including
membership duration, extent of utilization of services of Cooperatives as a factor has
positive significant effect to realize social benefits of Cooperatives among members
(Table 4).
In the Focus Group Discussion held among members of different age groups in Kasipalayam village ACR2, it is observed that elderly members of Cooperatives command a high respect in villages. They enjoy a higher social status. The younger members draw support from them while using the services of their Cooperatives.

“Most of the elderly members are our teachers so far as the subject cooperative society is concerned. Their rich experiences help us to go ahead and use the services of the cooperative society”.

(Younger members in Kasipalayam village in ACR2, Dindigul District)

While discussing the role of intermediaries including the change agents, it is observed that the participants in FGD did not feel any need for the intervention of influential persons to avail service from Cooperatives. Whereas even to get a jewel loan from commercial banks, introducer (person who is known by the bank) is required. Some of the participants have felt that recommendation of government official is required.

“Without the recommendation of Block Development Officer / Field Officer / Revenue officials, no member of the weaker section can avail loan from cooperative societies”

(FGD among villagers in Jathigoundenpatti village in ACR2, Dindigul District)

While discussing the purposes of membership in Cooperatives it is observed among villagers including women that they have joined the society with the intention of getting loan. They name the Primary Agricultural Cooperative Credit Society as ‘loan society’ and Primary Milk Producers’ Cooperative Society as ‘cattle loan society’. They said,

“We need not go to the society when loan is not available …
Unless we go there, we cannot avail the loan”.

(FGD with members in Kasipalayam village in ACR2, Dindigul District)

When the same participants were asked, “why can’t you go to the society to avail other services than loan?” They said, “there is no marked difference between the service features of Cooperatives and the open market”.

From the above analysis, it can be inferred that education, social participation and exposure to mass media play an important role in deriving social benefits of Cooperatives. Cooperatives do not discriminate members on economic grounds to provide social benefits. They advocate equality among members. Moreover, availing the services of Cooperatives serves as a tool to realize the social benefits of Cooperatives. Nevertheless, provision of membership according to land ownership
basis and absence of democracy in Cooperatives remain as a barrier to realize social benefits of Cooperatives.

Inferences on the Realization of Democratic Benefits of Cooperatives by Respondents

Table 5: Multiple Linear Regression Model – Perception of Members on the Democratic Benefits of Cooperatives

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Among Members (β)</th>
<th>Among Landowning Members (β)</th>
<th>Among Landless Members (β)</th>
<th>Among Urban Members (β)</th>
<th>Among Rural Members (β)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>0.171**</td>
<td>0.118</td>
<td>0.265*</td>
<td>0.149</td>
<td>0.166*</td>
</tr>
<tr>
<td>Gender</td>
<td>0.869</td>
<td>-1.161</td>
<td>2.253</td>
<td>3.926</td>
<td>-0.580</td>
</tr>
<tr>
<td>Social</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>-0.107</td>
<td>0.282</td>
<td>-0.402</td>
<td>-0.386</td>
<td>0.176</td>
</tr>
<tr>
<td>Family size</td>
<td>-0.158</td>
<td>-1.386*</td>
<td>0.526</td>
<td>0.947</td>
<td>-0.505</td>
</tr>
<tr>
<td>Neighborliness</td>
<td>-0.386</td>
<td>0.149</td>
<td>-0.884</td>
<td>0.454</td>
<td>-0.461</td>
</tr>
<tr>
<td>Contact with change agents</td>
<td>-2.266 E-02</td>
<td>0.155</td>
<td>-0.500*</td>
<td>-0.507*</td>
<td>8.403 E-02</td>
</tr>
<tr>
<td>Exposure to mass media</td>
<td>1.059**</td>
<td>0.361</td>
<td>1.771**</td>
<td>2.712**</td>
<td>0.552*</td>
</tr>
<tr>
<td>Social participation</td>
<td>0.261</td>
<td>0.938*</td>
<td>-0.172</td>
<td>0.637</td>
<td>0.368</td>
</tr>
<tr>
<td>Economic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>-7.236 E-07</td>
<td>--</td>
<td>--</td>
<td>4.329 E-06</td>
<td>-2.502 E-05**</td>
</tr>
<tr>
<td>Family income</td>
<td>2.283 E-07</td>
<td>2.637 E-05</td>
<td>-1.225 E-05</td>
<td>-2.994 E-05</td>
<td>1.473 E-05</td>
</tr>
<tr>
<td>Occupation</td>
<td>0.377</td>
<td>-</td>
<td>-</td>
<td>0.365</td>
<td>0.775</td>
</tr>
<tr>
<td>Land size</td>
<td>0.227</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.458*</td>
</tr>
<tr>
<td>Cooperative</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duration of membership</td>
<td>-2.816 E-04</td>
<td>-9.765 E-02</td>
<td>1.898 E-02</td>
<td>-0.193</td>
<td>-9.141E-03</td>
</tr>
<tr>
<td>Proportion to total borrowing</td>
<td>5.016 E-02**</td>
<td>8.226 E-02**</td>
<td>9.037 E-03</td>
<td>-9.465 E-03</td>
<td>7.984 E-02**</td>
</tr>
<tr>
<td>Participation in cooperative management</td>
<td>-4.223 E-02</td>
<td>-0.153</td>
<td>0.103</td>
<td>-6.2333E-02</td>
<td>-4.755E-02</td>
</tr>
<tr>
<td>Services availed from Cooperatives</td>
<td>8.627 E-02</td>
<td>-9.236 E-02</td>
<td>-0.319</td>
<td>-1.035</td>
<td>0.694</td>
</tr>
<tr>
<td>Constant</td>
<td>-40.398</td>
<td>45.193</td>
<td>38.764</td>
<td>18.388</td>
<td>44.241</td>
</tr>
<tr>
<td>R²</td>
<td>0.097**</td>
<td>0.211**</td>
<td>0.180**</td>
<td>0.203**</td>
<td>0.160**</td>
</tr>
<tr>
<td>N</td>
<td>540</td>
<td>282</td>
<td>258</td>
<td>172</td>
<td>368</td>
</tr>
</tbody>
</table>

* Significant at .0.05 level, ** Significant at 0.01 level.
The results of MLR model (Table 5) reveal that demographic indicator namely age has positive significant effect to have greater realization of democratic benefits of Cooperatives to members in general and landless members and rural members in particular. In the Focus Group Discussion, it is observed that elderly members of Cooperatives alone are in a position to compare the state of affairs of present Cooperatives to what existed prior to the supersession of the board of management in 1976. Hence, they are very articulate about the democratic benefits of Cooperatives.

Table 5 also shows that among social indicators family size has negative significant effect among landowning members since head of the farming household alone is provided with membership in agricultural Cooperatives. Other members of the family do not have opportunity to participate in the democratic forum of Cooperatives. Moreover, while clarifying the issue viz., who actually participates in the cooperative management? it is observed that loan defaulters are denied of their voting right especially in primary agricultural credit Cooperatives. In milk producers’ cooperative society non-users are permitted to take part in cooperative management. They seem to be majority in the decision making forum. Yet, exposure to mass media and social participation are important factors to realize democratic benefits of Cooperatives. (Table 5)

So far as economic indicators are concerned, family income as well as size of land holdings have positive significant effect among landowning members particularly among rural members due to assumption of leadership majority by land owning members in rural area. However, total assets as a factor has negative significant effect among rural members due to incentives and encouragement of the government to weaker sections to participate in the management of Cooperatives. Yet, economically strong who could borrow more from Cooperatives derive more democratic benefits of Cooperatives (Table 5).

In the Focus Group Discussion among villagers in Idayakottai village, ACR1, it is observed that elderly members of Cooperatives alone are in a position to compare the state of affairs of present Cooperatives to what existed prior to the supersession of the board of management in 1976. Hence, they are very articulate about the democratic benefits of Cooperatives.

“The present members who fall in 30-35 years age category never attended cooperative elections except the recent one; they never participated in general body meetings; they met no cooperative leaders, nor did the leaders in turn meet them. The younger members still view Cooperatives as an organization of the government delivering needy services to people”.

(FGD with villagers in Idayakottai village, ACR1, Dindigul District)
While clarifying the issue (Group Discussion) viz., who actually participates in the cooperative management? It is observed that loan defaulters are denied of their voting right especially in primary agricultural credit Cooperatives. In milk producers’ cooperative society non-users are permitted to take part in cooperative management. They seem to be majority in the decision making forum. Hence, user members hesitate to participate in decision making as they are a minority. Of late, weaker sections, in the name of caste and political organizations seem to take up the lead in Cooperatives.

To sum up this part people in general and members of Cooperatives in particular have high perception on the democratic benefits of Cooperatives particularly on the benefits of self governance, benefits to individuals and the society. The factors such as place of domicile and landownership have very little effect to derive democratic benefits of Cooperatives. Although demographic, social and economic indicators of member respondents have significant effect to derive greater democratic benefits of Cooperatives, among Cooperative indicator variables proportion of borrowings from Cooperatives and participation in cooperative management have strong evidences of positive significant effect to derive democratic benefits of Cooperatives greatly by members. Thus, people view Cooperatives as democratic institutions of self governance wherein each member derives democratic benefits. Since the Cooperatives are also viewed as institutions promoting unity and solidarity among people, leadership and collective action etc., the democratic benefits offered to the society is highly appreciated.

**Inferences on the realization of empowerment benefits of Cooperatives by**

**Table 6**: Multiple Linear Regression Model – Perception of Members on the Empowerment Benefits of Cooperatives

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Among Members (β)</th>
<th>Among Landowning Members (β)</th>
<th>Among Landless Members (β)</th>
<th>Among Urban Members (β)</th>
<th>Among Rural Members (β)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Demographic</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>0.468**</td>
<td>0.632 **</td>
<td>0.272*</td>
<td>0.352*</td>
<td>0.484**</td>
</tr>
<tr>
<td>Gender</td>
<td>3.249*</td>
<td>1.050</td>
<td>4.974*</td>
<td>4.558</td>
<td>2.688</td>
</tr>
<tr>
<td><strong>Social</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>0.388*</td>
<td>0.487*</td>
<td>0.208</td>
<td>1.169**</td>
<td>7.861 E-02</td>
</tr>
<tr>
<td>Family size</td>
<td>-0.487</td>
<td>-2.242**</td>
<td>1.215*</td>
<td>1.302</td>
<td>-0.964</td>
</tr>
<tr>
<td>Neighborliness</td>
<td>0.327</td>
<td>0.939*</td>
<td>-0.103</td>
<td>0.810</td>
<td>3.738 E-03</td>
</tr>
</tbody>
</table>

**Table 6**: Cont.
The results of MLR model (Table 6) show that duration of membership has significant negative effect among landowning and urban members. However, proportion of borrowings to total from Cooperatives has positive significant effect among members in general and members in rural area in particular. Similarly, services availed from Cooperatives have positive significant effect among rural members, whereas it has negative significant effect among landless members and urban members. This indicates that availing services of the Cooperatives serves as a tool to derive empowerment benefits of Cooperatives. Moreover, availing even less services of Cooperatives too enables to derive empowerment benefits. Further, participation in cooperative management enables to derive greater empowerment benefits of Cooperatives by members in general and landless, urban and rural members in particular. Hence, it is evident that Cooperative indicators have significant effect to derive empowerment benefits.

<table>
<thead>
<tr>
<th>Table 6: Cont.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic</strong></td>
</tr>
<tr>
<td>Assets</td>
</tr>
<tr>
<td>Family income</td>
</tr>
<tr>
<td>Occupation</td>
</tr>
<tr>
<td>Land size</td>
</tr>
<tr>
<td><strong>Cooperative</strong></td>
</tr>
<tr>
<td>Duration of membership</td>
</tr>
<tr>
<td>Proportion to total borrowing</td>
</tr>
<tr>
<td>Participation in cooperative management</td>
</tr>
<tr>
<td>Services availed from cooperatives</td>
</tr>
<tr>
<td>Constant</td>
</tr>
<tr>
<td>R²</td>
</tr>
<tr>
<td>N</td>
</tr>
</tbody>
</table>

* Significant at 0.05 level, ** Significant at 0.01 level
benefits of Cooperatives greatly by members. Moreover, focus group discussion reveals that women member enjoy greater empowerment benefits including profit sharing than non-member women (Table 6).

**Empowerment benefits – profit sharing to women in the family:** Although majority of members have high opinion on the women’s empowerment benefits of Cooperation, it is well known that women generally do not come out from their home and derive the empowerment benefits (Lalitha 1996). They derive empowerment benefits in their family for the degree of their involvement in defining, deciding and directing their family matters. However, they are deprived of profit sharing in their family. Whether the above trend prevails in all families including member households? Have cooperatives helped women in member households to derive profit sharing? Beyond the known phenomenon of employment generation among women, are women empowered to ‘profit-sharing’? This question was discussed in a PRA – Decision Matrix exercise among women members who run milk producers cooperative society. In order to find out the differences in the perception of empowerment benefits of Cooperatives, this exercise was conducted separately among members and non-members.

**Table 7:** Empowerment among Member and Non-Member Women (Decision Matrix – Pra Exercise)

<table>
<thead>
<tr>
<th>Issues under reference</th>
<th>Members (score 10)</th>
<th>Non-members (score 10)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men Decide</td>
<td>Women decide</td>
</tr>
<tr>
<td>Adoption</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Breed selection</td>
<td>6 (60)</td>
<td>4 (40)</td>
</tr>
<tr>
<td>Animal choice</td>
<td>6 (60)</td>
<td>4 (40)</td>
</tr>
<tr>
<td>Mode of purchase</td>
<td>8 (80)</td>
<td>2 (20)</td>
</tr>
<tr>
<td>Cost of the animal</td>
<td>8 (80)</td>
<td>2 (20)</td>
</tr>
<tr>
<td>Number of animals</td>
<td>8 (80)</td>
<td>2 (20)</td>
</tr>
<tr>
<td>Maintenance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Feeding method</td>
<td>8 (80)</td>
<td>2 (20)</td>
</tr>
<tr>
<td>Nature of feeds</td>
<td>8 (80)</td>
<td>2 (20)</td>
</tr>
<tr>
<td>Cleaning &amp; upkeep</td>
<td>6 (60)</td>
<td>4 (40)</td>
</tr>
<tr>
<td>Milching</td>
<td>8 (80)</td>
<td>2 (20)</td>
</tr>
<tr>
<td>Medical care</td>
<td>4 (40)</td>
<td>6 (60)</td>
</tr>
</tbody>
</table>
Table 7: Cont.

<table>
<thead>
<tr>
<th></th>
<th>8 (80)</th>
<th>2 (20)</th>
<th>4 (40)</th>
<th>6 (60)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impregnation method</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance of record</td>
<td>8 (80)</td>
<td>2 (20)</td>
<td>4 (40)</td>
<td>6 (60)</td>
</tr>
<tr>
<td><strong>Sale of milk</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sources of sale</td>
<td>8 (80)</td>
<td>2 (20)</td>
<td>5 (50)</td>
<td>5 (50)</td>
</tr>
<tr>
<td>Sale quantity</td>
<td>8 (80)</td>
<td>2 (20)</td>
<td>8 (80)</td>
<td>2 (20)</td>
</tr>
<tr>
<td>Receipt of cash</td>
<td>6 (60)</td>
<td>4 (40)</td>
<td>4 (40)</td>
<td>6 (60)</td>
</tr>
<tr>
<td>Maintaining the account</td>
<td>8 (80)</td>
<td>2 (20)</td>
<td>4 (40)</td>
<td>6 (60)</td>
</tr>
<tr>
<td><strong>Sale of manure</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time of sale</td>
<td>8 (80)</td>
<td>2 (20)</td>
<td></td>
<td>10 (100)</td>
</tr>
<tr>
<td>Price negotiation</td>
<td>8 (80)</td>
<td>2 (20)</td>
<td>4 (40)</td>
<td>6 (60)</td>
</tr>
<tr>
<td>Mode of sale</td>
<td>4 (40)</td>
<td>6 (60)</td>
<td></td>
<td>10 (100)</td>
</tr>
<tr>
<td>Receipt of cash</td>
<td>8 (80)</td>
<td>2 (20)</td>
<td></td>
<td>10 (100)</td>
</tr>
<tr>
<td><strong>Profit sharing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of farm yard manure</td>
<td>7 (70)</td>
<td>3 (30)</td>
<td>4 (40)</td>
<td>6 (60)</td>
</tr>
</tbody>
</table>

Note: Figures in parentheses are percentages to ‘N’ score.

This exercise was conducted among women in Pallapatti village in Dindigul district, ACR2.

From the analysis (Table 7), it may be inferred that member respondents in general and user members in particular have a high perception of empowerment benefits of Cooperatives. However, most of the women members do not participate in the affairs of Cooperatives. Although, they enjoy empowerment benefits at home, most of them are deprived of profit sharing. However, member women enjoy greater empowerment benefits including profit sharing than non-member women.

**Barriers Impinging Social Contributions of Cooperatives**

**Problems related to constitution of cooperatives:** In the realization of social benefits of Cooperation, majority of members in general and landowning rural members in particular felt that existence of inactive members in the cooperatives has resulted in inefficiency among Cooperatives. Non-repayment of loans promptly in time, lack of participation in the management and administration of Cooperatives, absence of ownership spirit, visualizing Cooperatives as an institution for availing benefits of the government, and absence of commitment to the cause on the Cooperatives have hampered the social contributions of Cooperatives.
Table 8: Problems in the Constitution of Cooperatives

<table>
<thead>
<tr>
<th>Problems</th>
<th>Category of members</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Landowning (N=282)</td>
</tr>
<tr>
<td>Inactive members</td>
<td>280 (99.30)</td>
</tr>
<tr>
<td>Adoption of universal</td>
<td>258 (91.52)</td>
</tr>
<tr>
<td>membership</td>
<td></td>
</tr>
<tr>
<td>Lack of cooperative education</td>
<td>276 (97.09)</td>
</tr>
</tbody>
</table>

Figures in parentheses are percentages to N’ total

Members in urban area reveal that inactive membership in Cooperatives is a barrier to the realization of social benefits of Cooperatives. Although urban members have got fairly higher level of education and exposure to mass media than members in rural area, the problems of inactive membership remain common to both rural and urban members.

The problems related to constitution of Cooperatives are also aggravated by the policy of adoption of universal membership. Landowning members indicated that adoption of universal membership in Cooperatives is the major reason for infiltration of power and politics in Cooperatives. Landless members found this as the root cause for changing membership behaviour in Cooperatives. Urban members view that adoption of universal membership is the major cause for increase in inactive membership in Cooperatives. The constitution of Cooperatives is also affected by lack of informed membership. Cooperatives require individuals who can shoulder the responsibility of membership in Cooperatives at any point of time.

While referring to area of operation of the cooperative society, majority of members felt that wider area coverage has widened the anonymity among members although the benefits of scale advantages in business transactions are accrued. Moreover, serving the heterogeneous needs and wants of people by a Cooperative resulted to various segmentations among its members. When people with unmet needs and wants constitute membership in Cooperatives, they justify their changed behaviour against Cooperatives by drawing strength and support from other agencies and institutions which aim at counter-fitting or outstripping the Cooperatives.
Problems related to management of Cooperatives: Absence of homogeneous interest and group in the management structures, lack of autonomy in decision making, personal based voting, political interventions and group dynamics with personal objectives, group rivalries and group coterie, poor transparency in management affairs, absence of accountability and responsibility among elected as well as official leaders etc., are highlighted as limiting factors of maximization of social benefits of Cooperation.

Table 9: Problems in the Management of Cooperatives

<table>
<thead>
<tr>
<th>Problems</th>
<th>Landowning (N =282)</th>
<th>Landless (N = 258)</th>
<th>Urban (N= 172)</th>
<th>Rural (N= 368)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of Autonomy</td>
<td>247 (87.6)</td>
<td>242 (93.8)</td>
<td>169 (98.3)</td>
<td>320 (87.0)</td>
</tr>
<tr>
<td>Voting right to inactive members</td>
<td>278 (98.6)</td>
<td>252 (97.7)</td>
<td>171 (99.6)</td>
<td>359 (97.6)</td>
</tr>
<tr>
<td>Political intervention</td>
<td>259 (91.8)</td>
<td>252 (97.7)</td>
<td>168 (97.7)</td>
<td>343 (93.2)</td>
</tr>
<tr>
<td>Lack of management accountability</td>
<td>277 (98.2)</td>
<td>258 (100.0)</td>
<td>172 (100.0)</td>
<td>363 (98.6)</td>
</tr>
</tbody>
</table>

Figures in parentheses are percentages to N’ total

Problems related to administration of Cooperatives: State intervention in Cooperatives, forced implementation of the Government schemes and programmes through Cooperatives, malpractices and mal-administration, management by special officers are limiting the social contributions of Cooperatives. Land owning members revealed that State intervention in Cooperatives although has helped to expand the scope of activities of Cooperatives, has created willful defaulters among members.

Table 10: Problems in the Administration of Cooperatives

<table>
<thead>
<tr>
<th>Problems</th>
<th>Landowning (N =282)</th>
<th>Landless (N = 258)</th>
<th>Urban (N= 172)</th>
<th>Rural (N= 368)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State intervention</td>
<td>255 (90.4)</td>
<td>237 (91.4)</td>
<td>167 (97.1)</td>
<td>365 (99.2)</td>
</tr>
<tr>
<td>Improper implementation of government schemes and programmes</td>
<td>237 (84.0)</td>
<td>225 (87.2)</td>
<td>157 (91.3)</td>
<td>305 (82.9)</td>
</tr>
<tr>
<td>Malpractices</td>
<td>277 (98.2)</td>
<td>258 (100.0)</td>
<td>172 (100.0)</td>
<td>363 (98.6)</td>
</tr>
<tr>
<td>Management by government deputed special officers</td>
<td>232 (82.3)</td>
<td>227 (88.0)</td>
<td>153 (89.0)</td>
<td>306 (83.2)</td>
</tr>
</tbody>
</table>

Figures in parentheses are percentages to N’ total
Problems related to services of Cooperatives: Lack of needy services, inadequate quality and quantity services with Cooperatives and cumbersome procedures especially in availing financial services from Cooperatives are the major barriers affecting maximization of social benefits of Cooperatives.

Table 11: Problems in the Services of Cooperatives

<table>
<thead>
<tr>
<th>Problems</th>
<th>Distribution of members</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Landowning (N=282)</td>
</tr>
<tr>
<td>Lack of provision of needy</td>
<td>281 (99.6)</td>
</tr>
<tr>
<td>services</td>
<td></td>
</tr>
<tr>
<td>Inadequate supply of services</td>
<td>279 (98.9)</td>
</tr>
<tr>
<td>Cumbersome procedures</td>
<td>273 (96.8)</td>
</tr>
</tbody>
</table>

Figures in parentheses are percentages to N’ total

CONCLUSION

Although there are several evidences depicting economic significances of cooperatives, the foregoing analysis emphatically proves the social significances of cooperatives. Cooperatives advocate high social values, educate social harmony, cultivate social tolerance and bring unity and integration. They bring attitudinal as well as change in the outlook of people and strive to preserve high human values. They preach democracy in every wake of human life and avert competition and exploitation for private profiteering. They do not discriminate anybody on any ground. Rather they discriminate individuals on moral and ethical grounds. People in general and members of cooperatives in particular have high perception on the democratic, social and empowerment benefits of Cooperation. They view cooperatives primarily as social institutions where economic benefits can also be availed especially by those who are deprived of resources. They attempt to bring social heights through economic means as well. Long years of membership in cooperatives, increased use of services of cooperatives and greater participation in the management of cooperatives have enabled to derive greater social benefits of Cooperatives by members. Level of education and exposure to mass media also play a very important role in this regard. Hence, whatever be the lapses and ineffectiveness in the economic achievements of cooperatives, the social, democratic and empowerment benefits rendered to individuals, community and the society at large by cooperatives are very explicit and appear forefront. Hence, no doubt that cooperative movement in the district has made sustainable social impact on the soil.
**Recommendations:** The study, based on the problems recommends a few measures of policy implications to maximize the social contributions of Cooperatives.

**State and the Cooperatives:** The role of State in the cooperative movement is very significant particularly in countries like India where the movement is the brain child of the State. The need for state intervention in Cooperatives is highly felt. But at the same time it is also felt that the basic characteristics of Cooperatives should also be preserved. In this regard it is suggested that the Government may enact two separate laws for Cooperatives: one for the aided cooperative societies in Tamilnadu and the other one for self–reliant Cooperative societies. The state government has to take all necessary efforts to bring the aided Cooperatives to be self–reliant in due course. Gradual withdrawal of state partnership in Cooperatives is advocated.

**Constitutional Protection to Cooperatives:** Although the Cooperatives are governed by the state legislature, it is suggested that constitutional amendments may be brought so as to preserve and practice Cooperatives on the line of their principles and philosophy. For example, conduction of election to Cooperatives, ensuring democratic management and administration, preserving autonomy and independence in decision making etc., can be ensured although they have been shattered by the operational guidelines and procedures as and when laid down by the state legislature. National Policy on Cooperation promulgated by the Central government can be put into operative only when constitutional amendments are brought at the national level. Moreover, effective utilization of pecuniary assistances of government appropriated to Cooperatives can be ensured when constitutional protection and constitutional bind of the State Government on the Cooperative Development Policy is made.

**Structural Soundness:** The super structures for Cooperatives are created on the presumption that they will ensure for balanced growth and perpetuation of Cooperatives and establish organizational link and business collaboration among Cooperatives at all levels. The unsolved problems of primary cooperatives are expected to be solved by their federal organizations. The federal organizations should function strictly in accordance with Agency Theory which highlights the significance of mutual economic gains to parties who constitute as a basic unit of the system although there are perversions in the relationship between and among Cooperative enterprises. Hence it is suggested that the constraints and problems in building up harmonious relationship/collaboration among and between Cooperatives need to be taken to bring every Cooperative institution to be a viable business unit.

**Change in Business Orientation:** The concept of customer orientation is very well inherent in Cooperatives. Because the common felt need of members of Cooperatives
are the foundation from where the very objectives of Cooperatives flourish. Hence the activities taken up by Cooperatives necessarily will be in tune to the needs and expectations of members. However, when Cooperatives are regarded as tools for economic emancipation among weaker sections, the need to take up the activities under the schemes and programmes of the government is quite obvious. Moreover, Cooperatives are expected to render their services to the general public. Hence when the services of Cooperatives are availed by non-members, the need to have consumer orientation by Cooperatives is felt. Unless Cooperatives do not meet the needs and wants of the members and non-members, expected operational viability as well as effectiveness of Cooperatives cannot be realized. Moreover, when the entire economic transactions are driven by market forces, the need to have marketing/consumer orientation by Cooperatives requires no emphasis. Steps, therefore, may be taken up to orient the Cooperatives on the marketing forces and competitive dynamics.

**Professionalism in Management:** Bringing professionalism in management is one of the toughest tasks in Cooperatives. Because professionalism as a subject matter is highly related with cost aspects, i.e., higher the professionalization, higher will be the cost of management. Since Cooperatives have their own limitations of not being profit oriented, they cannot afford to avail of the advantages of high professionalism. On the other hand, absence of professionalism in the management of Cooperatives may result to inefficiency and ineffectiveness. Keeping in view the above fact, professionalism to management of Cooperatives is highly felt. Although the Government has realized of the significance of professionalism for Cooperatives, it is suggested that professionalism should not be clubbed with bureaucracy. Since bureaucracy appears to be one of the reasons impinging the maximization of social benefits of Cooperatives, appropriate measures may be taken to segregate bureaucracy from professionalism in Cooperatives.

**Enlightened membership:** Since Cooperatives are economic organizations with social objectives, they require people with enlightenment who is fully convinced of the basic values/principles and philosophy of Cooperation. Individuals who seek membership purely on business propositions cannot help the Cooperatives in accomplishing objectives. Even while the schemes and programmes for the development of people are implemented through Cooperatives, it is suggested that the scheme beneficiaries should be exposed of the basic requirements which the Cooperative organizations expect out of them. Universalisation of membership is strongly objected and the need for Cooperative education, training and extension is highly felt. Appropriate strategies may be evolved in this regard. Youth and women are to be encouraged to take part actively in Cooperatives.
Estimation of Variables

1. **Age**: It is the number of years completed by the respondent.
2. **Education**: It is the number of years spent on school by an individual.
3. **Size of the Family**: It is the number of individuals living in a family.
4. **Social participation**: It is the total score of all membership and positions, which an individual holds in different institutions.
5. **Neighborliness**: It is measured as the sum total of all the individual scores on each item pertaining to neighborliness.
6. **Exposure to mass media**: It is measured as the total score which a respondent has in reading, viewing and listening and the intensity in each.
7. **Contact with change agents**: It is the total score and the frequency of contact with each of the change agents.
8. **Occupation**: Adoption of agriculture or other than agriculture occupations by the household. Scores given for them are 1 and 0 respectively.
9. **Total Income**: It is the annual income of the family i.e. Income derived from all sources.
10. **Total Assets**: This includes approximate monetary value of house, household articles, cattle assets, machines and equipments, financial assets and land.
11. **Land holdings**: The unirrigated and fallow land holdings were standardized as: 1 acre of irrigated land = 10 acres of unirrigated land = 100 acres of fallow land
12. **Borrowings**: Total amount borrowed from all the sources.
13. **Duration of membership**: It is the maximum number of year’s membership in a cooperative society.
14. **Participation in cooperative management**: It is measured with the help of sum total of all the individual scores of each item pertaining to participation in cooperative management.
15. **Knowledge about cooperative management**: It is measured with the help of sum total of all the individual scores of each item pertaining to knowledge about cooperative management.
16. **Services availed from cooperatives**: It is measured with the help of sum total of all the individual scores of each item pertaining to services availed from cooperatives.
17. **Social, Democratic and Empowerment benefits of Cooperation**: On each of the above, certain questions were asked on six point rating scale. The score for each item was taken as the Index for each one of the variables. The higher score denotes that the respondent has derived greater benefits.
REFERENCES


AUTHORS’ BACKGROUND

R. Karunakaran is currently the Assistant Professor in the Department of Management, Accounting and Cooperatives, Hawassa University, Ethiopia. He has 16 years of experience in teaching, research, training, extension and industry in the fields of cooperation and cooperative management. R.Karunakaran has carried out a number of research studies and written related articles. His current areas of research are Impact Assessment of Cooperatives, Functional Areas of Cooperative Management, and Cooperative Marketing. He has published more than 26 research and conceptual based papers in reputed Indian and International journals, published research papers in the edited books viz., Small Scale Industries-Problems, New World through Cooperatives and Information Technology – Its Application in Small Scale Industries. R.Karunakaran is a co-author of a book entitled, “Gender Issues in Cooperatives” and sole author of a book entitled, “Socio- Economic Impacts of Cooperative Movement in Rural Areas” published recently.
CO-OPERATIVE COLLEGE OF MALAYSIA

The Co-operative College of Malaysia (CCM) is responsible for providing training and education in the field of co-operative management to the co-operative movement in Malaysia. Instituted in 1956, the College was incorporated as a statutory body in 1968 and is presently under the jurisdiction of the Ministry of Domestic Trade, Cooperative and Consumerism.

The CCM conducts education and training programmes for the board members, staff and members of co-operatives and officers from government agencies supervising co-operatives. Besides conducting courses for local co-operatives, CCM also organises international programmes under the Malaysian Technical Co-operation Programme (MTCP), sponsored by the Malaysian Government. To uphold its mission, the CCM also undertakes research, provides consultancy services to co-operatives and disseminates information related to the management of co-operatives through various publications.

Vision

To be a world-class institution for co-operative education

Mission

To be the centre of excellence for the enhancement of human capital in the co-operative movement through innovative, effective and customer focused training, education and knowledge based services imbued with co-operative values and principles.