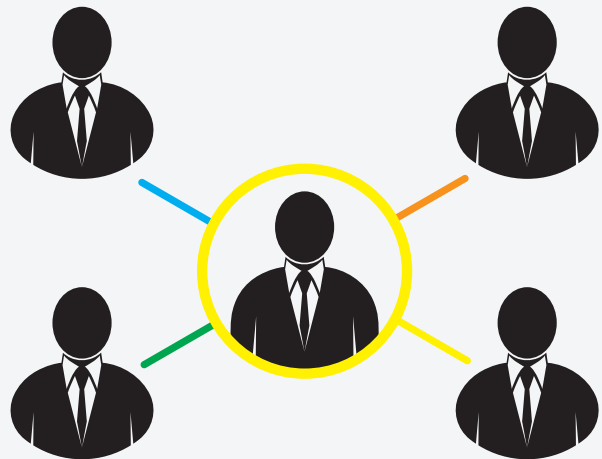




# COOPERATIVE DEVELOPMENT

## Training Manual



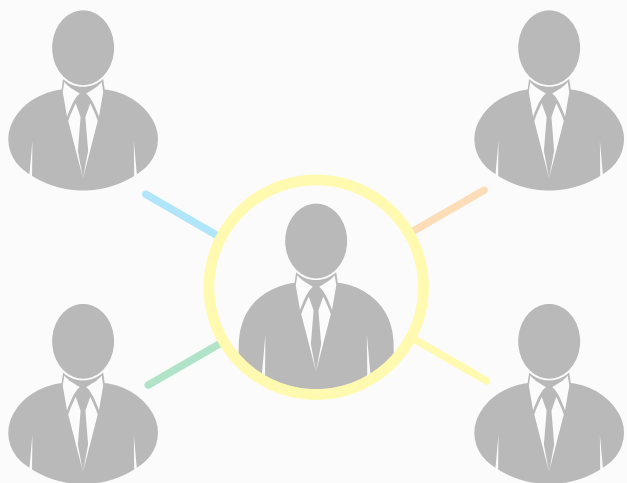
**Foundation Training on Setting up Cooperatives,  
Governance Structures, Registration,  
Membership and Conflict Resolution**





# COOPERATIVE DEVELOPMENT

## Training Manual



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# TABLE OF CONTENTS

Table of Contents	3
1 INFORMATION AND INSTRUCTIONS TO THE TRAINER	6
2 USERS OF THE MANUAL	7
3 PRESENTATION METHODOLOGY	7
4 ASSESSMENT	7
5 INTRODUCTION	8
6 <b>Session 1:</b> Definition of co-operatives, types, objectives, and formation of co-operatives	9
6.1 Types of co-operative societies and registration requirements	11
6.1.1 Advantages of cooperatives	12
6.1.2 COOPERATIVE PILLARS, PRINCIPLES AND VALUES	13
7 <b>Session 2:</b> REGISTRATION PROCEDURES	
7.1 INFORMATION TO THE TRAINER	16
7.1.1 Applications for registration	16
7.1.2 Preliminary meeting of the society	16
7.1.3 Provisional registration of societies	19
7.1.4 Registration of societies	20
7.1.5 Rejection of applications for registration	20
	21
8 <b>Session 3:</b> Membership of a registered cooperative	
8.1 Membership of registered societies	22
8.2 Obligation and rights of members	22
8.2.1 Rights of a Member	23
8.2.2 Members Obligations/Duties	23
8.2.3 Members commitment	24
8.3 Success factors for member commitment	25
8.3.1 Members' cooperative culture	25
8.3.2 Open communication	25
8.3.3 Members' involvement with the cooperative	25
8.3.4 Members' willingness to be active in the cooperative	26
8.4 Suspension or expulsion of member	26
9 <b>Session 4:</b> Cooperative Governance	
9.1 Cooperative governance	27
9.1.1 Good Cooperative governance	27
9.1.2 Bad Governance	28
9.2 The Governance structure and responsibility of office bearers	29
9.3 Management committee	29
9.3.1 Functions of management committees	30

10	<b>Session 5: Leadership in Co-operatives</b>	34
10.1	Definition of Leadership	34
10.2	Meaning of leadership	34
10.3	Leadership styles	35
10.3.1	Autocratic leader	35
10.3.2	Democratic leader	35
10.3.3	Free reign leader	35
10.3.4	Dictatorial leader	36
10.4	Qualities of a good leader	36
10.4.1	Self confidence	36
10.4.2	Ability to communicate	36
10.4.3	Integrity	36
10.4.4	Ability to inspire	36
10.4.5	Intelligence	36
10.4.6	Courage	36
10.4.7	Flexibility of mind	36
10.4.8	Good Judgement	36
10.4.9	Age	36
10.4.10	Time for public service	36
11	<b>Session 6: Conflicts Cooperatives</b>	38
11.1	Definition	38
11.2	Causes of Conflicts	38
11.2.1	Division of labour	39
11.2.2	Different needs in the different cooperatives	39
11.2.3	Management challenges	39
11.2.4	Lack of trust between the management committee and members	39
11.2.5	Lack of cohesiveness	39
11.2.6	Lack of Business planning	39
11.2.7	Diversity challenges	39
11.3	Methods of Conflict resolution in cooperatives	40
11.3.1	Negotiation	40
11.3.2	Mediation	41
11.3.3	Arbitration	42
11.3.4	Conflicts resolution by the Minister	43
11.4	Avoiding Conflicts	43
11.5	Importance of management of conflicts <sup>1</sup>	43
11.6	Challenges facing cooperatives in Zimbabwe	43
12	<b>Session 7: RESOURCE MOBILISATION</b>	44
12.1	Definition	44
12.2	Importance of resource	44
12.3	Strategies for Internal Resource mobilization	44
12.4	Strategies to raise external resources	44

13	<b>Session 8: PROCUREMENT OF GOODS</b>	46
	13.1 Overview of Procurement	46
	13.2 Things to observe when procuring goods	47
	13.3 Storage of Goods	47
	13.3.1 The features of good store building	47
	13.3.2 Storage Practices	48
14	<b>Session 9: COOPERATIVE MARKETING</b>	49
	14.1 Marketing and Collective Marketing	49
	14.1.1 Cooperative Marketing services	49
	14.1.2 Benefits of Collective Marketing	50
	14.2 Market Information	51
	14.2.1 Types of Market Information Needed	51
	14.2.2 Accessing Information	51
15	REFERENCES	52

### List of Figures

Figure 6.1	A financial cooperative Source (Cooperative Kenya)	12
Figure 9.1	Cooperative Governance structure	29
Figure 10.1	A leader directing the team	35

# 1 INFORMATION AND INSTRUCTIONS TO THE TRAINER

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This manual should be used purely as a facilitator's guide. The sessions under each module are presented with an objective(s) to facilitate the assessment of participants' understanding and depth of knowledge at the end of each session. Following the objective(s) are the topics to be covered and the estimated time for each session. However, the facilitator should feel free to adapt the time suggested to the needs of participants. To enhance a participatory learning process, some methods of presentation and the steps to follow are also outlined. The manual also provides some background information on each session. The information is also meant to aid the facilitator in the preparation for the session. Like all participatory methods, the involvement of the participants in all stages of the learning process is vital. However, all users of this manual must study and research into the content of each module before the presentation. Start each sub-topic and group activity by explaining the objective and learning outcomes expected of them, and ensure they are met. Though contents for each sub-topic are provided, lead the participants into giving their points, compare them with your points that you have prepared and then mention to them the items that were not pointed out by them.

The session should be interactive, participatory, lively and interesting. Let the participants express themselves in vernacular language as it helps them to understand the concepts. Encourage them to ask questions especially on concepts that they don't understand. Switch to either English or vernacular language when you find some or all of them do not understand you in one of the languages.

Start the session with greetings, welcoming remarks introduce yourself. Trainees will complete the end of course Evaluation Sheet on the conduct of the session by you, the trainer. Ensure you have the necessary stationeries for the trainees and equipment and materials: projector, flip charts or whiteboard, whiteboard markers, marking pens, and handouts. Be time conscious as you facilitate the Session

The Manual is divided into five sub-topics which are a) introduction to the formation of a co-operative society (b) registration (c) membership (d) governance structure (e) conflict resolution



## **2 USERS OF THE MANUAL**

The manual is intended to be used by facilitators at various levels of the goat and pork value chains in Zimbabwe.

## **3 PRESENTATION METHODOLOGY**

The methods of presentation outlined in the manual are suggested as a guide to the facilitator. The facilitator is expected to use his or her judgement in selecting the appropriate method or combination of methods in presenting each session.

## **4 ASSESSMENT**

At the end of each session, the facilitator is expected to assess/evaluate the participants understanding and level of knowledge by using a simple question and answer session as appropriate. It is advisable to assess participants at the end of each sub-topic. The facilitator is given a free hand in determining the kind of questions to be asked. However, all assessments must relate to the session.

# 5

## INTRODUCTION

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Participants will learn about the different types of co-operatives and their objectives, the co-operative formation and registration procedures, membership of co-operatives, governance structures as well as causes of conflicts and ways to resolve them. The Module is divided into 5 Sessions as follows:

**Session 1:** Definition of co-operatives, formation and objectives of different co-operative societies

**Session 2:** Application for registration procedures and the approval process

**Session 3:** Membership of co-operatives

**Session 4:** Governance structures of a co-operative society

**Session 5:** Conflicts in co-operatives, causes and ways to resolve them

**Overall Objective:** By the end of the sessions, participants will be able to describe, explain and analyse the formation of co-operatives, different types of co-operatives and their objectives, the application and approval procedures, membership and governance of co-operatives as well as the resolution of conflicts.

## DEFINITION OF CO-OPERATIVES, TYPES, AND REGISTRATION OF CO-OPERATIVES

<b>Specific Objective:</b>	By the end of the session participants will be able to explain and describe the different types of co-operatives, types, advantages, pillars, principles and values of cooperatives.
<b>Presentation Time:</b>	
<b>Materials:</b>	Flip Charts, whiteboard, projector, markers
<b>Methods:</b>	Brainstorming, Discussion, Question and Answer, Group Work
<b>STEP 1:</b>	Brainstorm on the different types of co-operatives and the advantages of forming a cooperative
<b>STEP 2:</b>	Discuss the main pillars and principles of a co-operative and ethical values
<b>STEP 3:</b>	Divide the participants into buzz groups to discuss the values critical to co-operatives and relate to the goat and pork value chains.

### COOPERATIVE DEFINITION

According to International Cooperative Alliance (1995), a co-operative is an autonomous association of ten people and above who voluntarily meet to satisfy their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise. It should be noted that all cooperatives in Zimbabwe are governed by the Cooperatives Societies Act Chapter 24.05 and it is the responsibility of the office of the Registrar of Cooperatives to ensure that cooperatives comply to the Cooperative Societies Act Chapter 24.05, by laws and internal regulations of the cooperative. The key characteristics of a cooperative that can be drawn from the definition are summarised in Table 1 below.

**Table 6.1 Characteristics in definition of cooperative**

Autonomous	Existing or capable of existing independently
Common need	All members share the same needs
Voluntary	A member joins the cooperative willingly, no one forces people to join the cooperative
Jointly owned	A cooperative is owned by all members and therefore everyone has a say in decision making
Democratically controlled	Decision making is collectively made irrespective of the contribution of members
Enterprise	The cooperative should carry out its activities in a sustainable way when it provides goods and services. The outcome of a cooperative business should be development economically, socially or culturally. This should be an indicator that the cooperative is growing and doing business in a sustainable manner.

A cooperative is therefore:

- Is owned by members of the cooperative who use the social and economic services provided by the cooperative.
- Seeks to satisfy needs of members in an equitable way rather than to maximise profits.
- Shares the profits or loss made by the cooperative is distributed to members in line with the contribution made by each member.
- Democratically formed and controlled as each member has a say in the way the affairs of the cooperative.

#### **WHO CAN FORM A COOPERATIVE?**

- Members should be 18 years and above
- Can be formed by men only, women only or can be a mixed group
- All members should have common interests
- Members should be committed and willing to participate economically as well as attend meetings.

**Practical Exercise:** The facilitator to ask the participants to list down all the qualities they would look for when identifying a member. These has to be written on a flipchart for reference as they represent their values.

## 6.1 Types of co-operative that can be formed in Zimbabwe

Different types of cooperatives can be formed depending on the context and needs of the members as depicted in Table 2:

**Table 6.2 Types of cooperatives**

Type	Role
General Cooperative	This type of cooperative is formed by members who specifically focuses on one type of business and uses the General By Law. Under this type of cooperative various activities can be done by the group for example agricultural activities, some form transport cooperatives, consumer cooperatives and manufacturing cooperatives amongst others.
Multi-purpose cooperative	A voluntary association formed by ordinary people with the objective of doing more than one type of business. In this type of business the members are concerned with getting maximum profit so they do whatever that brings them money.
Housing cooperative	Formed by low income earners with a view to help members acquire land and building materials, provide loans to members for house construction, jointly purchase building material at reduced rates, link members to access loans from financial institutions for construction, and to lobby for good terms for tenancy. In Zimbabwe there are two types (work-based and community based housing cooperatives) and are controlled by Zimbabwe National Association of Housing Cooperatives (ZINAHCO)
Savings and Credit cooperative	Formed to provide micro finance to the poor who normally do not have collateral security required by financial institutions. Farmers access credit to use in their various agricultural activities e.g. agricultural production, processing, marketing etc.



Figure 6.1 A Savings and Credit cooperative Source (Cooperative Kenya)

## 6.1.1 Advantages of cooperatives

Cooperatives have the following advantages:

### 6.1.1.1 Bargaining power

Co-operatives can provide groups of producers with marketing power more comparable to that held by processors and other market players. Co-operatives do this by gathering market information and sharing that information with their members or by acting as a bargaining agent on producers' behalf.

### 6.1.1.2 Cost reduction

Pooling capital and resources through co-operative enterprises can enable producers to access services, such as marketing expertise, that they could otherwise not afford alone.

### 6.1.1.3 Economies of scale

By handling large volumes of product, co-operatives can reduce the per-unit cost of marketing and processing for producers. Similarly, the cost of inputs and services can also frequently be lowered if larger volumes are ordered through a central agency. Co-ops allow producers to focus on producing goods, rather than on finding buyers and suppliers.

#### **6.1.1.4 Increase in returns**

Because the surpluses generated by co-operative businesses are returned to producers on the basis of patronage, co-operatives allow producers to capture additional profits beyond the farm gate.

#### **6.1.1.5 Risk reduction**

Agricultural commodity prices often fluctuate considerably throughout the year. Co-operatives allow farmers to pool their production with that of other farmers to minimize price and market risk.

#### **6.1.1.6 Obtaining needed products or services**

Often producers require certain services or products which privately owned companies are reluctant to provide due to the small potential sales volume or uncertain profits. Such producers may join together to form a co-operative to assure the availability of vital products and services.

**6.1.1.7** A habit of working together instils financial discipline and group cohesion.

**6.1.1.8** Cooperatives build a culture of self reliance and removes the dependency syndrome.

**6.1.1.9** Cooperatives are a sure way of enhancing long term sustainability.

### **6.1.2 COOPERATIVE PILLARS, PRINCIPLES AND VALUES**

#### **6.1.2.1 Cooperative pillars**

For members to cooperate there must be mutual trust among members of the cooperative. Cooperative leaders as well as the general members are supposed to be honest and trustworthy.

##### **6.1.2.1.1 *Self-help and helping each other pillars***

The cooperative needs to address the social and economic challenges of an individual member and or challenges common to the whole group. Members must therefore participate in activities that help themselves and other members in order to raise the socio-economic status of everyone in the group.

#### **6.1.2.1.2** *Equality and equity to members pillar*

It is critical for cooperative members to each other fairly and equally so that everyone feels to be part of the group. It means that there should be no discrimination against other members; members need to consult among members and each member makes a contribution during meetings. In that respect, decisions made are binding.

#### **6.1.2.1.3** *Pillar of valuating the dignity of each member*

To have a collegial relation among members, there must be love, honesty, trust and harmony in the cooperative. Above all, members must respect other members. To achieve this, it is recommended to hold meetings where members freely contribute and share ideas on issues affecting the cooperative.

### **6.1.2.2 Cooperative Principles**

To ensure cooperative continuity, all members must adhere to stipulated principles i.e. guidelines by which a cooperative puts its values into practice. The following are some of the principles of cooperatives as outlined by the International cooperative Alliance (1995):

#### **6.1.2.2.1** *Principle 1: Voluntary and Open Membership*

The voluntary nature of a cooperative is such that any person willing to join a cooperative is free to do so and members should be able to use services offered.

#### **6.1.2.2.2** *Principle 2: Democratic member control*

Members of a cooperative, irrespective of gender, social, racial, political or religious background are allowed to participate in setting policies and making decisions, have equal voting rights. Those who are elected to represent the cooperative should be accountable to the members.

#### **6.1.2.2.3** *Principle 3: Member economic participation*

Members contribute equitably to the capital of the cooperative. The surplus that a cooperative gets is further used in

- Developing the cooperative
- Benefiting members in accordance to contribution made
- Supporting other activities that members may deem necessary

#### **6.1.2.2.4** *Principle 4: Autonomy and independence*

Cooperatives are autonomous and self-help associations, members control the affairs and whenever they enter into agreements with organisations they consult members to have consensus and to ensure that everyone knows what is happening.



**6.1.2.2.5 *Principle 5: Education, training and information***

A cooperative has a responsibility of educating and training its members, elected members, managers and employees to ensure that everyone contributes to the development of the cooperative. In addition, the public including the youth and community leaders are informed about the cooperative and its benefits.

**6.1.2.2.6 *Principle 6: Cooperation among cooperatives***

Cooperatives strive to serve their members and ensure that there are synergetic relationships between cooperatives in strengthening the cooperative movement by working together through local, national and international structure.

**6.1.2.2.7 *Principle 7: Concern for community***

Besides working for the benefit of the community, cooperatives also work towards the sustainable development of communities by formulating policies endorsed by member.

**6.1.2.3 Cooperative Values**

In its operations, a cooperative needs to know its values. This means that it should know what is important to its members and what members believe is right and wrong. . The three main values of cooperatives are:

1. Equity-the absence of avoidable or remediable differences among groups of people, whether those groups are defined socially, economically, demographically, or geographically.
2. Equality –no member should enjoy the benefits of the cooperative at the expense of others, instead members are equal in respect of rights, status and advantages
3. Solidarity- members support one another as they share common goals, needs and dreams

## REGISTRATION PROCEDURES

<b>Objective:</b>	By the end of the session, participants will be able to describe and explain the procedures followed when registering a co-operative.
<b>Presentation Time:</b>	
<b>Materials:</b>	Flip Chart, Whiteboard, Projector and Markers
<b>Methods:</b>	Discussions, Brainstorming, Question & Answer, Group Work, Presentations
<b>STEP 1:</b>	Brainstorm on the procedure to apply for registration. Let participants share their experiences for the benefit of others.
<b>Step 2:</b>	Present to the participants on the provisional and full registration of the co-operatives. Allow them to contribute by sharing what they know about registration formalities.
<b>Step 3:</b>	Using question and answer technique, discuss instances when an application for co-operative registration can be rejected and what actions can an applicant take

### 7.1.1 Applications for registration

- It is the duty of Cooperative Officers to assist groups that want to register as cooperatives with the Cooperative Registration procedure. Below are the requirements.
  - NB: A minimum of 10 persons are required to form a cooperative society.
1. By laws (are provided by the Cooperative Department in all sectors of the economy). 5 Copies

#### 2. MEMBERSHIP LIST

Cooperative No	Name in full	Address	I.D.Number	DOB	Sex	Educational Level

### 3. MANAGEMENT COMMITTEE LIST

Cooperative No	Name in full	Address	I.D.Number	Position

### 4. UNDERTAKING STATEMENT BY THE MANAGEMENT COMMITTEE

We the undersigned have agreed to abide by the Cooperative Societies Act Chapter 24.05, by laws and Internal Regulations of the cooperative.

Cooperative No	Name	Address	I.D.Number	Signature

### 5. SUPERVISORY COMMITTEE LIST

Cooperative No	Name in full	Address	I.D.Number	Position

### 6. FEASIBILITY STUDY REPORT

- a) Historical Background
- b) Management Committee
- c) Financial Status
- d) Justification
- e) Future Plans
- f) Conclusion

### 7. List of records maintained by the Society

- Receipt books
- Minute books
- Resolutions Register
- Ledger
- Asset Register
- Share Register
- Membership Register
- Nominee Register

8. Cashflow projection for 12 months

**9. FORM A**

Application for Registration of Cooperative Society  
The Registrar of Cooperatives  
P.Bag 7740  
Causeway Harare

We the undersigned wish to form a cooperative Society to be known as \_\_\_\_\_ Society Limited.

For the purpose of \_\_\_\_\_

And the Postal Address shall be \_\_\_\_\_

And the Physical Address shall be \_\_\_\_\_.

We hereby apply for Registration of the Cooperative Society in terms of Section 17 of the Cooperative Societies Act Chapter 24:05  
(Attach copies of the proposed by-laws for your approval and registration).

Cooperative No	Name	Address	I.D.Number	Signature

N.B. Not to be signed by less than 10 persons.

10. Minutes of the first General Meeting

**11. TECHNICAL ADVISORY COMMITTEE**

Name	Address	I.D.Number	Qualifications

## 12. SHAREHOLDING LIST

Cooperative No	Name	Address	I.D.Number	Signature	Number of shares	Total value	Receipt Number

## 13. DETAILS OF THE BOOKKEEPER

Cooperative No	Name	Address	I.D.Number	Educational level+CV

## 14. APPLICATION LETTER FOR REGISTRATION

## 15. REGISTRATION FEE

## 16. PRE-REGISTRATION TRAINING AND EDUCATION

## 17. UNDERTAKING STATEMENT BY ALL THE MEMBERS

We the undersigned have agreed to abide by the Cooperative Societies Act Chapter 24.05, By laws and Internal Regulations of the Cooperative.

Coop Number	Name	Address	Signature

### 7.1.2 Preliminary meeting of the society

Where the Registrar is satisfied that a society complies with the requirements for registration, he may require the society to convene a preliminary meeting of members of the society for

- discussing and adopting the proposed by-laws of the society;
- Electing a provisional management committee to serve until the election of the management committee.

### 7.1.3 Provisional registration of societies

The society may only be granted provisional registration if the Registrar has concerns on the following requirements:

- a. The applicants for registration of the society require more educational and advisory work;
- b. The expected or proposed membership appears too small for the satisfactory commencement of operations;
- c. More time is needed to raise the capital which would be sufficient to enable the society to commence its operations;
- d. More training is necessary for persons expected to become officers of the society at its registration
  - If the cooperative is provisionally registered, farmers should ensure that its registration is stated as provisional on all its letters, letterheads, advertisements, publications and other correspondence.
  - According to the Co-operative Societies Act [Chapter 24:05], if the Registrar is of the opinion that a society which is provisionally registered:
    1. is not complying or has not complied with the terms and conditions of its provisional registration; or
    2. is not operating or has not operated in compliance with co-operative principles;
    3. is doing or has done any act that is not in compliance with this Act
    4. He shall notify the cooperative to rectify the matter.

Where a society which is provisionally registered:

- a. has failed to comply with a requirement of not applying successfully for registration after having been provisionally registered for two years; the Registrar may issue a winding-up order in respect of the society and the society shall thereafter be dissolved
  - If the cooperative that is provisionally registered the Registrar is satisfied that the society complies with the requirements for registration, he shall register the society.

### 7.1.4 Registration of societies

- If the Registrar is satisfied that a society which has applied for registration complies with the requirements for registration he shall register the society and its by-laws by:

- a. Entering the name of the cooperative;
- b. Indicating the economic sector in which it is to operate;  
Forwarding to the society (i) a certificate of registration; and (ii) a copy of the by-laws of the society as registered by him; and (iii) a copy of Co-operative Societies Act and cause notice of the registration to be published in the Gazette.

### **7.1.5 Rejection of applications for registration**

- a. If the Registrar rejects an application for registration by the farmers' cooperative, he shall notify the cooperative giving his reasons for such rejection.
- b. It is important for farmers to know that if their application is rejected, they have a right to appealing writing to the Minister against such rejection within sixty days after being notified of the rejection.

## MEMBERSHIP OF A COOPERATIVE

<b>Objective:</b>	By the end of the session, participants will be able to describe and explain the membership issues, qualifications for membership, obligations, and rights of members, shareholding requirements and suspension/expulsion of members.
<b>Presentation Time:</b>	
<b>Materials:</b>	Flip Chart, Whiteboard, Projector and Markers
<b>Methods:</b>	Discussions, Brainstorming, Question & Answer, Group Work, Presentations
<b>STEP 1:</b>	Brainstorm on the procedure to apply for membership and qualifications needed for acceptance.
<b>Step 2:</b>	Present to the participants on the rights and obligations of members as well as the commitment of members to the cooperative. Allow them to contribute by sharing what they know about these concepts.
<b>Step 3:</b>	Using a question and answer technique, discuss the success factors for cooperative success and instances when a member could be suspended or expelled from the co-operative and what course of action they could take to defend themselves

### 8.1 Membership in a cooperative

- Any person, who is over the age of 18 years, may, on application to the management committee, become a member of the Agricultural cooperative.
- Application for membership and for the number of shares an applicant wishes to take up shall be made on the form provided for that purpose, and shall be accompanied by the entrance/joining fee so determined by the General Assembly.
- The Management Committee must consider every application for membership and has the right to accept or reject an application basing on what is in the cooperatives by law.
- The management committee must after receipt of an application for membership, notify the applicant of its decision .
- A person becomes a member of the co-operative when his application for membership has been accepted, has paid joining fees and his name entered in the membership register.



## 8.2 Obligation and rights of members

### 8.2.1 Rights of a Member

A right is what a member of a co-operative deserves to be given, or is entitled to get, enjoy or feel. In order to enjoy these rights, a member must have paid the necessary membership fees.

These rights are:-

- To attend and participate in all cooperative meetings.
- To elect and be elected to the organs of the society subject to the cooperatives by laws.
- To enjoy the use of all facilities and services of the society subject to the by-laws.
- To receive periodically and regularly or upon request a statement of account in respect of transactions with the society.
- to access all legitimate information relating to the society including: internal regulations, registers, minutes of general meetings, annual accounts, inventories and investigation reports at the registered office of the society subject to any regulations in force.
- To transfer shares.
- To share in the profits of the society, if any.
- To vote on all matters put before the general meeting of the society.
- To appoint a nominee.
- To ask for a special general meeting subject to the regulations and the society by-laws.

### 8.2.2 Members Obligations/Duties

The conferment of rights to a member also demands that certain obligations be fulfilled. A member's obligation is what the society expects from a member. As much as a member enjoys rights from the society, he has obligations to fulfill:-

- Attend and participate in passing resolutions at general meetings.
- Observe and comply with all the society's by-laws and decisions made by organs of the society in accordance with the by-laws.
- Buy and pay-up for shares or make any payments as provided for in the by-laws of the society.
- Patronize the society's products.
- Attend members' education meetings.
- Repay loans as per the agreement.

- Promote the society and its service or products.
- Pay for the debts of the society at the time of liquidation where the assets are insufficient to meet liabilities.
- Support projects of the society approved by the relevant authority.

### **8.2.3 Members commitment**

Member commitment is the extent to which the member is likely to choose maintaining her/his membership (patronage) in the co-operative. It is an essential ingredient in the survival of cooperatives.

#### **8.2.3.1 Advantages**

- Committed members are more likely to hold the management and the board to high standards of performance
- the more committed the membership the more likely the cooperative can make decisions by consensus, which in turn supports smooth and efficient implementation of decisions
- . Committed members are less likely to behave as free riders in their dealings with the cooperative.
- Committed members may be more willing to exchange private information with the cooperative firm, such as information on the quality of the products delivered.
- Build confidence
- Reduces conflict
- Improves production
- Creates a good public image

#### **8.2.3.2 Disadvantages of low member commitment**

- If members are not committed, they may not want to invest time and effort in participating in the governance of the cooperative
- Low commitment of members results in low willingness of members to provide equity capital, which is particularly problematic when the cooperative needs additional funding.
- If the cooperative cannot fully trust its members, it has to install expensive control measures which raise transaction costs. Thus, member commitment lowers the cost of the transactions between members and cooperative.
- Time wastage in conflict related issues
- Low production
- Bad public image that can scare away potential investors and clients.
- Leadership can manipulate the weak system.
- Eventually the cooperative will collapse

## 8.3 Outcomes of member commitment

### 8.3.1 Members' cooperative culture

Is the extent to which the belief in the value of cooperatives is rooted in members' personal values, norms and beliefs? A common culture motivates active membership because it results in a sense of community and because members feel obliged to express common values via active membership. Furthermore, members that identify themselves with the cooperative are interested in the cooperative's strategies, are committed to and have trust in the Management Committee.

### 8.3.2 Open communication

The extent, to which the Management Committees is transparent, invites criticism and asks for approval. Open communication increases member's understanding of the cooperative's basic processes, which is crucial for members' trust in the cooperative. It safeguards against Management Committee taking control of the cooperative and provides members with better information and fosters common beliefs and values among members.

### 8.3.3 Members' involvement with the cooperative

It happens when there is a close relationship between the cooperative and its members which leads to willingness of members to act collectively. A large group of involved members provides the cooperative with political influence because it can legitimately claim to represent its members' interests. Members' involvement with the cooperative helps cooperatives to move faster as people endorse decisions without having to first debate on the issues. If members are involved in the cooperatives' affairs, they may even support decisions that are at odds with their wishes, provided that they get acceptable explanations.

#### EXERCISE:

Facilitator to ask for 8 volunteers who will form a circle and then give the following direction;

- a) The volunteers to form a circle, hold hands together and all agree to dance in a clockwise direction
- b) Facilitator secretly tells of the members to stop dancing, 2 minutes after the dancing becomes smooth
- c) One of the members is requested to lead in the singing of a song and then the dancing starts
- d) After 2 minutes one of the members stops dancing and the other members will notice and try to react to the resulting confusion
- e) Once the confusion is experienced, the facilitator asks the members to sit down and discuss the lessons from the exercise.

### **8.3.4 Members' willingness to be active in the cooperative**

This means that members are motivated to spend time on the governance of the cooperative, such as participating in meetings and committees. Members do not participate actively when there is lack of confidence for the cooperative viability, high internal competition among members, and lack of the appropriate business mentality. Member's willingness to be active allows cooperative firms to move faster because such members devote time and efforts to decision-making processes. Moreover, they are willing to explain their ambitions to the Management Committee which information is essential for the Committee to advance the cooperative.

## **8.4 Suspension or expulsion of a member**

A cooperative member can be suspended or expelled from the cooperative due to ;

- a. Failure to fulfill his/her obligations to the society.
- b. Being convicted in a court of law for a criminal offence involving dishonesty or fraud or is, imprisoned for a period of three months or more,
- c. Being a member of another society having similar objects,
- d. Acting in any manner prejudicial to the interests of the society.
- e. Involved in activities that compete with that of the cooperative.
- f. Contravening the Cooperative Societies Act, by laws or internal regulations of the cooperative
  - NB: The cooperatives By laws and constitution shall specify the suspension and expulsion procedure for a member.

## COOPERATIVE GOVERNANCE

<b>Objective:</b>	By the end of the session, participants will be able to describe and explain the governance structure of a co-operative, characteristics of good and bad governance, governance structure and functions of the management committee and the specific duties of management committee members
<b>Presentation Time:</b>	
<b>Materials:</b>	Flip Chart, Whiteboard, Projector and Markers
<b>Methods:</b>	Discussions, Brainstorming, Question & Answer, Group Work, Presentations
<b>STEP 1:</b>	Brainstorm on the characteristics of good and bad governance, governance structure and composition of the management committee and its functions.
<b>Step 2:</b>	In groups let participants critique the positions structure of management committee and its functions and ask them to suggest how this could be improved.
<b>Step 3:</b>	Use question and answer technique to discuss on the duties of a chairman/vice chairman, secretary and treasurer

### 9.1 Cooperative governance

**Cooperative governance:** This is the process of making decisions in a cooperative and the process of implementing the decisions. This therefore, becomes the act of steering cooperatively owned enterprises toward economic, social, and cultural success. It covers key aspects that include defining roles and responsibilities, establishing processes for setting expectations and ensuring accountability. The role of effective governance system is very important for effectiveness and sustainability of a cooperative. This requires leadership that will be effective in articulating shared vision and to nature a culture of shared passion and possibilities .

**GROUP WORK:** The facilitator shall instruct the participants to get into groups and discuss what constitutes good governance and what constitutes bad governance and the possible effects of the two.

## **9.1.1 Good Cooperative governance**

The indicators of good cooperative governance include:

### **9.1.1.1 Participation**

All members have a voice in the decision-making process either directly or through the organs that represent them. Such participation should be fair and free of intimidation, duress or undue influence.

### **9.1.1.2 Transparency**

All processes, decisions, transactions and relevant information are handled in a transparent manner and are accessible to all those concerned. To ensure transparency, governance organs hold regular meetings to direct the affairs of their cooperative.

### **9.1.1.3 Accountability**

All decision-makers of the cooperative are accountable to the General Assembly.

### **9.1.1.4 Consensus Orientation**

Efforts are made to reach broad consensus among the parties concerned on all matters of the cooperative's operations. This is achieved through an all-inclusive participatory approach, transparent systems and operations, and full accountability to the members.

### **9.1.1.5 Efficiency and Effectiveness**

The governance and management organs of the cooperative have processes and procedures which produce results in time, using resources in the most economical way.

### **9.1.1.6 Equity (fairness to all)**

All members and clients should have equal opportunities to benefit from the cooperative's services in order to improve their economic status and share in the vision of the society.

### **9.1.1.7 Strategic and Visionary Leadership**

The cooperative has leaders and managers who have a vision for and commitment to the organization.

### **9.1.1.8 Knowledge and Skill in Leadership**

The members of the governance organs should be knowledgeable and trainable in the matters of the cooperative's governance and operations.

### **9.1.1.9 Organizational Performance and Growth**

Sound Governance will lead to sound management and sound operations which return lead to excellence in performance.

### **9.1.1.10 Delegation**

A good leader should be able to delegate work.

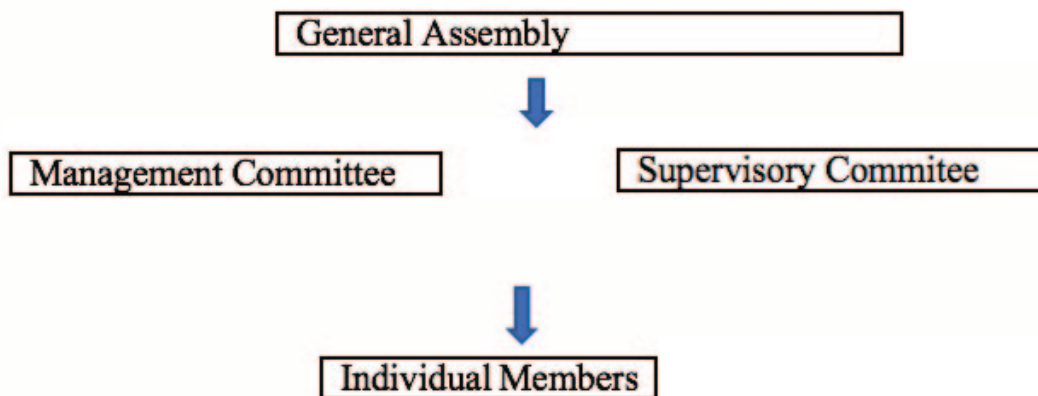
### 9.1.2 Bad Governance

Bad cooperative governance is characterized by the following practices:

- Individualism rather than collective decision making/lack of consensus
- Limited or no participation of members in the affairs of the cooperative
- Leaders do not follow the rule of law
- Governance is not equitable and inclusive
- Leadership is unresponsive to the needs of members
- Lack of accountability

## 9.2 The Governance structure and responsibility of office bearers

The governance of cooperative is democratic and is done by three key groups i.e. members, management committee and the supervisory committee. The supreme organ of the governance of the cooperative enterprise solely lies with the general whereby all decisions and policies are made democratically by all members in the general meetings, special general meetings and Annual General meetings. Most of the cooperatives in Zimbabwe have not employed a manager and other staff but the day to day operations of the cooperatives are carried out by management committee. In the case that a manager has been appointed he will work under the leadership of the management committee. The cooperative governance structure in Zimbabwe is shown in figure 1.



Cooperative	Other Business Entities
Bottom up approach User owned User controlled Flexible to make decisions	Top down approach User might not be the owner User might not have control over the enterprise Too much beaurocracy

The major organs of a cooperative are discussed below:

### **GENERAL ASSEMBLY ROLES**

1. Election of the management and supervisory committee
2. Approves expenditure
3. Endorses business plans and budgets
4. Setting rules and regulations of the cooperative
5. Oversight of work done by various commitees.

### **MANAGEMENT COMMITTEE**

This committee comprises of not fewer than three members but not more than nine members. The posts in the management committee include that of the chairman, vice chairman, secretary, treasurer and such committee members.

#### **9.2.1 Functions of management committees**

1. Day to day running of the cooperative
2. Opening and operating cooperatives bank account
3. Savings mobilization
4. Procurement of goods and services
5. Collective marketing
6. Represanation of cooperative in different forums
7. Crafting of a budget and workplan for the cooperative
8. Conflict resolution
9. Identification of problems and opportunities for the cooperative.
10. Enforcement of the Act, by laws and internal regulations of the cooperative
  - a. keeping all the accounts and books of the society;



## Desired Qualities and Responsibilities of the Management Committee

LEADER	ROLE	RESPONSIBILITIES	DESIRED QUALITIES
Chairman	Team Leader	<ul style="list-style-type: none"> <li>✓ Provides overall leadership in the management of the cooperative.</li> <li>✓ Ensures cooperative policies are formed.</li> <li>✓ Calls the meeting to order and chairs the meeting.</li> <li>✓ Maintain discipline in the meeting.</li> <li>✓ Ensures meeting follow procedure</li> <li>✓ Ensures resolutions and workplans related to the cooperative are executed.</li> <li>✓ Facilitate solutions to conflicts between members.</li> <li>✓ Presents plans and strategies for cooperative growth.</li> <li>✓ Signatory to cooperative account.</li> <li>✓ Ensures effective communication on matters related to the cooperative</li> </ul>	<ul style="list-style-type: none"> <li>✓ Respected</li> <li>✓ Dynamic</li> <li>✓ Visionary</li> <li>✓ Trustworthy</li> <li>✓ Fair and capable of being neutral</li> <li>✓ Strong personality</li> <li>✓ Tactful</li> <li>✓ A good listener</li> <li>✓ Patient</li> <li>✓ Organised</li> <li>✓ Punctual</li> <li>✓ At ease speaking in front of people</li> <li>✓ Business attitude</li> <li>✓ Confident</li> </ul>
SECRETARY	Records and Communication Management	<ul style="list-style-type: none"> <li>✓ Manages group records such as membership registers, keeps attendance registers, makes record management decisions.</li> <li>✓ Plans group functions, develop agenda for meetings and schedule for meetings.</li> <li>✓ Signatory to cooperative account.</li> <li>✓ Reads aloud minutes at all meetings.</li> </ul>	<ul style="list-style-type: none"> <li>✓ Literate</li> <li>✓ Capable of maintaining records.</li> <li>✓ Trustworthy</li> <li>✓ Honest</li> <li>✓ Always available</li> <li>✓ Punctual</li> <li>✓ Business minded</li> <li>✓ Secretive</li> <li>✓ Committed</li> <li>✓ Keen on detail</li> </ul>
TREASURER	Financial Management	<ul style="list-style-type: none"> <li>✓ Receives cooperative collections and ensures that they are deposited .</li> <li>✓ Manages cooperative funds</li> <li>✓ Keeps financial records</li> <li>✓ Safeguard cooperative funds</li> <li>✓ Issues receipts on transactions involving group funds</li> <li>✓ Reports to the cooperative the financial position of the group.</li> </ul>	<ul style="list-style-type: none"> <li>✓ High Numeracy skills</li> <li>✓ Trustworthy</li> <li>✓ Reliable</li> <li>✓ Responsible</li> <li>✓ Literate</li> <li>✓ Committed</li> <li>✓ Has an eye for detail</li> </ul>

## TERM OF OFFICE AND REMUNERATION OF THE MANAGEMENT COMMITTEE

- No member of the management committee shall make profit from cooperative business
- No member shall receive salary from the cooperative in respect of his duties
- Members of the management committee shall receive such allowances such as transport and subsistence whenever they are out on cooperative business however this should be approved by the Registrar of cooperatives.
- Members of the committee shall ensure that due diligence is taken when executing cooperative business as negligence, default or breach of duty will make them liable to an offence.
- The term of office for the management committee shall be 3 years

however every year elections are supposed to be held and one third of the members of the management committee shall retire from office.

- If a post in the management committee becomes vacant before the end of the financial year the management committee may coopt any member from the cooperative to fill in the post.

## **SUPERVISORY COMMITTEE**

This committee is made up not fewer than 3 members but not more than 5 members and this committee is set when the cooperative membership is above fifty members.

### **DUTIES**

- Supervise operations of the management committee
- Ascertain the authority and validity of all expenditure
- Examine cooperative accounts
- Ensures that there is proper record keeping
- Present a report on the Annual General Meeting on the cooperative's state of affairs.

## **TECHNICAL ADVISORY COMMITTEE**

This committee is made up of non members who have the technical expertise on the activities that the cooperative is doing. For example a cooperative which is into pig production can put an official from Pork Industry Board, Veterinary services official and one from Agritex as part of their technical Advisory Committee.

## **COOPERATIVE MEETINGS**

Decisions in a cooperative are made solely through the holding of various meetings. It is in these meetings that members exercise their rights which include the right to vote, to actively participate and the right to choose the type of leaders that they want. Below are some of the meeting types found in a cooperative:

### **General meetings**

- Usually held once every month
- Every member of the cooperative gets notice of the meeting at least 15 days before and the agenda of the meeting is also available to the members in time.
- Main purpose of the meeting is to discuss the progress of the cooperative, review certain decisions, discuss any other issue that is detrimental to the sustainability of the cooperative. Map the way forward.

### **Special General Meeting**

- This meeting can be convened at any time if there is an urgent matter which need to be addressed.
- The management committee can call for this meeting, the supervisory committee, the Registrar of cooperatives or one quarter of the total members if they have a petition.
- The main purpose of this meeting is to facilitate a resolution to any special meeting that need attention and could not wait until the date of the regular general meeting of annual general meeting.

### **Annual General Meeting**

- This is held once every year and not later than 6 months after the end of each financial year.
- The purpose of the AGM shall be to
  - a) Receive and discuss the Auditors Report
  - b) Confirm financial statements certified correct by the Auditor
  - c) Consider and approve workplan and budgets for the following year
  - d) Elect officers of the management and supervisory committee

## LEADERSHIP IN CO-OPERATIVES

<b>Objective:</b>	By the end of the session, participants will be able to define leadership, describe the styles of and qualities of a good
<b>Presentation Time:</b>	
<b>Materials:</b>	Flip Chart, Whiteboard, Projector and Markers
<b>Methods:</b>	Discussions, Brainstorming, Question & Answer, Group Work, Presentations
<b>STEP 1:</b>	Brainstorm on the definition of leadership and different styles of leadership.
<b>Step 2:</b>	In groups let participants analyse the qualities of a good leader to ensure the success of the cooperative.
<b>Step 3:</b>	Use question and answer technique to discuss on the duties of a chairman/vice chairman, secretary and treasurer

### 10.1 Definition of Leadership

Leadership plays an important role in the management of the co-operative societies. It is the quality of leadership that usually determines the failures and success of a cooperative. It has been observed that most of the failures of co-operative societies have because of ineffective leadership.

### 10.2 Meaning of leadership

It is the ability to influence people to strive willingly for mutual objectives. In the context of cooperatives, leadership could be viewed as the ability of a leaders/management committee to make members work in harmony and confidence towards the achievement of the individual member, cooperative and community goals. Some people believe that leaders are born. Others believe that leaders are made through learning experience. Both beliefs are true to some extent. A combination of the two beliefs makes even better leaders. In co-operative societies the committee is the governing authority and is subject to any directions from a general meeting and by-laws of the society.



*Figure 10.1 A leader directing the team*

## 10.3 Leadership styles

The following are basically the different leadership practices which are common to cooperatives:

### 10.3.1 Autocratic leader

This type of leader centralizes authority and decision-making himself or herself. There is no participation by the subordinates. They have to do what they are told. The leader takes full authority and assumes full responsibility. This type of leader is usually negative because followers are uninformed, insecure and afraid of the leaders' authority. Unlike the dictatorial leadership he/she motivates the subordinates by providing their need satisfaction if they do what they are told to do (I will help you members if you obey me).

### 10.3.2 Democratic leader

This type of leader decentralizes authority. He invites the subordinates to participate in tackling problems. This happens in such a way that the group and the leader act as a social unit. The leader holds consultations with the subordinates regarding all problems and adopts and suggestions made by them if they are of use. It is for this reason that the members of the group have regard for the leader.

### 10.3.3 Free reign leader

This type of leader depends largely upon the group to establish its own goals and work out its own problems. The group members provide their own motivation. The leader is passive and the initiative is with the subordinates. This type of leader can produce good and quick results if the subordinates are highly educated and brilliant people. They should also have sincere desire to go ahead and perform their roles with responsibility.

### 10.3.4 Dictatorial leader

In this type of leadership, followers do their work out of fear. They do what they are told. Such a leader threatens the subordinates with penalties and punishment. As a temporary measure such leadership gets results but in the long run it fails. This is because it leads to the dissatisfaction of the followers.

## 10.4 Qualities of a good leader

*Exercise: In buzz groups participants shall list down some of the good characteristics of a leader and bad characteristics of a leader and the impact to the society.*

The characteristics of a good leader in co-operatives cannot be sharply defined but can only be generalized as:

### 10.4.1 Self confidence

A good leader must have self-confidence based on self-knowledge. This enables the leader to win the confidence of the members.

### 10.4.2 Ability to communicate

A leader should have the ability to communicate instructions and views to others. One may have good ideas unless he or she can communicate effectively then the members cannot gain from such a leader.

### 10.4.3 Integrity

Leadership functions best when it is founded on integrity and sincerity. It is more than just being honest. It requires one to have moral soundness and uprightness.

### 10.4.4 Ability to inspire

A leader should have the ability to exert influence upon his/her followers. Whatever the issue should be for the good of the members.

#### **10.4.5 Intelligence**

A good leader should have high intelligence than his or her followers. This should however not be too much higher than that of the members.

#### **10.4.6 Courage**

A leader must also have courage to do things which he or she believes are right. This means that the leaders should be in a position of making decisions and standing by them.

#### **10.4.7 Flexibility of mind**

With a lot of changes taking place in the country socially and economically, it is desirable that a leader should have flexibility of mind. The leader should be in position of changing with circumstances.

#### **10.4.8 Good Judgement**

A good leader should have ability to make good judgment and have wisdom to look into the future. This should be for the good of the members and the co-operative society as a whole.

#### **10.4.9 Age**

Age to some extent plays an important factor. It is presumed that those that have lived longer have earned experience. It is also quite possible that a young person may assume leadership because of his or her talent/trade.

#### **10.4.10 Time for public service**

The most important qualification of a leader is that he or she must have spare time for the co-operative society. A person, who is too busy and does not have enough time to get the problems of the members solved, is not recognized as a good leader.

#### **10.4.11 Knowledgeable**

A leader should have adequate knowledge and experience on the type of business the cooperative is involved in.

## LEADERSHIP IN CO-OPERATIVES

<b>Objective:</b>	By the end of the session, participants will be able to explain the causes of conflicts in co-operatives and how they can be resolved. Participants should also be able to explain methods of avoiding conflicts, importance of avoiding conflicts as well as the challenges facing cooperatives in Zimbabwe and strategies to address the challenges
<b>Presentation Time:</b>	
<b>Materials:</b>	Flip Chart, Whiteboard, Projector and Markers
<b>Methods:</b>	Discussions, Brainstorming, Question & Answer, Group Work, Presentations
<b>STEP 1:</b>	Brainstorm on factors leading to conflicts in co-operatives. Let participants share their experiences for the benefit of others.
<b>Step 2:</b>	Let participants discuss in pairs on the ways to resolve conflicts and present their points to the class. Other participants comment on the presentation.
<b>Step 3:</b>	Using a question and answer technique, assess the importance of managing conflicts, challenges facing cooperatives in Zimbabwe and strategies to address the challenges

### 11.1 Definition

Cooperative conflict is defined as an expressed struggle between at least two interdependent parties who perceive incompatible goals, scarce resources and interference from the other party in achieving their goals. Conflict in cooperatives can only be defined as, so if it involves the business of the cooperative. It is important to note that conflict in cooperatives is common due to different backgrounds, races, beliefs, age and cultures as well as a change in one's needs. Though conflict is common what is important is to manage the conflict so that it does not disrupt the activities of the group.

This section discusses the causes of conflict that occur in cooperatives and the possible solutions.

#### 11.1.1 Competition for scarce resources

When resources are scarce and all the members compete for the few resources there tend to be conflict as those who expect to benefit but fail may not understand it and that can arise into a dispute.



### **11.1.2 Priority differences within the members.**

The manner in which cooperatives are defined in terms of making a profit or not can lead to future conflict. A debate can arise regarding what to do with profits from a cooperative, whether to divide it among members or re-invest in the cooperatives for growth and a more secure future.

### **11.1.3 Management and governance challenges**

Management and governance challenges may surround around lack of transparency, lack of accountability, undemocratic decision making and lack of independence. These can spark conflict within a cooperative.

### **11.1.4 Lack of trust between the management committee and members**

- Conflicts between the management committee are caused by the following:
  - views about cooperative's objectives,
  - lack of focus on long-range planning by the management committee
  - nepotism,
  - management committee's failure to represent the membership,
  - Management committee assuming board authority outside of board meetings.
- Undemocratic decision making

### **11.1.5 Lack of cohesiveness**

In some cases, the groups came together not out of a joint need but as the means of accessing available funds and due to differences in motives, there is lack of cohesiveness and this leads to internal conflicts and the inability of members to work together.

### **11.1.6 Lack of Business planning**

Co-operatives sometimes do not have proper feasible /business plans, market opportunities are ill-prepared and in some cases cooperatives lack the necessary infrastructure.

### **11.1.7 Diversity challenges**

Conflicts come from the differences in educational background, experiences and expertise among team members and social category diversity arising from differences in race, culture, gender, and age among team members.

### 11.1.8 Lack of proper record keeping and financial literacy

A cooperative with no proper record keeping is likely to have more conflict as

- Members fail to understand what is happening in the cooperative
- Management fails to explain what is happening in the cooperative
- Auditor fails to understand what is transpiring in the cooperative

The end result of the above will be labelling, mistrust, low member commitment as well as low management commitment.

**EXERCISE:** In groups participants highlight some of the causes of conflicts in the Zimbabwean context giving practical examples of cases that they might have encountered and they offer solutions that they think can help avoid the conflicts in the near future

## 11.2 Methods of Conflict resolution in cooperatives

The following are methods that can be used to resolve conflicts in cooperatives

### 11.2.1 Negotiation

The main goal of negotiation with your opposition is to come to an agreement that benefits all parties.

Some other good reasons to negotiate are:

- To understand more about those whose ideas, beliefs, and backgrounds may be different from your own. In order to resolve a conflict, you'll need to look at the conflict from your opponent's point of view and learn more about this person or group's perspective and motivations.
- To ensure that your relationships with opponents continue and grow. If you make peace with your opponents, you increase your own allies in the community. Successful negotiations pave the way for smooth relationships in the future.
- To find peaceful solutions to difficult situations. Full-blown battles use up resources, time, energy, good reputation, motivation. By negotiating, you avoid wasting these resources, and you may actually make new allies and find new resources!
- Negotiation is the most basic means of settling differences. It is back-and-forth communication between the parties of the conflict with the goal of trying to find a solution.
- In case of cooperative a dispute between member and member, member and cooperative, negotiation can be used to resolve the conflict between them.
- The process of negotiation involves the following activities:
- You may negotiate directly with the other person.
- There are no specific procedures to follow - you can determine your own - but it works best if all parties agree to remain calm and not talk at the same time.

- Negotiation allows you to participate directly in decisions that affect you.
- In the most successful negotiations, the needs of both parties are considered.
- A negotiated agreement can become a contract and be enforceable.
- Negotiation is the first method of choice for problem-solving and trying to reach a mutually acceptable agreement
- If no agreement is reached, you may pursue any of the other options suggested here

*The characteristics of negotiation are that:*

- Negotiation is voluntary
- It is private and confidential
- It is quick and inexpensive
- Negotiation is informal and unstructured
- Parties control the process, make their own decisions and reach their own agreements (no third party decision maker)
- Negotiated agreements can be enforceable
- Can result in a win-win solution

### **11.2.2 Mediation**

- Mediation becomes inevitable if parties in conflicts fail to agree.
- Mediation is a voluntary process in which an impartial person (the mediator) helps with communication and promotes reconciliation between the parties which will allow them to reach a mutually acceptable agreement.
- The registrar has a mandate to resolve the business conflicts/ disputes among different parties in the cooperative through mediation.

*The mediation process is as follows:*

- The mediator manages the process and helps facilitate negotiation between the parties.
- A mediator does not make a decision nor force an agreement.
- The parties directly participate and are responsible for negotiating their own settlement or agreement.
- At the beginning of the mediation session, the mediator (Registrar) will describe the process and the ground rules.
- The parties have an opportunity to explain their view of the dispute.
- Mediation helps each side better understand the other's point of view.
- Sometimes the mediator will meet separately with each side.
- Separate "caucusing" can help address emotional and factual issues
- Mediations are generally held in the office of the mediator (Registrar) or other agreed location.

### 11.2.3 Arbitration

- Arbitration as another method of conflict resolution is opted when the mediation fails to make the parties reach an agreement.
- Arbitration is the submission of a disputed matter to an impartial person (the arbitrator) for decision.
- The Registrar can refer the dispute for settlement to an arbitrator or arbitrators appointed by him.
- The arbitrator controls the process, will listen to both sides and make a decision. The arbitrator will conduct a hearing where all of the parties present evidence through documents, exhibits and testimony.

#### *The Characteristics of Arbitration:*

- Can be used voluntarily
- Private
- Maybe less formal and structured and less expensive than going to court
- Each party will have the opportunity to present evidence and make arguments
- A decision will be made by the arbitrator which may resolve the dispute and be final

### LITIGATION

- This is the use of the courts and civil justice system to resolve legal controversies. Litigation can be used to compel the opposing party to participate in the solution.
- Section 116 of the Cooperative Societies Act Chapter 24.05 allows any person aggrieved by the decision made by the Minister to appeal to the Administrative Court within 60 days after being notified of the decision.
- Section 116 (2) stipulates that the Administrative Court shall consist of President of the court, two assessors appointed by the Minister from a list of not fewer than 10 persons who have been appointed by the Apex organisations and who are suitable for the appointment from their experience in cooperative matters.
- Section 116 (3) stipulates that subject to the Administrative Court Act Chapter 7.01 the Administrative Court may in any appeal confirm, vary, set aside the decisions appealed against or make such other order in the matter as the Court thinks just.

### 11.2.4 Conflicts resolution by the Minister

Any person aggrieved by a decision made by the Registrar in settling a dispute or an arbitrator or arbitrators appointed by Registrar may appeal to the Minister and the Minister may confirm, vary or set aside the decision appealed against or make such other order in the matter as he thinks appropriate.

### 11.3 Avoiding Conflicts

- Never leave any problem unattended as a small problem can eventually become a major reason to worry later on
- Transparency must be maintained at all levels
- Communicating clearly
- Leaders must be fair to everyone
- Uphold cooperative principles of equity, equality, solidarity and self-help
- Accepting opinions of other members

### 11.4 Importance of management of conflicts

- conflict management strengthens the bond among members
- ensure long term survival of the cooperative
- members feel motivated to give their level best to the cooperative
- minimizing disruption stemming from the existence of a conflict
- promotes teamwork

### 11.5 Challenges facing cooperatives in Zimbabwe

- The lack of access to competitive markets
- Lack of access to credit facilities which leads to lack of working capital.
- poor management
- low volume of production
- Small value of shares which makes it difficult for the cooperatives to have higher returns on their investments
- unavailability of reserve funds
- conflicts thereby affecting the performance and sustainability of cooperatives
- poor governance

#### **Strategies to address the challenges include:**

- Training programmes constantly on leadership and management skills to be provided to cooperatives' members.
- capable management and governance
- develop professional management which is democratic, inclusive, fair, transparent and with strong leadership
- market linkage assistance programmes by government, NGOs

## RESOURCE MOBILISATION

<b>Objective:</b>	By the end of the session, participants will be able to describe and explain the various methods of resource mobilisation within a cooperative.
<b>Presentation Time:</b>	
<b>Materials:</b>	Flip Chart, Whiteboard, Projector and Markers
<b>Methods:</b>	Discussions, Brainstorming, Question & Answer, Group Work, Presentations
<b>STEP 1:</b>	Brainstorm on factors leading to conflicts in co-operatives. Let participants share their experiences for the benefit of others.
<b>Step 2:</b>	Let participants discuss in buzz groups the most effective ways of resource mobilisation within a cooperative

### 12.1 Definition

Resource mobilization is a process of raising financial and non-financial support for an organization/ a cooperative.

### 12.2 Importance of resource mobilization

Resource mobilization:

- Helps a cooperative to be able to continue providing services to its members and clients.
- ensures that the cooperative sustains its operations
- assists a cooperative to improve and scale-up products and services the organization currently provides
- enables a cooperative to generate new business so that it stays in business
- Provides continuity and stability to the cooperative and its activities.

### 12.3 Strategies for Resource Mobilisation

Resource mobilization in a cooperative can be classified into internal methods of resource mobilization and external

Internal Methods	External Methods
Joining fees Subscription Shares Fines and penalties Sales Income generating projects Donations from members Interests from loans given to members	Grants Loans Discounts Promotions Donations

N.B. Whatever method a group choose to use to mobilise its resouces its important to analyse if the cooperative principles such as democracy and autonomy and independence are not compromis

## PROCUREMENT OF GOODS

<b>Objective:</b>	By the end of the session, participants will be able to describe and explain the various methods of resource mobilisation within a cooperative.
<b>Presentation Time:</b>	
<b>Materials:</b>	Flip Chart, Whiteboard, Projector and Markers
<b>Methods:</b>	Discussions, Brainstorming, Question & Answer, Group Work, Presentations
<b>STEP 1:</b>	Brainstorm on factors leading to conflicts in co-operatives. Let participants share their experiences for the benefit of others.
<b>Step 2:</b>	Let participants discuss in buzz groups the most effective ways of resource mobilisation within a cooperative

### 13.1 Overview of Procurement

- A first step a cooperative has to take in order to supply inputs to its members is to procure the inputs.
- Procurement is the acquisition of inputs and supplies to meet members' needs in terms of variety, price, quality and quantity, time, and location.
- Procurement activities involve searching for an input supplier, bargaining for favourable rates, setting the deal and arranging transport and payment.

Given the scarcity of resources, prudent procurement is encouraged. This means that:

- The cooperative buys goods at the lowest price
- A cooperative engaged in buying and selling of goods should buy goods that the customers need
- A cooperative stores enough stock to satisfy the needs of the consumers, it is not very high or very low stock but there is need to procure and store economic stock.
- Selecting a supplier who is reliable, appropriate, affordable, available and accessible.



## 13.2 Things to observe when procuring goods

When procuring goods, you should observe the following:

- a. Inspect the quality of goods you need to procure
- b. Bargain so that you get reasonable price for goods and other services like transportation.
- c. Contact several suppliers and select the best one with good terms who will satisfy your needs more efficiently.
- d. Determine the lead time of the goods you want to procure.
- e. Procure right quantity to satisfy your consumers.
- f. Procure goods with right quality to suit the needs of your consumers.
- g. Conduct thorough inspection of received goods so as to verify its quality, quantity, price and condition of the goods as per the order.
- h. Inform the supplier on any problem regarding the received goods

## 13.3 Storage of Goods

Among the activities involved in storage are:

- Receive and inspect goods received from the supplier;
- Arrange them in warehouse;
- Keep proper records;
- Ensure availability of adequate space and facilities for storage;
- Run a safety and quality control system;
- Control leakage (resulting from shrinkage, evaporation, pilferage, etc.);
- Maintain cleanliness of the warehouse;
- Identify deteriorated and damaged goods.

### 13.3.1 The features of good store building

The most important features of a good store building are as follows:

- a. It must suit your purpose and your budget;
- b. It must be large enough to prevent over-loading;
- c. It must be well-sited, for access and for safety
- d. It must be weather proof;
- e. It must be protected against rising damp;
- f. It should be protected against rodent, bird and other pests;
- g. It must be secure against thieves; strong doors and windows
- h. It should have adequate, controllable ventilation.
- i. It should be clean inside and outside: It must be easy to clean.
- j. Should have fire fighting equipments.

### 13.3.2 Storage Practices\_

For better storage practices the manager of cooperative supply service should ensure the following:

- All goods should not be stocked directly on the floor but on the pallets so as to avoid moisture absorption which may affect the quality of the goods in stock
- Always leave sufficient space around the stacks for the free movement of goods, routine inspection, stock-taking and cleaning.
- Establish a standard stacking layout in your store. Painting lines on the floor to mark stack outlines may help.
- Always keep commodities of different types stacked separately or with a clear marker between them.
- Ensure that the store is insect and pest free by using cheaper control measures of pest. Avoid heavy pest infestation of your store as it unnecessarily increases costs and hence a loss for your co-operative.
- Ensure that the warehouse is regularly fumigated.
- Apply the principle of First In First Out (FIFO) in issuing of goods

## COOPERATIVE MARKETING

<b>Objective:</b>	By the end of the session, participants will be able to define Marketing and Collective Marketing as well as explaining the functions, importance of collective marketing, and different ways of accessing market information and type of information to be accessed
<b>Presentation Time:</b>	
<b>Materials:</b>	Flip Chart, Whiteboard, Projector and Markers
<b>Methods:</b>	Discussions, Brainstorming, Question & Answer, Group Work, Presentations
<b>STEP 1:</b>	Brainstorm on the functions and importance of collective marketing. Let participants share their experiences for the benefit of others.
<b>Step 2:</b>	Let participants discuss in pairs on the accessing of market information, the type of information to be accessed and present their points to the class. Other participants comment on the presentation.

### 14.1 Marketing and Collective Marketing

**Marketing** means studying the market place, finding out what customers want, and then creating and delivering those products at the right price. It is the activity, and process for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Cooperatives are usually encouraged to practice collective marketing. This involves selling a product/service together. The cooperative buys products produced by members and owns what is produced and then sells to interested customers as a group (chain operator). The premise of the collective marketing is selling jointly which brings benefits to members than selling alone.

#### 14.1.1 Cooperative Marketing services

- Performing market research related to the availability of goods and services
- Informing members related to the priorities of the consumer, information on selling price information and trade mark of the products
- Acquisition and distribution of inputs

- Setting and controlling quality standards required
- Communication with customers and consumers
- Storage of products
- Transportation
- Grading
- Processing of products in order to increase the value of the product e.g. slaughtering an animal and packing in small packages rather than selling a live animal
- All these services can be offered by cooperative if it is running a joint marketing function.

### 14.1.2. Benefits of Collective Marketing

Individual members are normally producing small quantities of product and usually access small price. By undertaking collective marketing in the cooperative, members can receive the following benefits:

- Collective marketing improve the bargaining power of cooperative.
- Selling together makes members to become stronger in the market.
- Facilitate joint marketing to meet market demand, especially access to markets outside of the relevant area (e.g. urban markets or overseas) or by selling to the processing industry.
- Collective marketing enables the cooperative to do business more efficiently as it enjoys economies of scale through reduction of transportation, transaction and storage costs.
- Collective marketing strengthen financial capacity of cooperative to enable to construct modern storage facilities and therefore stock the products of members in good condition and hence preserve the quality and value of members products.
- Marketing together reduce transport costs and thus make the producer get a better price.
- Marketing together in cooperative enables investment in processing facilities and enable cooperative to add value to products collected from members.
- Marketing together enables members to achieve the quality standards required in the market.
- Marketing together enables members to meet the criteria for niche markets like marketing through fair trade and organic markets.
- Marketing together provide an opportunity for members to import inputs/materials together and thus get the best inputs at affordable prices.
- Collective marketing enable cooperative to have strong bargaining power and thus get the best prices for and products of cooperative.
- Collective marketing simplify the process of accessing accurate market information timely.
- Marketing together provide opportunities for cooperative members to join or enter into partnership with other institutions to do business efficiently and profitably.

## 14.2 Market Information

A cooperative needs market information for collective marketing, but it can also collect and disseminate market information as a service to its members. Market information includes information on marketing channels, buyers, quality standards and so on.

### 14.2.1 Types of Market Information Needed

Some examples of information that is important for marketing are:

- Actual price of commodities;
- Insights into price trends;
- Competitors and their marketing strategies;

Requirements of consumers;

- required arrival timings of commodities;
  - Quality specifications by various buyers;
  - Grades and standards;
  - Packaging specifications preferred by buyers;
  - Terms and conditions of different commodity traders;
  - Transport costs;
  - Market fee/levy/charges, taxes, among other things;
  - International standards for commodities;
  - World market price trends
- Importance of market information
- Access to market information is not always possible and is often unequal. For example, large buyers of agricultural products often have better access to market information than smallholders.
  - Unequal access to market information or shortages of reliable market information could be one of the reasons for farmers' low bargaining power and ultimately, the low prices they derive from marketing agricultural commodities.
  - Providing market information is a valuable service that a cooperative can offer to its members. Cooperatives first of all need to gather market information. Then, the information needs to be disseminated to members.

### 14.2.2 Accessing Information

For a cooperative, generating and disseminating reliable market information is a costly exercise due to poor infrastructure, such as computer networks and telecommunication equipment, internet connections and electricity supply. In addition, less transparent market operators can make it difficult for a cooperative to provide adequate services. It might be easier to get access to information at union level than at primary cooperative level.

Unions operate on a larger scale and are often closer to national government bodies, partners and information networks. A union could support the availability

of market information to its cooperatives by, for example, keeping track of market trends and publishing the information on a website.

If market information is not available, it may be necessary to perform market research. A cooperative can carry out market research for its own sale strategies; it can also perform market research as a service to its members that sell individually. The results of research should direct the cooperative or the producer to trade what their customers need and want.

The other sources of information for cooperatives include the extension officers, veterinary and animal specialists, NGOs.

Although it could be a bit expensive, cooperative members are also encouraged to search information on the internet as they can access information that is very useful to their activities.

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CO-OPERATIVE SOCIETIES CHAPTER 24:05 ACT

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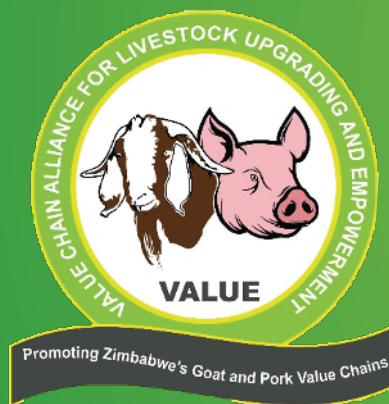
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