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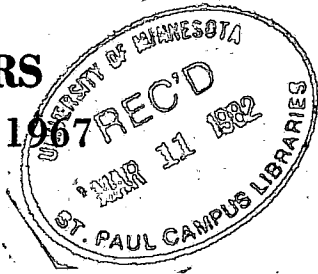
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GROUP 7. ORGANIZATION AND MANAGEMENT OF CO-OPERATIVES

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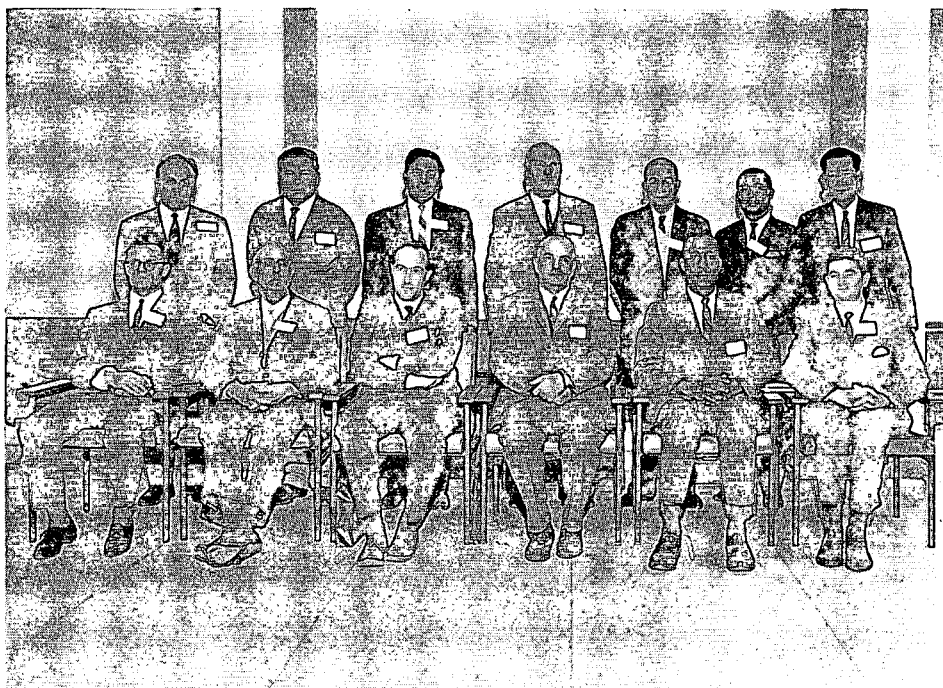
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D. G. R. Belshaw, *Uganda* H. de Barros, *Portugal*

The discussion began with definitions of co-operatives that reflected the members' background and their interests related to the theme concerning the group. Co-operatives of various kinds were discussed including both those which incorporated the traditional Rochdale principles and those which did not. Classified by function, these included production, marketing and processing, credit, thrift and farmers' requisites, co-operative societies or unions. Emphasis on sociological aspects of co-operatives in developing countries distinguished different sizes of organization and abilities to draw together resources, managerial and physical, thus reflecting stages of development both in the co-operative and the national economy. Co-operatives offer a bridge between farms with few resources and limited participation in economic activity on the one hand, and wider participation in economic activity on the other.

The major objectives of co-operatives can be classified as (i) Economic Objectives—improving agricultural market efficiency; increasing agricultural production efficiency either directly (production co-operatives) or indirectly (extension service or input supply service); providing a resources base for access to credit; and (ii) Social and Political Objectives—encouraging more equitable income distribution, by transferring income from the non-farm sector to the farm sector; increasing or creating participation in the civic life of the community; providing opportunity for increased education and other social infrastructural activities (health, community activity, etc.); providing a forum through which communication can be developed between individuals and society as a whole.

In order to give a wider place to the social and economic aspects of co-operatives in countries where the level of instruction of farmers is low, multi-purpose co-operatives should, in the view of the group, be promoted. These undertake all the main economic activities required by peasant farmers, i.e. the supply of domestic commodities and farm inputs, marketing and simple processing and savings facilities. But in



GROUP 7. ORGANIZATION AND MANAGEMENT OF CO-OPERATIVES

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more developed countries the more appropriate form of co-operative seems to be the single-purpose form of organization with a greater emphasis on achieving the most economic scale of operation and on business performance. The participants described several examples of the usefulness of multi-purpose co-operatives in developing countries where they are competing with middlemen carrying out the same functions.

Special mention was made of the various forms of production co-operatives that seem to be established on a wider scale and more permanent form in the centralized economic systems, whereas the production co-operatives in the decentralized or mixed economies are still in a more experimental or unappraised state.

Management was regarded as the key to successful co-operative performance whilst effective performance was in turn the essential prerequisite for effective co-operative promotion, whether it is the economic or the social aspects which one is evaluating. Competence of managers, committee members and ordinary members requires continuous education for farm people in a changing world. It was regarded as no less important for co-operatives in the developed countries.

It would appear useful to distinguish some necessary conditions for the efficient operation of co-operatives once they have been established: the exploitation of economies of scale for using factors of production (manpower included), good management of resources, incentives to raise the efforts of managers and employees, technical advice to farms to improve the quantity and quality of their product and, perhaps most important, competitive pressure on the co-operative to maintain a comparable service to farmers. The co-operatives in those countries where a national organization originated on a democratic basis have to resolve problems of both detailed organization (the committee's role *vis-à-vis* that of employees, control of the committee's actions according to farmers' interests, etc.), and of more major policy (the size of the union compared to the skill of management, relations with the public agencies and the management of public loans in order to strengthen the long-run viability of the co-operative, thereby increasing the net utility which it offers to the community).

In conclusion, in the world as a whole, co-operatives are usually allocated national resources, and therefore it is economically desirable for these loans to result in long-term benefits to the nation. A reasonable rate of return on this investment can only be achieved if the

co-operatives are efficiently managed, if the farmer's response to price is elastic and if the demand for the products are sufficiently elastic in the case of exports.

The form of co-operatives is strongly influenced by the form of private trading sector in every country. In developing countries the activity of co-operatives is the same as that of the small middlemen. In developed countries the co-operatives are able to compete with powerful private companies and are able to bargain with them successfully.

While the evolution of the co-operative structure seems to follow the whole development pattern of a country, its organization and transformation can be achieved more rapidly given the encouragement of an effective government policy.