

**COURSE  
GUIDE****CRD 307  
PRODUCERS COOPERATIVE**

**Course Team:** Dr. A. O. Akerele (Course Writer/Developer)  
Dept. of Economics  
University of Jos

Lawal, K.A.A PhD (HOD)  
Faculty of Management Sciences,  
Department of Entrepreneurial Studies  
National Open University of Nigeria.

Dr. Ishola T.O: (Dean)  
Faculty of Management Sciences,  
National Open University of Nigeria.

**NATIONAL OPEN UNIVERSITY OF NIGERIA**

National Open University of Nigeria

**Headquarters**

University Village  
Plot 91 Cadastral Zone  
Nnamdi Azikiwe Expressway  
Jabi, Abuja.

Lagos Office  
14/16 Ahmadu Bello Way  
Victoria Island, Lagos

e-mail: [centralinfo@noun.edu.ng](mailto:centralinfo@noun.edu.ng)

URL: [www.noun.edu.ng](http://www.noun.edu.ng)

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## **INTRODUCTION**

The course PRODUCERS COOPERATIVE (CRD 307) is a course which carries two credit units. It is prepared and made available to all the student who are taking B.Sc. Cooperative management and B.Sc. Entrepreneurial and Small Business Management; a programme tenable in the Faculty of Management Sciences. The course is a useful material to you in your academic pursuit as well as in your workplace as managers and administrators.

## **WHAT YOU WILL LEARN IN THIS COURSE**

The course is made up of sixteen units, covering areas such as the nature of producers cooperative, fundamentals of cooperative management, the structure of management committee (manager) and objectives of management of producers cooperative. Areas of producers cooperative management such as production plan, procurement and movement of material, inspection of products and management of transportation system are also discussed. Accounts, cost accounting and statistics which are main instruments of management are explained. Issues such as team work, relations (both internal and external) and management controls which promote good management and sustenance of good will are also considered. In these last unit, efforts are made to highlight problems militating against the development of producers cooperatives in Nigeria.

This Course Guide is meant to provide you with the necessary information about the course, the nature of the materials you will be using and how to make the best use of the materials towards ensuring adequate success in your programme as well as the practice of PRODUCERS COOPERATIVE. Also included in this course guide are information on how to make use of your time and information on how to tackle the tutor-marked assignment (TMA) questions. There will be tutorial sessions during which your instructional facilitator will take you through your difficult areas and at the same time have meaningful interaction with your fellow learners.

## **Course Contents**

This course consists of the nature of producers cooperative, Definition of management, structure of cooperative management and its committee or cooperative manager.

Duties/functions of management of producers cooperative, Management and production plan: plants and machineries, premises, other facilities such

as water, electricity etc. safety and comfort of employees, installation of machinery, installation of machinery, procurement and movement of materials, inspection, marketing of products, accounts, cost accounting and statistics for management. Staff management and Team work. Relations of staff and cooperative members, External relations. Problems of producers cooperative.

## **COURSE AIMS**

The main aim of the course is to equip you with adequate information on **PRODUCERS COOPERATIVE** to enable you acquire sufficient knowledge to advise cooperator on the management of producers cooperative. The course also aims at making you have a greater appreciation of the role of government officials in the management of producers cooperative.

The aims of the course will be achieved by:

- Explaining the nature of producers cooperative;
- Discussing the fundamentals of cooperative management;
- Explaining the structure of cooperative management;
- Stating the objectives of producers cooperative;
- Discussing producers cooperative production plan;
- Explaining procurement and movement of material;
- Describing the process of product inspection;
- Identifying and explaining factors determining the management of transport system
- Explaining the various instruments of management;
- Discussing internal and external relations affecting the management of cooperatives; and
- Identifying and discussing problems of producers cooperative development in Nigeria.

## **COURSE OBJECTIVES**

After completing this course, you should be able to:

- discuss the nature of producers cooperative;
- explain the fundamentals of cooperative management;
- identify the factors determining the structure of cooperative management;
- state the objectives of producers cooperative;

- discuss producers cooperative production plan
- explain procurement and movement of materials;
- describe the process of product inspection;
- identify and explain factors determining the management of transport system;
- know that accounts, cost accounting and statistics are instruments of management;
- discuss relations as it affects management in cooperative; and
- Identify and discuss the development of producers cooperative in Nigeria.

### **Course materials**

Major components of the course are:

Course Guide  
 Study Guide  
 Textbooks  
 Assignment Guide

### **STUDY UNITS**

There are sixteen units in the course, which should be studied carefully.

Such units are as follows:

#### **MODULE 1**

- |        |   |
|--------|---|
| Unit 1 | Nature of Producers Cooperative                                     |
| Unit 2 | Definition of Management and Fundamentals of Cooperative Management |
| Unit 3 | Structure of Management and Management Committee (Manager)          |
| Unit 4 | Objectives of Management of Producers Cooperative                   |
| Unit 5 | Producers Cooperative Production Plan                               |

#### **MODULE 2**

- |        |                                      |
|--------|--------------------------------------|
| Unit 1 | Procurement and Movement of Material |
| Unit 2 | inspection of products               |
| Unit 3 | Managing Transportation              |
| Unit 4 | Accounts as Instrument of Management |

Unit 5 Cost Accounting for Management Decision

### **MODULE 3**

Unit 1 Statistics and Management Appraisal and Planning  
 Unit 2 Staff Management and Team Work  
 Unit 3 Relations of Staff and Cooperative Members  
 Unit 4 External Relations  
 Unit 5 Management Controls  
 Unit 6 Problems of Producers Cooperative in Nigeria

The first unit explains the nature of producers cooperative which is the subject matter of the course. The second unit delves into management generally and its specifics in cooperative management. Examination of the structure and objectives is the preoccupation of the third and fourth units.

The next module 1 is centre on the actual management processes and actions in producers cooperative. In particular, production plan, procurement and movement of materials, inspection of products and transport management are discussed.

Accounts, cost accounting and statistics form the nucleus of management instruments for decision making. These instruments are discussed in module 2. Team work, a crucial impetus for smooth management and increase in productivity, is also explained.

Extensively examine both internal and external relations of cooperative. Relations of cooperatives with government officials received more than ordinary attention. Management controls are discussed in the last module, the problems of producers cooperative in Nigeria are highlighted.

Each study unit will take at least two hours, and it includes the introduction, objectives, main content, self-assessment exercises, conclusion and summary as well as references. Other areas border on the tutor-marked assignment questions. Some of the self-assessment exercises will necessitate contacting some organizations. You are advised to do so in order to observe industrial relations in practice.

There are also textbooks under the references and other resources for further reading. They are meant to give you additional information if only you can lay your hands on any of them. You are advised to practice the self-assessment exercises and tutor-marked assignment questions for greater understanding of the course. By so doing, the stated learning objectives of the course will be achieved.

## **ASSIGNMENT**

There are many assignments on this course and you are expected to do all of them by following the schedule prescribed for them in terms of when to attempt them and submit same for grading by your tutor.

## **TUTOR-MARKED ASSIGNMENT**

In doing the tutor-marked assignment, you are to apply your transfer knowledge and what you have learnt in the contents of the study units. These assignments which are many in number are expected to be turned in to your Tutor for grading. They constitute 30% of the total score for the course.

## **FINAL EXAMINATION**

At the end of the course, you will write the final examination. It will attract the remaining 70%. This makes the total final score to be 100%.

## **SUMMARY**

The course, PRODUCERS COOPERATIVE (CRD 307) exposes you to the issues involved in cooperative management. On the successful completion of the course, you would have been armed with materials necessary for efficient and effective management of producers cooperative.

To equip the learner with adequate information on producers cooperative to enable learner acquire sufficient knowledge to advise co-operators on the management of producers cooperative.

Nature of producers cooperative, Definition of management, structure of cooperative management and its committee/or cooperative manager.

Duties/functions of management of producers cooperative, Management and production plan: plants and machineries, premises, other facilities such as water, electricity etc, safety and comfort of employees, installation of machinery, installation of machinery, procurement and movement of materials, inspection, marketing of products, accounts, cost accounting and statistics for management. Staff management and Team work. Relations of staff and cooperative members, External relations. Problems of producers cooperative.



To equip the learner with adequate information on producers cooperative to enable learner acquire sufficient knowledge to advice co-operators on the management of producers cooperative.




**COURSE  
GUIDE**
**CONTENTS****PAGE****MODULE 1**

Unit 1	Nature of Producers Cooperative	
Unit 2	Definition of Management and Fundamentals of Cooperative Management	
Unit 3 (Manager)	Structure of Management and Management Committee	
Unit 4	Objectives of Management of Producers Cooperative	
Unit 5	Producers Cooperative Production Plan	

**MODULE 2**

Unit 1	Procurement and Movement of Material	
Unit 2	inspection of products	
Unit 3	Managing Transportation	
Unit 4	Accounts as Instrument of Management	
Unit 5	Cost Accounting for Management Decision	

**MODULE 3**

Unit 1	Statistics and Management Appraisal and Planning	
Unit 2	Staff Management and Team Work	
Unit 3	Relations of Staff and Cooperative Members	
Unit 4	External Relations	
Unit 5	Management Controls	
Unit 6	Problems of Producers Cooperative in Nigeria	



**MODULE 1**

Unit 1	Nature of Producers Cooperative
Unit 2	Definition of Management and Fundamentals of Cooperative Management
Unit 3	Structure of Management and Management Committee (Manager)
Unit 4	Objectives of Management of Producers Cooperative
Unit 5	Producers Cooperative Production Plan

**UNIT 1 NATURE OF PRODUCERS COOPERATIVE****CONTENTS**

1.0	Introduction
2.0	Objective
3.0	Main Content
3.1	Nature of Producers Cooperative
3.2	Areas of Business of Producers Cooperative
3.3	The difference of Producers Cooperative Business from Business Set Up by other Societies
4.0	Conclusion
5.0	Summary
6.0	Tutor-Marked Assignment
7.0	Reference/ Further Readings

**1.0 INTRODUCTION**

Producers cooperative as an enterprises requires good and effective management. Its management is like that of others cooperative management such as agricultural credit, thrift and credit, consumers, marketing etc. cooperatives except that management functions are fully the responsibilities of owner-member employees. The sincerity and locality of such member-owner employees will be impetus for management success.

This unit therefore, examines the nature of the producers cooperative, its product and services and what makes producers cooperative different from other types of cooperative organizations.

**2.0 OBJECTIVES**

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

- know the nature of producers cooperative.
- explain why its management is different.
- know areas of business of producers cooperative in terms of goods and services.

### **3.0 MAIN CONTENT**

#### **3.1 Nature of Producers Cooperative**

A producer cooperative is a cooperative business where skilled workmen and workwomen set up their own factories (business). Members (skilled) of such producer cooperative employees (shareholders) are paid wages and receive bonus from the surplus (profit) of the enterprise. Such producer cooperatives are identified as industrial cooperative, industrial productive cooperative (Youngjohns, 1978. P.16) etc.

Another characteristic of producers cooperatives is that their products are usually not for members but for individual consumers, cooperative organizations, private companies and the general public.

Farmers' producers cooperative as a kind of producers cooperative must be based on joint ownership. It is common to have farmers' cooperative with joint ownership of land and at the same time members being employees. In this case, however, the absence of skills being the basis of formation of the cooperative deprived it the privilege of being a proper producers cooperative.

### **RECYCLING COOPERATIVE**

A recycling cooperative is an industrial cooperative, co-owned and maintained by either workers or consumers, which specializes in the recycling of various materials. Such cooperatives are either non-profit or not-for-profit; a major theoretical benefit of mass co-ownership is that raw recycled materials can become increasingly and equally distributed among the membership population at a low cost, be it for reuse at home or for reuse in the manufacturing of newer goods or versions of goods to be sold to customers at cheaper prices than would be possible with freshly-obtained raw materials. A subset is the business recycling cooperative, which, according to the Northeast Recycling Council, is a group of business in a particular region, which separate recyclable waste, usually produced by their own functions, for prearranged collection by a shared hauler.

#### **Examples**

Free Geek, a cooperative non-profit which recycles old computer parts and e-waste for re-usage in refurbished new computers which are sold preinstalled with free and open source software.

- Headwaters Cooperative Recycling
- South Shore Recycling Cooperative
- Biofuel Recycling Cooperative
- Oregon Beverage Recycling Cooperative
- Central Recycling Cooperative
- Orange County Recycling Cooperative
- North Central West Virginia Recycling Cooperative
- Recycling Marketing Cooperative for Tennessee
  
- Magpie Recycling Co-operative
- Connecticut Agricultural Plastics Recycling Cooperative
- Environmental Co-op

## **WORKER COOPERATIVE**

A worker cooperative is a cooperative owned and democratically controlled by its worker-owners. This control may be exercised in a number of ways. In 'pure' forms of worker co-operative, all shares are held by the workforce with no outside or consumer owners, and each member has one voting share. In practice, control by worker-owners may be exercised through individual, collective or majority ownership by the workforce, or the retention of individual, collective or majority voting rights (exercised on a one-member one-vote basis). A worker cooperative, therefore, has the characteristic that the majority of its workforce own shares, and the majority of shares are owned by the workforce.

## **SELF ASSESSMENT EXERCISE**

Explain the nature of producers cooperative.

### **3.2 Areas of Business of Producers Cooperative**

Producers cooperative (small scale industries) at the early stage of industrialization in the western Europe succeeded especially in trade such as printing, shoemaking and light metal work (ILO, 1978. P.11). Producer cooperatives have since extended to many areas such as bakeries, fertilizers, pesticides, tools, animal feeds etc. Youngjohns (1978. P.16) also

noted best areas of producers cooperatives to include building, clothing, manufacture, general labouring (on contract), furniture making and transport services.

The producers cooperatives also engage in production of butter, cheese, cocoa drinks and powder, vegetables oil etc. This is however different from processing of agricultural products carried out by agricultural or marketing cooperative societies. It is possible for a group of farmers to pool their land, labour, implements and livestock and carry on the whole business of agricultural production on a basis of joint ownership and management. In essence, this is not producers cooperative. Their areas of operation cannot be included in area of producers/industrial cooperative.

There are, however, a rather limited number of cooperative which exist for sole purpose of running a transport fleet. The members are usually the drivers of the vehicles, but here are cases where farmers have formed a cooperative transport pool to carry their produce to the market, even though they have not attempted to sell it cooperatively. Some of the better-known worker-owned transport cooperatives (producers) operate buses, taxi cabs, furniture removal vans and general service lorries.

### **SELF ASSESSMENT EXERCISE**

Mention five areas of producers cooperative business.

### **3.3 The Difference of Producers Cooperative Business from Business Set up by other Societies**

This type of producers cooperation is quite different from agricultural manufacturer business and production of fertilizers, seedlings, pesticides etc. set up by cooperative bodies such as primary societies, unions and federations where hands are engaged and paid for the work the employees do. Production works are carried out by the members of producers cooperatives.

Significant difference between workers cooperatives (producers cooperative) and private owned corporations.

<b>Commercial Criteria Purpose</b>	<b>Private Corporations</b>	<b>Worker Cooperatives</b>
	a) To earn profit for	a) To maximize net and real



	owner, to increase value of shares.	worth of all owners.
<b>Organization</b>	a) Organized and controlled by investors.	a) Organized and controlled by worker members.
	b) Incorporated under relevant incorporation laws – varies by country.	b) Incorporated under relevant incorporation laws – varies by country
	c) Except for closely held companies anyone may buy stock.	c) Only worker-members may own stock, one share per member.
	d) Stock may be traded in the public market.	d) No public sale of stock.
<b>Ownership</b>	a) Stockholders	a) Worker members
<b>Control</b>	a) By Investors	a) By workers members
	b) Policies set by stockholders or board of directors.	b) Policy set by directors elected by worker-members, or by assembly of worker-members.
	c) Voting on basis of shares held.	c) One person, one vote.
	d) Proxy voting permitted.	d) Proxy votes seldom allowed.
<b>Source of Capital</b>	a) Investors, banks, pension funds, the public.	a) By members or lenders who have no equity or vote.
	b) From profitable subsidiaries or by retaining all or part of the profits.	b) From net earnings, a portion of which are set aside for reinvestment.
<b>Distribution of Net Margin</b>	a) To stockholders on the basis of number of shares owned	a) To members after funds are set aside for reserves and allocated to a collective account.
<b>Capital Dividends</b>	a) No limit, amount set by owner or Board of Directors.	a) Limited to an interest-like percentage set by policy.
<b>Operating Practices</b>	a) Owners or managers order production schedules and set wages and hours, sometimes	a) Workers set production schedules either through elected boards and appointed managers or directly through

	with union participation.	assemblies.
	b) Working conditions determined by labour law and collective bargaining	b) Working conditions determined by labour law and assembly of worker-members, or internal dialogue between members and managers.
<b>Tax Treatment</b>	a) Subject to normal corporate taxes	a) Special tax treatment in some jurisdictions.

### **SELF-ASSESSMENT EXERCISE**

What is the difference between fertilizer producers cooperative and fertilizer cooperative set up by societies or unions?

#### **4.0 CONCLUSION**

The above write-up shows that producers cooperative is a special type of cooperative and its management is special. Its operations extend to many areas. Owner-employee members are sincere and loyal.

#### **5.0 SUMMARY**

This unit has thrown light on the nature of producers cooperative. It highlighted the area of production of goods and services. The reason why producers cooperative is different from production business by other cooperative was also highlighted. The reason was responsible for the difference in management.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

Are producers cooperative in anyway different from marketing cooperative societies.

Based on areas of operations, mention five potential producers cooperative in your areas of abode.

#### **7.0 REFERENCES/FURTHER READINGS**

[://en.wikipedia.org/wiki/Workers\\_cooperative](https://en.wikipedia.org/wiki/Workers_cooperative)

[://en.wikipedia.org/wiki/Recycling\\_cooperative](https://en.wikipedia.org/wiki/Recycling_cooperative)

ILO (1978). Cooperative Management and Administration. ILO Publications, Geneva.

Youngjohns B.A (1978). Cooperative Organisation: An Introduction.

Intermediate Technology Publication Ltd. London.

## **UNIT 2      DEFINITION      OF      MANAGEMENT      AND FUNDAMENTALS      OF      COOPERATIVE MANAGEMENT**

### **CONTENTS**

1.0 Introduction

- 2.0 Objective
- 3.0 Main Content
  - 3.1 Definition of management.
  - 3.2 Fundamentals of cooperative management.
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-marked Assignment
- 7.0 Reference/ Further Reading

## **1.0 INTRODUCTION**

Management of an organization is about managing human, material and monetary resources towards an objective. In cooperative organization however, apart from the above, management incorporates the principles of cooperatives. Cooperative laws and bye-laws are also fundamentals of cooperative management.

This unit therefore defines management and shed lights on the bye-laws which make management of each cooperative special.

## **2.0 OBJECTIVES**

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

- define management.
- know the fundamentals of cooperative management.
- discuss the importance of bye-laws in management of cooperative organization.

## **3.0 MAIN CONTENT**

### **3.1 Definition of Management**

In general term, management may be defined as the art of managing human and materials resources in an organization. It could also be defined as the art of directing the activities of a group of people towards an agreed objective (ILO, 1978. P.11).

The four functions of management are:

**The base function is to: Plan**

It is the foundation area of management. It is the base upon which all the areas of management should be built. Planning requires administration to assess; where the company is presently set, and where it would be in the upcoming. From there an appropriate course of action is determined and implemented to attain the company's goals and objectives.

Planning is unending course of action. There may be sudden strategies where companies have to face. Sometimes they are uncontrollable. You can say that they are external factors that constantly affect a company both optimistically and pessimistically. Depending on the conditions, a company may have to alter its course of action in accomplishing certain goals. This kind of preparation, arrangement is known as strategic planning. In strategic planning, management analyzes inside and outside factors that may affect the company and so objectives and goals. Here they should have a study of strengths and weaknesses, opportunities and threats. For management to do this efficiently, it has to be very practical and ample.

### **The subsequent function is to: Organize**

The second function of the management is getting prepared, getting organized. Management must organize all its resources well before in hand to put into practice the course of action to decide that which has been planned in the base function. Through this process, management will now determine the inside directorial configuration; establish and maintain relationships, and also assign required resources.

While determining the inside directorial configuration, management ought to look at the different divisions or departments. They also see to the harmonization of staff, and try to find out the best way to handle the important tasks and expenditure of information within the company. Management determines the division of work according to its need. It also has to decide for suitable departments to hand over authority and responsibilities.

### **The third function is to: Direct**

Directing is the third function of the management. Working under this function helps the management to control and supervise the actions of the staff. This helps them to assist the staff in achieving the company's goals and also accomplishing their personal or career goals which can be powered by motivation, communication, department dynamics, and department leadership.

Employees those which are highly provoked generally surpass in their job performance and also play important role in achieving the company's goal. And here lies the reason why managers focus on motivating their employees. They come about with prize and incentive programs based on job performance and geared in the direction of the employees requirements. It is very important to maintain a productive working environment, building positive interpersonal relationships, and problem solving. And this can be done only with Effective communication. Understanding the communication process and working on area that need improvement, help managers to become more effective communicators. The finest technique of finding the areas that requires improvement is to ask themselves and others at regular intervals, how well they are doing. This leads to better relationship and helps the managers for better directing plans.

### **The final function is to: Control**

Control, the last of four functions of management, includes establishing performance standards which are of course based on the company's objectives. It also involves evaluating and reporting of actual job performance. When these points are studied by the management then it is necessary to compare both the things. This study on comparison of both decides further corrective and preventive actions.

In an effort of solving performance problems, management should higher standards. They should straightforwardly speak to the employee or department having problem. On the contrary, if there are inadequate resources or disallow other external factors standards from being attained, management had to lower their standards as per requirement. The controlling processes as in comparison with other three, is unending process or say continuous process. With this management can make out any probable problems. It helps them in taking necessary preventive measures against the consequences. Management can also recognize any further developing problems that need corrective actions.

Effective and efficient management leads to success, the success where it attains the objectives and goals of the organizations. Of course for achieving the ultimate goal and aim management need to work creatively in problem solving in all the four functions. Management not only has to see the needs of accomplishing the goals but also has to look in to the process that their way is feasible for the company.

In essence, management entails planning, directing, control, supervision of labour, materials and money toward the advancement of the organisation objective.

## **THE PRINCIPLES OF MANAGEMENT**

Management principles are statements of fundamental truth. These principles serve as guidelines for decisions and actions of managers. They are derived through observation and analysis of events which managers have to face in practice.

### **1. Division of Work**

The specialization of the workforce, creating specific personal and professional development within the labour force and therefore increasing productivity; leads to specialization which increases the efficiency of labour. By separating a small part of work, the workers speed and accuracy in its performance increases. This principle is applicable to both technical as well as managerial work.

### **2. Authority and Responsibility**

The issue of commands followed by responsibility for their consequences. Authority means the right of a superior to give order to his subordinates; responsibility means obligation for performance. This principle suggests that there must be parity between authority and responsibility. They are co-existent and go together, and are two sides of the same coin.

### **3. Discipline**

Discipline refers to obedience, proper conduct in relation to others, respect of authority, etc. It is essential for the smooth functioning of all organizations.

### **4. Unity of Command**

This principle states that every subordinate should receive orders and be accountable to one and only one superior. If an employee receives orders from more than one superior, it is likely to create confusion and conflict. Unity of Command also makes it easier to fix responsibility for mistakes.

### **5. Unity of Direction**

All those working in the same line of activity must understand and pursue the same objectives. All related activities should be put under one group, there should be one plan of action for them, and they should be under the control of one manager.

It seeks to ensure unity of action, focusing of efforts and coordination of strength.

## **6. Subordination of Individual Interest**

The management must put aside personal considerations and put company objectives first. Therefore the interests of goals of the organization must prevail over the personal interests of individuals.

## **7. Remuneration**

Workers must be paid sufficiently as this is a chief motivation of employees and therefore greatly influences productivity. The quantum and methods of remuneration payable should be fair, reasonable and rewarding of effort.

## **8. The Degree of Centralization**

The amount of power wielded with the central management depends on company size. Centralization implies the concentration of decision making authority at the top management. Sharing of authority with lower levels is called decentralization. The organization should strive to achieve a proper balance.

## **9. Scalar Chain**

Scalar Chain refers to the chain of superiors ranging from top management to the lowest rank. The principle suggests that there should be a clear line of authority from top to bottom linking all managers at all levels. It is considered a chain of command. It involves a concept called a "gang plank" using which a subordinate may contact a superior or his superior in case of an emergency, defying the hierarchy of control. However the immediate superiors must be informed about the matter.

## **10. Order**



Social order ensures the fluid operation of a company through authoritative procedure. Material order ensures safety and efficiency in the workplace.

### **11. Equity**

Employees must be treated kindly, and justice must be enacted to ensure a just workplace. Managers should be fair and impartial when dealing with employees.

### **12. Stability of Tenure of Personnel**

The period of service should not be too short and employees should not be moved from positions frequently. An employee cannot render useful service if he is removed before he becomes accustomed to the work assigned to him.

### **13. Initiative**

Using the initiative of employees can add strength and new ideas to an organization. Initiative on the part of employees is a source of strength for the organization because it provides new and better ideas. Employees are likely to take greater interest in the functioning of the organization.

### **14. Esprit de Corps**

This refers to the need of managers to ensure and develop morale in the workplace; individually and communally. Team spirit helps develop an atmosphere of mutual trust and understanding.

These can be used to initiate and aid the processes of change, organization, decision making, skill management and the overall view of the management function.

Fayol also divided the management function into five key roles:

- To organise
- To plan and forecast (Prevoyance)
- To command
- To control
- To coordinate

The bigger and more complicated the operations of the business, the more challenging is the area of management. Management of producers

cooperative begins with the setting up of objectives formulation of marketing strategies, supply policies etc.

### **SELF ASSESSMENT EXERCISE**

In your own words, define management

## **3.2 Fundamentals of Cooperative Management**

In cooperative and in addition to the above element of management, however, management is strictly practical under the observation of cooperative principles of open membership, democratic control, limited interest on share capital, patronage bonus, education etc. Youngjohns (1978. P.8) explains the principles as follows:

### **OPEN MEMBERSHIP**

Membership of a cooperative should be open to all who can benefit from it. The principle must be interpreted in a reasonable manner. It means that there should be no artificial restriction or exclusion. It does mean that, for example, a co-operative may not confine membership to a particular geographical area or to a particular type of producer. A village farmer's cooperative must be open to all the farmers in the village, but it does not offend against the principle if it excludes non-farmers, or farmers who live in another village.

### **DEMOCRATIC CONTROL**

A cooperative is owned by, and is run for the benefit of the members. All members irrespective of social status or wealth are equal to one another. The co-operative is governed by a general meeting which all members have the right to attend and at which each member has one vote and one vote only. The general meeting will, normally, elect a committee to supervise the running of the co-operative in between general meetings. Every member has the right to be nominated for election to the committee, and every member has one vote in the election.

### **LIMITED INTEREST ON SHARE CAPITAL**

The cooperative is not in business to make profit for shareholders. Nevertheless it needs to attract share capital from its members, and, to do this, it should pay a rate of interest competitive with that obtainable on saving bank deposits and the like. It is quite common for the maximum

payable to be prescribed by law. The principle is that members should be rewarded for investing in the society, but not to the extent of profiteering. Unfortunately, in many cases, the principle has been interpreted in a negative sense with the result that members regard share capital as a kind of entrance subscription and do not invest more than minimum.

### **PATRONAGE BONUS**

The term 'patronage bonus' has been coined as a short phrase to explain the rather complicated way a cooperative deals with the distribution of surpluses. After making allocation to reserve and after paying the limited interest on share capital, any surplus to be distributed to members is shared out in proportion to each member's trade of cooperative. This does not mean that additional surpluses must be shared out. They need not be distributed at all. What it does mean is that, if they are shared out, this is the way it must be done. Nor is it necessary for the bonuses actually to be paid out in cash – they could, for example, to the members share capital or deposit accounts. The principle has the double advantage of being fair and of encouraging members' loyalty to their cooperative.

### **PROMOTION OF EDUCATION**

Although the cooperative is, it must be repeated, first and foremost a business, it is not just a business. It is formed by members to promote their common economic interests and is, therefore, concerned with improving their performance whether as consumers or producers. Education is an important aspect of this concern. A farmer's cooperative, for example, is concerned with improvement of farming methods, packaging, processing, and marketing and so on. Education is important for the proper running of the cooperative itself. The members must understand the basic principle upon which the cooperative is based. The committee members and employees must understand their duties. Experience all over the world has shown that education and training, together with rules (usually called bye-laws) which govern the way in which the cooperative is run, are the factors which decide whether the cooperative will succeed or fail.

Furthermore and for example, management of producer cooperative must be in line with its special bye-laws and laws governing the operation of cooperative business in a country or region. The bye-law of the society spells out the way the producers cooperative should be managed in accordance with its objectives.

The cooperative laws and regulations state the conditions for registrations of producers cooperative like other types of cooperatives. The management

of the producers cooperatives is greatly influenced by the supervision, inspection, arbitration, liquidation and other roles of government departments and the ministries, as specified by the cooperative laws of the country.

The bye-laws determine the numbers of committees and the number of members that should be in each committee. It indicates how management committees should be formed, the duties of the committees and manager, the responsibilities of president, vice-president, treasurer, secretary and other important officers.

For example, the bye-laws state concerning the secretary:

1. The committee shall appoint a Secretary, who if he is not a member of the Committee, may receive pay or an honorarium with the sanction of a general meeting.
2. The powers and duties of the Secretary shall be as follows:
  - To maintain correctly and up to date the prescribed account and registers.
  - To prepare all receipts, vouchers and documents required by the notified rules or these bye-laws or called for the Committee.
  - To sign on behalf of the Society and conduct its correspondence.
  - To summon and attend General Meetings and meetings of the Committee.
  - To record the proceedings of such meetings and have them duly signed.
  - To prepare annual statements.
  - To maintain such other books, accounts and records as may be laid down by the Registrar.

### **SELF ASSESSMENT EXERCISE**

State cooperative principles under which cooperative management is practised.

## **4.0 CONCLUSION**

The above defines management in any organization. However, in cooperative management, management must be practiced strictly under the cooperative principles. In addition, bye-laws, unique to every cooperative,

spell out how the business must be managed. Producers cooperative is therefore managed in line with its special bye-laws.

## **5.0 SUMMARY**

We have defined management in general term. In addition we have highlighted that in cooperative management, the principles of cooperation and bye-laws of cooperative are very vital and indispensable.

## **6.0 TUTOR-MARKED ASSIGNMENT**

What differentiate cooperative management from management of other organizations?

Is the management of marketing cooperative society entirely the same as that of producers cooperative?

## **7.0 REFERENCES/FURTHER READINGS**

Olubanjo M.O (1968). Handbook for Managers of Cooperative Marketing Societies. Western Nigeria co-operative Press Ltd, Ibadan.

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## **UNIT 3      STRUCTURE      OF      MANAGEMENT      AND MANAGEMENT COMMITTEE (MANAGER)**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
  - 3.1 Structure of Management and Management Committee
  - 3.2 Function of Management Committee and the Qualities of a Good Manager
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-marked Assignment
- 7.0 Reference/ Further Readings

### **1.0 INTRODUCTION**

The structure of management of a cooperative organization is determined by its level in a tier-system and size of the society or union. In a small primary society the management committee may be adequate for its management, while in a large primary society or a union or apex organization a manager is responsible to the management committee or board of directors. This unit sheds light on the function of the management committee and the quality of a good cooperative manager.

### **2.0 OBJECTIVES**

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

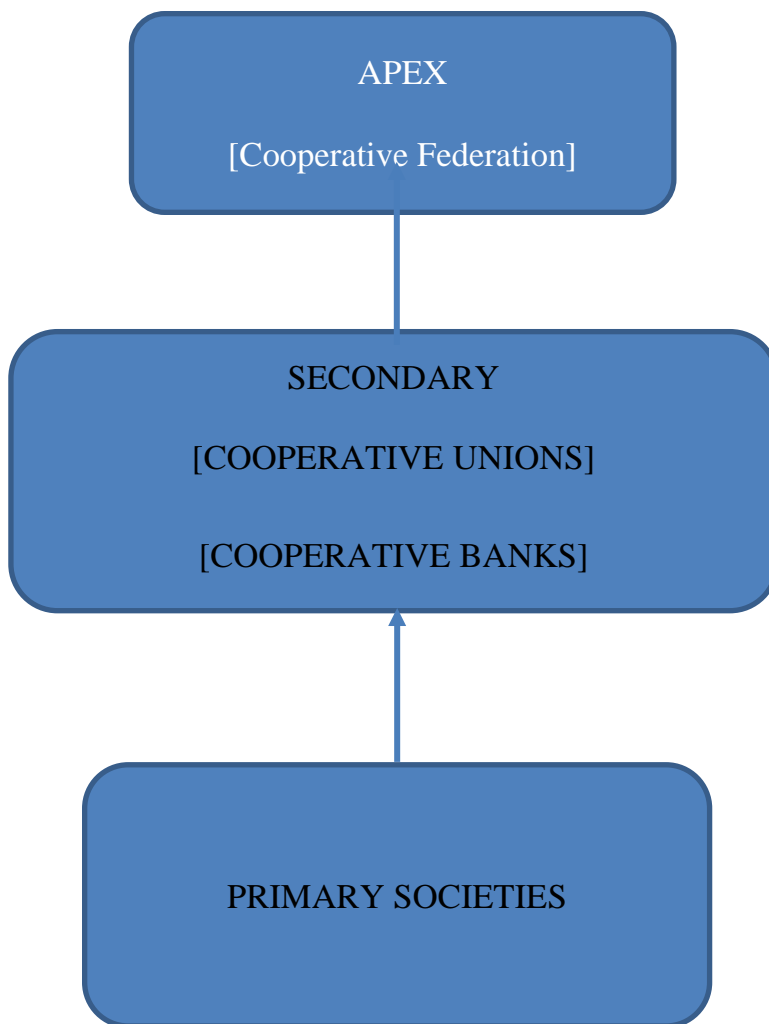
- know that the tier system determines the structure of management
- know that size of the society determines number of committees

- know that in large society or union, the manager is employed and is responsible to the management committee
- discuss the function of management committee and the quality of a good manager.

### 3.0 MAIN CONTENT

#### 3.1 Structure of Management and Management Committee

The general structure of cooperative in a country or region may be described by its tier-system which could be three or four i.e. the primary societies, secondary (union) societies and apex organization (federation). In essence, the structure of management at the primary level (also depending on the size of the societies) will differ from that of the unions (secondary societies) and the federation apex organization).



**Fig. 3.1** An example of three tier system

From the above, the factors which determine the structure of management are level of the tier system, size of the society, the type of business, the complexity (simplicity) of the society's' business and the volume of operation.

Furthermore, the number of committees at various levels may differ. Essentially, the management committee seemed adequate at the lower level may be inadequate in the higher level (depending on the type of business) where skill or higher level of skill is demanded. This situation confirms the employment of manager/ secretary who will carry out the day to day activities of the cooperative. Such managers will eventually report to the management committee.

“If the work of the society was fairly simple, they (committee of management) did the job of a manager” (ILO, 1978. P.25). The management committee is saddled with interview appointment, dismissal jobs. They assign duties, supervise work, fix prices etc. In a large society, however, the management committee is referred to as board of directors. Decisions are made based on the advice of the manager/ secretary.

**SELF ASSESSMENT EXERCISE**

What do you understand by tier-system in cooperative?

**3.2 Function of Management Committee and the Qualities of a Good Manager****MANAGEMENT COMMITTEE OR BOARD OF DIRECTORS**

1. Direct and control the society to manage according to the law, bye-laws and the regulation of the general meeting.
2. Decide policy in order to direct society to reach objectives.
3. See that the affairs of the society are efficiently and honestly conducted.
4. Appoint the manager/secretary.
5. Decide main lines of a society's' business within the objectives set by the rules or by-laws.
6. Decide on the investment capital.
7. Decide the price policy – to increase or decrease.



8. Decide how surplus should be distributed, what sums should be placed in reserve.
9. Ensure that true and accurate records and accounts are kept.

A good manager/secretary of cooperative must have:

- a. The knowledge of cooperative principles.
2. Knowledge of cooperative methods.
3. The technical knowledge of the business of cooperative where he/she is employed.
4. Good understanding and management of staff under him/ her.
5. Ability to plan.
6. Accounting knowledge.
7. Ability to write report and advise the management board.
8. Maintain good relation-ship with members and the public.
9. Ability to work with the management committee without becoming domineering or unduly subservient.
10. He must be honest and motivating, among others.

### **SELF-ASSESSMENT EXERCISE**

To whom is the manager responsible? State some of its required qualities.

## **4.0 CONCLUSION**

The above texts show that the management structure of cooperative is determined by the level of the tier system and size. The functions of management committee or board of directors are stated. Where managers are employed, it must be guaranteed that such a manager possesses certain qualities and is responsible to the management committee.

## **5.0 SUMMARY**

The unit had shown that the management structure of cooperative organisation depends on the level of their tier-system and size of such organization. The functions of the management committee were highlighted and the qualities required of a good manager were also enumerated.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. Discuss and identify the factors that determine the structure of management in cooperative.
2. What are the functions of a cooperative management committee?

## **7.0 REFERENCE/FURTHER READINGS**

Olubanjo M.O (1968). Handbook for Managers of Cooperative Marketing Societies. Western Nigeria co-operative Press Ltd, Ibadan.

ILO (1978). Cooperative Management and Administration. ILO Publications, Geneva.

Youngjohns B.A (1978). Cooperative Organisation: An Introduction.

Intermediate Technology Publication Ltd. London.

## **UNIT 4 OBJECTIVES OF MANAGEMENT OF PRODUCES COOPERATIVE**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
  - 3.1 Objectives of management of producers cooperative.
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-marked Assignment
- 7.0 Reference/ Further Readings

## **1.0 INTRODUCTION**

At the beginning of the formation of the Producers cooperative, the members are convinced by the main objective of the venture or business. Although other objectives would be known at the formation but majority of them will come to being during the period of increasing business. This unit is about stating the objectives of the Producers cooperative.

## **2.0 OBJECTIVES**

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

- know the main objective of producers cooperative
- state other objectives
- simulate objectives of varieties of producer cooperative based on example reflected in the text.

## **3.0 MAIN CONTENT**

### **3.1 Objectives of Management of Producers Cooperative**

Cooperatives are complex organisation. They rarely have a single objective. Often they strive to achieve benefits for members through providing a range of services. These services are intended to reduce costs, or increase members' revenue or provide them with improved materials, or in some way develop the best uses of members' resources.

It is expected that the main objective producers' cooperative among others will reflect the utilization of members' skills for end result(s) of their production activity. The first and foremost objective will be to harness or manage the members' skill for effective production of goods or services.

Others are

- Determine level production.
- Aim at producing at minimum cost that will guarantee surplus.
- Obtain/employ efficient method of production of goods and services.
- Obtain loans/credit at reasonable cost.
- Seek other expert advice on purchase of equipment, installations for production of goods/services.
- Achieve economic advantage on raw materials purchase.
- Economic advantage on marketing of the products.

- Evolve efficient transportation for movement of raw materials, machinery and finished goods or services.
- Promote cooperation by educating or setting up enlightenment programmes for members and general public.
- Promote cordial relationships between members and other cooperative bodies and the general public.
- Ensure that business is carried out in accordance with the society's bye-laws.
- Take advantage of better bargaining power.
- Ensure that producers cooperative activities do not clash with the natural interest.
- Support cooperative movement unions, apex etc.

### **Example 1**

A major objective of fertilizer producers cooperative is to produce fertilizers of various types in adequate quantity and for a large community of farmers and farmers' cooperative. (The produced fertilizer is not for producers cooperative members who, as experts/professional, are paid wages for their skilled labour offered in their own company.

### **Example 2**

For a general labouring (on contract) producers cooperative, the main objective is to offer labour services to the community or organization. The services offered are not for producers cooperative members but for other business concerns.

### **SELF ASSESSMENT EXERCISE**

- i. State main objective of a producer's cooperative
- ii. Is the main objective enough for operation of the society?

## **4.0 CONCLUSION**

The above highlights the objectives of producers cooperative. While the main objective is known at the inception of the cooperative, others emerge during business activities.

## **5.0 SUMMARY**

The unit has shown the main and other objectives of a producers cooperative. It provided examples to demonstrate how the main objective is obtained.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. State as many objectives of a cooperative society you know.
2. What will be the objectives of generator technicians who joined together to form a producers cooperative.

## **7.0 REFERENCES/FURTHER READING**

Olubanjo M.O (1968). Handbook for Managers of Cooperative Marketing Societies. Western Nigeria co-operative Press Ltd, Ibadan.

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## **UNIT 5 PRODUCERS COOPERATIVE AND PRODUCTION PLAN**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
  - 3.1 Producers cooperative production plan
  - 3.2 Production plan process
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-marked Assignment
- 7.0 Reference/ Further Readings

### **1.0 INTRODUCTION**

The main business of producers cooperative is to produce goods and services. It is understandable therefore why the society accord production plan great importance. The plan could be for a year, two or three years, broken for example, into monthly, quarterly, etc. plans.

This unit therefore examines the production plan of producers cooperative.

### **2.0 OBJECTIVES**

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

- know that production plan ensures steady output
- know some important items considered in the plan
- demonstrate (by example) production plan.

### **3.0 MAIN TEXT**

#### **3.1 Producers Cooperative Production Plan**

##### **Preparatory work**

It is assumed that, generally speaking, the decision to set up a cooperative manufacturing and processing plant has been taken, not primarily in order to provide a return on capital nor to create employment, but to serve the

interests of members as producers or consumers. The factory manager (or the factories subcommittee, if there is one) will probably start with a fairly definite idea of the quantities of product, or the number of manufactured articles to sell every week. This will probably determine the initial size of the factory, while development in recent years may give some clue as to whether and how quickly it will have to be expanded. In some ways this makes it easier for a cooperative than for a private business to make the first decision regarding output and size. It may well be, however, that the proposed output is not an economic one (too small, for instance, to keep the necessary technicians fully occupied) or that proposed location is too far from the markets or from source of raw materials, skilled labour or power to enable the cooperative to operate at a reasonable cost per unit produced. In that case the project may have to be abandoned or at least postponed until a more economic volume of produce can be handled or the road network and the power transmission system have been extended. The cooperative will also have to give very careful attention to the capital needed to cover the buildings, machinery, power, raw materials and workers' wages until payment for product begins to come in. If adequate capital is again not available, then a choice will have to be made between deferring the project or beginning with inadequate equipped and therefore probably inefficient or unprofitable factory. If the service to be performed is urgently needed by members, it may be tempting to take this risk, but it may not always be wise.

It is also necessary to consider whether, given the expected cost of raw materials, wages, overheads and transport, and the prices at which the products can be sold, therefore it is a reasonable certainty of a profit margin from which, especially in the first ten years, it will be possible not only to pay interest on capital, but also to pay instalment on loans and to create reserves. If this can be achieved by paying low prices to producers or charging high price to consumers, the cooperative would have failed in the purpose for which it was found. It will also be likely to find itself deserted by its own members before it has operated for long.

Producers cooperative starts with a certain initial advantage in that they have a ready-made source of raw materials or market for their products, as the case may be, provide by their own members. A workers' productive society, on the other hand, has to rely in both cases on private trade and the general public. This introduces one or more element of uncertainty which must be taken into account before a worker productive enterprise is set up.

## **PREMISES AND MACHINERY**

Once the decision has been taken, it is necessary to design the plant and decide on the type of machinery to be used. The building should be suited to its purpose, strong enough to bear the weight of machinery and stores, properly equipped with light, power and water, and conveniently located for receiving and dispatching goods. Machinery of the type required may be manufactured by more than one firm, and the various may differ in method of operation, in cost and perhaps in the quality of the product. A choice will have to be made, taking into account the availability of the desired equipment, capital layout involved, the need for foreign currency and other factors. The firm supplying the machinery will, especially if the latter is complicated and consists of an interlocking series of machines, be able to advise on how it is to be up in order to ensure easy working, smooth flow of raw materials, economical use of space and protection of workers against accidents. The manager, if he has already been appointed and has had previous experience of process, should also have sound view of the subject. One of the national cooperative federations may have an expert adviser, or in some countries a government department may be able and willing to help.

## **STAFF**

Before engaging staffs it is necessary to estimate the number to persons required, the skills they need, and then either find men and women who already have the necessary skills or arrange for personnel to be trained. This may cause difficulty at the outset, particularly if the cooperative is pioneering in an industry not previously carried on in the district. It should become easier once the factory has been running for some time. Staffs will undoubtedly come and go for a variety of reasons. It will be necessary to be vigilant lest numbers be reduced below the necessary working minimum and particularly lest key workers drop out and cannot be replaced before their absence has disturbed the smooth working of the plant. But in a well-managed factory there should, before long, be constant nucleus of tried and trained workers who pass on their training to newcomers, while every worker will have at least one deputy who can, if necessary carry on in his or her absence.

## **PRODUCTION PLAN**

At this stage, the producers cooperative is assumed to have acquired premises where machineries are installed in readiness for production before the production plan. As a matter of routine, the managers preparation for production starts by asking for memoranda from some of his subordinates –



the chief accountant, the sales manager or marketing manager, the engineer— before coming to his own conclusions.

The production plan must ensure steady output aimed at the fullest utilisation of the facilities such as workshop, storage space, skilled labour, the labour of other workers, materials, machinery for processing etc., taking into account the rate at which the products can be absorbed by the markets, the extent to which it will be kept and the space and capital available for storage.

An important input in planning is time. The whole production process, from the time the raw materials arrive at the plant until they leave it transformed into finished goods, should be looked upon as a series of separate actions, unloading, moving into store, unpackaging, inspecting, moving to a machine, passing through the machine, moving away from the machine, inspecting, packing, moving back to the store, moving out of stores, and loading. The manager must know how long each process takes.

### **SELF-ASSESSMENT EXERCISE**

What does production plan aim to achieve?

### **3.2 Production Plan Process**

Once the manager knows what process will be necessary to ensure a given output, how long each will take, he begins to put the price together as to: how much of each raw materials to order; how many men to unload and inspect it; how many storage space needed, how many machines; how many workers to man each machine; how many foremen to look after them; how many maintenance men needed in case of breakdown; how many electrician to keep up steady supply of power; how many packers with so many machines and so much packing materials on hand.

In practice, the manager considers the quality of the goods and services to produce breaking into weeks, months, yearly outputs. In the same manner, having identified the sources of the supply of inputs, he must consider the quantity with time frame indicated. The production plan is supported with financial plan to ensure smooth production process and guaranteed cash flow for payment of wages and other expenses.

After taking into consideration the skilled labour supplied by members of producers cooperative, the managers makes estimates for the other categories of workers in time and quantity. It is equally within the

management and planning of production to make sure that water, electricity, roads and other infrastructures are not in short supply.

Example of production plan of producers cooperative.

S/N	OUTPUT	ANNUAL	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter
1	Fertilizer	200 tons	50	50	50	50
2	Expenditure	N25m	N10m	N5m	N5m	N5m
3	Skilled labour members	20	20	20	20	20
4	Other categories of workers	10	10	6	4	4
5	Sales	180 tons	40	50	40	50

## MARKETING

The manager and the management committee of producers cooperative must, in essence, accompany the production plan with the marketing plan. Such a plan must be based on an orientation, in marketing context, relates to attitude a firm holds towards its products or services concerning consumers or end-users. There exist several common orientations. [[http://en.wikipedia.org/wiki/marketing\\_concept](http://en.wikipedia.org/wiki/marketing_concept)].

### Product orientation

A firm employing a product orientation is chiefly concerned with the quality of its own product. A firm would also assume that as long as its product was of a high standard, people would buy and consume the product.

This works most effectively when the firm has good insights about customers and their needs and desires, as for example in the case of Sony Walkman or Apple iPod, whether these derive from intuitions or research.

### **Sales orientation**

A firm using a sales orientation focuses primarily on the selling/promotion of a particular product, and not determining new consumer desires as such. Consequently, this entails simply selling an already existing product, and using promotion techniques to attain the highest sales possible.

Such an orientation may suit scenarios in which a firm holds dead stock, or otherwise sells a product that is in high demand, with little likelihood of changes in consumer tastes diminishing demand.

### **Production orientation**

A firm focusing on a production orientation specializes in producing as much as possible of a given product or service. Thus, this signifies a firm exploiting economies of scale, until the minimum efficient scale is reached. A production orientation may be deployed when a high demand for a product or service exists, coupled with a good certainty that consumer tastes do not rapidly alter (similar to the sales orientation).

### **Marketing orientation**

The marketing orientation is perhaps the most common orientation used in contemporary marketing. It involves a firm essentially basing its marketing plans around the marketing concept, and thus supplying products to suit new consumer tastes.

As an example, a firm would employ market research to gauge consumer desires, use R&D to develop a product attuned to the revealed information, and then utilize promotion techniques to ensure persons know the product exists. The marketing orientation often has three prime facets, which are:

#### **Customer orientation**

A firm in the market economy survives by producing goods that persons are willing and able to buy. Consequently, ascertaining consumer demand is vital for a firm's future viability and even existence as a going concern.

#### **Organizational orientation**

In this sense, a firm's marketing department is often seen as of prime importance within the functional level of an organization.

Information from an organization's marketing department would be used to guide the actions of other department's within the firm. As an example, a marketing department could ascertain (via marketing research) that consumers desired a new type of product, or a new usage for an existing product. With this in mind, the marketing department would inform the R&D department to create a prototype of a product/service based on consumers' new desires.

The production department would then start to manufacture the product, while the marketing department would focus on the promotion, distribution, pricing, etc. of the product. Additionally, a firm's finance department would be consulted, with respect to securing appropriate funding for the development, production and promotion of the product.

Inter-departmental conflicts may occur, should a firm adhere to the marketing orientation. Production may oppose the installation, support and servicing of new capital stock, which may be needed to manufacture a new product. Finance may oppose the required capital expenditure, since it could undermine a healthy cash flow for the organisation:

## **Marketing Mix**

### **Product**

The product aspects of marketing deal with the specifications of the actual goods or services, and how it relates to the end-user's needs and wants. The scope of a product generally includes supporting elements such as warranties, guarantees, and support.

### **Pricing**

This refers to the process of setting a price for a product, including discounts. The price need not be monetary; it can simply be what is exchanged for the product or services, e.g. time, energy, or attention. Methods of setting prices optimally are in the domain of pricing science.

### **Placement (or distribution)**

This refers to how the product gets to the customer; for example, point-of-sale placement or retailing. This third P has also sometimes been called *Place*, referring to the channel by which a product or service is sold (e.g.

online vs. retail), which geographic region or industry, to which segment (young adults, families, business people), etc. also referring to how the environment in which the product is sold in can affect sales.

Producers cooperative must determine its distribution outlets should the sales of the products be organized directly to the consumers or through the wholesalers and the retailers.

### **Promotion**

This includes advertising, sales promotion, including promotional education, publicity, and personal selling. Branding refers to the various methods of promoting the product, brand, or company.

Another very important area of marketing is the marketing communications. Communication with the consumers could be through the following channels: Newspapers, Posters, Mail Circulars, Television, printing of the packages, Cinema Advertisements, Fairs and Exhibitions, Sales Representatives, information given to journalists for inclusion in Editorials, Competitions, and Carrier Bags. The choice must be geared towards the minimization of costs.

### **SELF ASSESSMENT EXERCISE**

Itemize some of the items considered in a production plan?

## **4.0 CONCLUSION**

The above texts show that production plan is very important and it ensures steady output among other objectives. The process of production plan is highlighted as the manager considered vital items. An example of production plan considered serves as a guide. The marketing plan is a guide which spells out the process of disposal of product planned for.

## **5.0 SUMMARY**

This unit has thrown light into the objective of production plan. The act of production planning by the manager was demonstrated. Considerations of output plan based on time frame, financial plan, labour etc. were also very vital. Production plan was also demonstrated.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. Why is production plan very important to producers cooperative?
2. Discuss a process of preparing a production plan by a manager?

## **7.0 REFERENCES/FURTHER READINGS**

ILO (1978). Cooperative Management and Administration, ILO Publication, Geneva.

Yeo, P.H (1979). Basic Economic Concepts for Planning and Decision Making. Study series NO.3. The Plunkett Foundation.

**MODULE 2**

Unit 1	Procurement and Movement of Material
Unit 2	inspection of products
Unit 3	Managing Transportation
Unit 4	Accounts as Instrument of Management
Unit 5	Cost Accounting for Management Decision

**UNIT 1    PROCUREMENT    AND    MOVEMENT    OF  
MATERIALS****CONTENTS**

1.0	Introduction
2.0	Objective
3.0	Main Content
	3.1 Procurement and movement of materials.
4.0	Conclusion
5.0	Summary
6.0	Tutor-marked Assignment
7.0	Reference/ Further Readings

**1.0 INTRODUCTION**

A good and efficient management is paramount in producers cooperative. That is why the acquisition of quality materials, stock control and movement of materials must be accorded priority.

This unit therefore examines the procurement and movement of materials in such a way that cost will be minimized.

**2.0 OBJECTIVES**

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

- know the types of material needed for producers cooperative production.
- discuss managers' function in the acquisition and movement of material.

- know that materials are moved into, in and out of the factory.

### **3.0 MAIN CONTENT**

#### **3.1 Procurement and Movement of Materials**

In a producers cooperative the raw materials, parts and tools are obtained from outside the cooperative as members contribution remains their skills. There is also the need to move these materials into and out of storage, within the production premises from one machine to another, etc. These operations of procurement and movement affect the efficiency of the cooperative, its cost could eat seriously into the surplus of the cooperative.

The manager must ensure that right decisions are made on quality, quantity and price, and timely (according to plan) deliveries are adhere to. He must monitor the supply of raw materials so that no shortage is experienced during production. Equally important is the adequate control of the stock of such material so that expenses are not short up in respect of stocks, and that losses are minimized in terms of storages/ damages and spoilage of raw materials.

As for the finished goods they must not be allowed to accumulate in the warehouses. The manager must ensure that consumers' orders are attended to promptly.

In case of the producers cooperatives offering services, such as repairs of generator for instances, the manager must ensure that generating parts are available, necessary tools are within reach of skilled members, and that prompt attention is paid to calls for service outside the workshop. In case of service or repairs of big generators, the manger must make arrangement or open credit line for purchase of expensive parts and other accessories.

#### **SELF ASSESSMENT EXERCISE**

- i. State the types of materials that are needed for producers production.
- ii. What are the things the manager must pay attention to in the procurement of raw materials.



## **4.0 CONCLUSION**

The unit shows the types of material needed in producers cooperative production. Materials are moved into, in and out of the factory. For effective management, the manager must manage acquisition and movement of the materials very well in order that the cost is not increased. Example of the producers cooperative offering services drives home some important management lessons.

## **5.0 SUMMARY**

We have highlighted the management of materials into the factory, in and out of the storage and that of finished goods. It demonstrated that the manager's actions and decisions have effects on the cost of production. We also examined a case study of a producers cooperative providing services.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. What are the things a manger should do to minimise cost in the procurement and movement of good?
2. Discuss the management of a producers cooperative of your choice in respect to procurement and movement of materials.

## **7.0 REFERENCE/FURTHER READING**

ILO (1978). Cooperative management and administration, ILO Publications, Geneva.

## **UNIT 2     INSPECTION OF PRODUCTS**

### **CONTENTS**

- 1.0    Introduction
- 2.0    Objective
- 3.0    Main Content
  - 3.1    Inspection of products.
- 4.0    Conclusion
- 5.0    Summary
- 6.0    Tutor-marked Assignment
- 7.0    Reference/ Further Readings

### **1.0    INTRODUCTION**

Another very important aspect of management in producers cooperative is the inspection of production. The incoming produces (raw materials) must be well managed to avoid losses in form of receipts of substandard goods for prices of standard ones. In the same vein, the finished products are inspected to avoid rejections etc.

This unit looks at inspection of products as a management function.

### **2.0    OBJECTIVES**

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

- know the types of product to inspect.

- know why it is necessary to inspect products.

### **3.0 MAIN CONTENT**

#### **3.1 Inspection of Products**

There are two directions of inspection of products in the producers cooperative. The first is the inspection of the raw materials (supply) from the other cooperatives, private enterprises and individuals. The second side of the inspection is the inspection of the products produced through the utilisation of members' skills.

Raw materials are products primary sector industries intended for use as inputs to production. The main groups of raw materials are plants crops such as cotton, animal products such as wool and leather, and assorted mineral products from bauxite ore, used to make aluminum, to zinc. (Black, J. 2002).

Raw materials are first extracted or harvested from the earth and divided into a form that can be easily transported and stored, then processed to produce semi-finished materials. These can be input into a new cycle of production and finishing processes to create finished materials, ready for distribution, construction, and consumption.

An example of a raw material is cotton, which is harvested from plants. Cotton can be processed into thread (also considered a raw material), which can then be woven into cloth, a semi-finished material. Cutting and sewing the fabric turns it into a garment, which is a finished product. Steelmaking is another example – raw materials in the form of ore are mined, refined and processed into steel, a semi-finished material. Steel is then used as an input in many other industries to make finished products. In chemistry materials can be divided into two metals and non-metals.

Where the manger is not equipped to carry out the inspection of the product because of its technical nature, experts are recruited or invited periodically for the job. Actually the inspection of the supply (raw material) is about testing for quantity and quality. If the raw materials are substandard it will affect the product of the cooperative. However, the quality test is necessary to ascertain the payment for poor quality supply is not based on the high price of the quality ones.

As for the output of the producers cooperative, the manager and his /her team carry out inspection at different points during processing. At the end

of the production, the products are also subjected to inspection before they are dispatched to the customers. This is to ensure that orders are not rejected for poor quality or defects, as the cost of rejection will add to expenses with its eventual impact on the surplus of the producers cooperative. Furthermore, the last inspections help appropriate pricing of the products.

Periodical inspections of packing containers are very important but costly. If, however, this is not done the cooperative will end up putting faulty goods into the market and having them returned, with a resulting loss of money and goodwill.

### **SELF ASSESSMENT EXERCISE**

What types of products are inspected in producers cooperative business?

## **4.0 CONCLUSION**

The unit states the types of products to inspect in a producers cooperative. It also sheds light on the reasons why inspection is essential. In case the manager and his team are not well equipped for quality and quantity inspection, experts are engaged to carry the assignment.

## **5.0 SUMMARY**

We have highlighted the type of products for inspection by the management. The manager, his team of inspectors or experts carried out the inspection. Furthermore, the reasons and consequences for such inspections were also highlighted.

## **6.0 TUTO MARKED ASSIGNMENT**

Identify the types of products that are inspected in producers cooperative.

Who inspects products during processing and what are the likely consequences of not inspecting the finished products.

## **7.0 REFEEENCES/FURTHER READING**

<://en.wikipedia.org/wiki/Materials>

ILO (1978). Cooperative management and administration, ILO Publications, Geneva.

## **UNIT 3     MANAGING TRANSPORTATION**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
  - 3.1 Types of transport available to producers cooperative
  - 3.2 Duties of producers cooperative manager in managing transportation
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-marked Assignment
- 7.0 Reference/ Further Readings

## **1.0 INTRODUCTION**

Transportation is essential to any enterprise and to the producers cooperative. Its management is therefore of paramount importance for the efficiency of an organisation. Efficient management of transport will, without doubt, translate into benefits such as quick delivery of good and services, surplus or profits, minimum spoilage of products etc.

This unit therefore examines the management of transportation system in a producers cooperative.

## **2.0 OBJECTIVE**

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

- know the factors on which the need for transportation system depends.
- know the types of transport that are available to producers cooperative.
- differentiate between internal and external transportation.
- know the duties of a manager in managing transport system.

## **3.0 MAIN CONTENT**

### **3.1 Types of Transport Available to Producers Cooperative**

Every cooperative makes use of transport, either for bringing goods into the premises, for moving them about while they are there, or for delivering them to members or markets. Well organised, economical use of transport may contribute a great deal to the success of the cooperative. Carelessness may give rise to delays, inefficiencies and unnecessary cost which may turn profit into loss.

The simplest form of transport is the human head load, and many peasants still bring in their produce and carry off their purchase in this way. The next stage is the farmer's cart drawn by horse, bullock or donkey. Neither of this cost the cooperative anything, nor its manager in difficult calculations. If roads do not exist or are impassable to motor traffic, there may be no alternative. The main disadvantage of such transport is that it limits the cooperative area of operation to a radius of few miles, and makes it impossible to undertake anything which requires much capital or a large

volume of business. A number of small, relatively weak cooperatives tend to be formed. Later, when perhaps transport condition have improved, it is seen that there are far too many of them, and their overheads are too high and their equipment inadequate. The situation then can only be saved by a process of amalgamation, which most of those concerned will resent.

In producers cooperative like in other cooperatives, the transportation system necessary for operations depends on a number of factors: size of the producers cooperative, the type of its products, the raw materials, location of the cooperative, location of consumers of products and services, types of transport available in the area – railways, water ways/transport, road transport, air transport etc.

Principally, transport needs of a producers cooperative may be classified into two categories – internal and external transports. While internal transport takes care of the movement of materials and machines within the factory premises, the external transport is responsible for receiving raw materials from the suppliers or from the railway station for example and distributing finished products to the consumers. For internal transport, equipments such cranes, conveyors etc. are used. In case of external transportation, popular for road transport are Lorries, tankers, passenger buses, cars etc. In similar manner, for water transport, we have small vessels, barges, schooners etc.

The most usual resource is the railway, which is especially suitable for carrying large quantity of bulky goods over long distances. Some cooperative, indeed, originated in an agreement by a group of farmers to hire and fill a railway wagon. Rail transport is especially convenient where the cooperative is built in or near railway yard and has a private siding, so that no other form of transport is needed to carry the goods between the station and the warehouse, and there is no need for unloading and reloading.

The successful use of rail transport requires a good deal of knowledge, including information on the types of wagons available for bulk transport, goods in containers or refrigeration; the unloading and storage facilities which exist at the other end of the journey: the charges made if the recipient does not collect immediately, and who has to bear them; freight rates and possibility of obtaining concessions; the risk and liabilities involved in delay' overheating or freezing, and, again, who bears them: whether it is worthwhile to ensure the product while on transit.

In some countries, it may be possible or even necessary to use water transport- by canal, river, and lake or, especially in the case of ocean islands, by sea. Small vessels, barges or schooners may be owned or chartered by the cooperative itself or by cooperative federation, or they may be owned by private individual or by the government, which use them for carrying mail. Cooperative importing or exporting on a large scale may have the problem of finding cargo space in large oceangoing ships. In the last 20 years, however, this task has often been taken over by statutory marketing or export boards, partly or wholly representing the producers, through which all marketing cooperative export their produce. In some cases it is the consumers' cooperatives in importing countries which buy grain or chilled meat overseas, usually from cooperative producers, and arrange for ships to carry it.

Probably few cooperative make much use of air transport, except for letters, but there are certainly one or two, selling expensive and highly perishable products, such as hothouse flowers, which find it profitable to have them delivered by air. It may well be that air transport will come to be more widely used for goods that valuable in proportion to their bulk and come from places which it is difficult to reach by other means. It will probably be long time, however, before cooperatives own and operate their own aircraft, except perhaps for rather different purpose of dusting members' crops with insecticides. Most of the will rely on public or private air lines.

## **ROAD TRANSPORT**

Probably the most important form of transport for cooperatives, however, is the long-distance motor vehicle, usually the lorry, but including tankers for petrol, milk and flour, house to house delivery vans, passengers buses and personal cars. It is a point of some interest how far all these should be owned and operated by the cooperative itself. A cooperative which is at a distance from a railway may well employ a public or private road transport services to bring in or take out goods. A cooperative with a strictly seasonal business may find it more economical to hire lorries from one or more contractors while the rush lasts than to have a fleet of its own which would stand idle three-quarters of the year. A society, the business of which is fairly continuous but with seasonal peaks, may have enough transport facilities of its own to cover average daily requirements, but may also hire during the busy season.

It is to be assumed that a cooperative which decides to purchase its own vehicles has, after careful consideration of the matter, come to the conclusion that it would be more economical and would also add to the



prestige of the society and the goodwill of its members if it owned its own fleet of lorries, rather than to hire from others or depend on members to be responsible their own transport in farms carts. The fleet may, of course, be large or small, but in either case it must be carefully chosen and run according to a system for which some one person, be it the manager in a small concern or the traffic superintendent in a large one, is solely responsible.

In deciding on the number and type of vehicle to be purchased, the first operation is to make a close estimate of the quantity and kind of goods to be moved daily. It is necessary to think not only of weight, but also of bulk no one, for instance, can load five tons of hop into a five-ton lorry. Some articles are awkward in shape (an iron plough, for instance), others are dusty or give up bad smells and cannot be close to foodstuffs, and others again are wet.

The second point to consider is the distance to be covered daily and the time available for the journey. A lorry picking up milk for a dairy could, by running all day, cover a great deal of country. In actual fact, it will not be able to run before morning milking is finished on the farms nor after the dairy's deadline for receiving milk for pasteurizing or butter making as elapsed. If the climate is hot and the milk is liable to sour quickly, this may only leave a few hours time for the lorry to travel, and two or more have to be used even if total distances are not great. Again it is necessary to send a lorry daily to a port or railhead so far away that the driver cannot return the same evening. This will necessitate two lorries running on alternate days. It is also necessary to reckon time spent in servicing and overhauling, as well as the chance of breakdown and the need to keep vital services running without interruption.

The third point is the kind of roads over which lorries will have to travel. Are they paved or not? Do they deteriorate heavily at times of rain or snow? Are they narrow with steep gradients and sharp turns? Are there bridges which will take limited weight or width? Are there fords, and how deep are they? There is also the question of conditions at journey's end. If a lorry succeeds in reaching an outlying village or farmhouse, can it turn around or will it have to back all the way to the road? It may also be necessary to consider loading and unloading facilities at cooperative premises (although these can perhaps be modified) or elsewhere, e.g. at railheads or wharves at which goods are picked up or delivered.

## **CHOICE OF VEHICLES**

Once all these questions have been answered, an idea of the type of vehicle required- light and easy to handle, or heavy and powerful- will begin to emerge. It is then time to consider the types actually available and the cost. Here again a good many of the same questions arise as in the case of any machinery of any kind. Will the vehicle have to be imported? Is foreign currency available? Has the firm an agency in the country? Are spare part, repairs and servicing facilities available? If the cooperative have enough capital and if proper servicing and handling can be guaranteed, it is almost certainly good policy to buy a quality of the best available. It will last longer, stand up harder wear, and cheaper in the end. But the capital may not be available, in which case the cooperative may have to be content with something less than the best and hope eventually, thanks to expanding trade and increased resources, to be able to replace it with something better. Many will be tempted or perhaps forced to make do with a second-hand or rebuilt vehicle. Here considerable action is consider and unless the vehicle is bought from a well-known source or examined by an expert, and its used with more than ordinary care, it may turn out to have been an ill-advised purchase.

Since most commercial vehicles run on petrol or fuel oil, it is necessary to make sure that supplies of fuel oil are available. If there is a choice between the two types of vehicles, not only the relative cost, but the subsequence fuel consumption of each will have to be calculated. In some countries the tax on fuel oil is much lighter, and this makes a diesel engine cheaper to run, though it is much likely to be more expensive to buy. Cooperative using transport on any scale will need their own petrol tanks and pumps. Consumers' cooperative delivering milk and bread in towns, either to their members' homes or to a large number of small shops, may find it easy to use light electric vehicles.

In addition to the lorry fleet, the manager of a cooperative of any size will almost certainly need a car, and this may be the case of other members of staff if they have to travel much on business. Some cooperatives own these cars, others allow their staff to buy their own and give them some mileage allowance to cover running costs. Some cooperatives own buses, either hiring them out to their members for excursion or using them as exhibition stand at agricultural shows.

## **TRANSPORT STAFF**

As the transport fleet come into being, a staff must be built up to handle it. It is obvious that there must be drivers, and equally necessary that there should be well trained maintenance men under skilled direction. It may not

be so obvious that there should be also a clerical staff to do the necessary paper work. This is complicated than might at first be supposed. The position varies somewhat from country to country, but most road transport is controlled by public regulations, mainly in the interests of road safety and road maintenance. Each vehicle must be licensed and so must each driver. Vehicles and drivers must be insured, for their own protection and that of the cooperative; sometimes this is required under a compulsory national scheme. The principal form of insurance cover damage to or loss of vehicle, liability of the cooperative as an employer for accidents suffered by its drivers in the course of their work, and its liability as a vehicle owner for damages to third parties. All licences and insurance must be checked at intervals and renewed when necessary. It is important to keep a complete record of each vehicle, including a description of the type and make, the dates at which it was delivered and put in service, the date at which it will have completely depreciated and will be due for sale on the second-hand market, and the actual date of disposal. To this should be added the initial cost, the cost of printing and lettering with the society's name, and the cost of the first set of tyres and of any additional equipment.

In some counties it is compulsory, and in all it is desirable for a driver to keep a record of their hours of duties each day. It is obviously not possible for all of them to begin and end work at exactly the same hour each day, as in a factory or office, but there is safety limit to the number of hours which a man can drive in a day, especially along bad roads, and it is for the cooperative to see that the limit is not exceed. The driver will be handed a list of goods carried, including the address or addresses to which they should be delivered. He should also fill up a daily form recording the number of journeys made, the number of calls (which should correspond with his delivery instructions), the mileage travelled, the total weight carried, and the petrol and lubricant drawn from the cooperative's stocks or purchased elsewhere. The statement for petrol and lubricant drawn can later be compared with the cooperative's records of stocks issued. Records must also be kept of all spare parts issued and every maintenance and overhaul jobs carried out either in the society's own workshops or on contract by local garage.

All this may sound complicated, and to carry it out may mean employing extra staff, but the mere fact that the drivers work independently and unsupervised for most of the day, and the vehicles are subjected to risk and strains which are less easy to estimate than those of stationary machinery, means that records must be kept and checks made if waste, mishandling or even misappropriation are not to go undiscovered until serious losses have occurred. The information is not only a check on work progress. It can be

used by the traffic manager to answer a number of questions which will help him to plan the work of his department, keep it running smoothly and avoid needless cost.

A final area in which paper work is required is that of drivers' and mechanics' wages unless this is handled by the general wages department of the cooperative.

## **MAINTENANCE**

Nothing is more essential to transport system than good maintenance and overhaul. The fail of a vehicle in service not only cost the cooperative money, especially when it happens far out in the country; it injures the members and consumers to whom delivery was being made or from whom produce was being collected, and as a consequence it injures the society, which losses goodwill. The aim, therefore, should be to avoid breakdowns altogether by making careful checks at regular intervals; these should including a daily check by the driver of fuel, oil, water and tyres pressure, a weekly check of brakes, batteries, steering gear and springs, a monthly check of parts not easily examined, and perhaps a complete overhaul for every vehicle once a year during the slack season. Drivers can be trained to make the simpler checks themselves; for the reminder it is necessary to draw up a schedule showing when each vehicle should be taken to the garage for examination, and ensuring that the schedule is observed.

A cooperative with a lorry fleet of any size will almost certainly find it worthwhile to keep its own overhaul and repair garage, with skilled workmen, an inspection pit, welding facilities and a full range of spare parts. Societies with only one or two vehicles may have to use a local garage or possibly the workshop of federal cooperative of which the local society is a member. Whatever the system adopted, the importance of maintenance cannot be overstressed. It must be consider with special care in countries where machines have been introduced recently and where people are not mechanically minded by tradition. Such people often make good drivers, but too often they treat the machines as though it were a horse or bullock, needing only to be fed.

## **PLANNING ROUTES**

Another very important aspect of transport organisation is the planning of rounds (i.e. circular tours on which the vehicle calls at a number of places to pick up produce or deliver goods) and journeys (i.e. straight runs from one point to another). The aim in devising a well-planned round is that it

should be as direct as possible, and that the vehicle should be loaded for the greatest possible time during travels. Running empty lorries is wasteful and costly and should be avoided as far as possible. Once a round as being planned, it should always be entrusted to the same driver. He will become used to any difficulties on the route. He will get to know those on whom he calls and will build goodwill. The main difficulty about journeys is that, they are usually for a single purpose; it may be difficult to arrange backloads. Every effort should be made to find a solution for this problem. Perhaps marketing and a supply cooperative can use the same lorry going in different directions. But here may be legal difficulty if the lorry is only licensed to carry the goods of one cooperative. Perhaps it is better to hire a lorry, the owner of which will make his own arrangements for load in the other direction. As already pointed out, many cooperative employ both their own transport for average day to day needs and hired transport for peak periods. It may be that the hired lorries can be used for one-way journeys.

### **LOADING AND UNLOADING**

The cooperative will probably be unable to control the conditions under which goods are delivered or picked up but careful thought should be given to loading and unloading at the cooperative premises. There should be a platform of the right height for easy movement of goods to or from the lorry. It should be under cover both for the comfort of the workers and in order to protect goods from the rain, and there should be rooms for several lorries to back up to it at the same time, though loading and unloading should not, if possible, go on together. Lorries waiting are nearly as costly as though running empty. The loading itself should be carried out with care. An unbalanced load can be dangerous. Mixed articles in the same load can damage one another. In any case, if there are to be a series of deliveries, the goods to be delivered first should be at the back of the lorry or on top of the pile, where they can easily be reached.

### **SELF ASSESSMENT EXERCISE**

Mention the types of transport that can be used by producers cooperative.

### **3.2 Duties of Producers Cooperative Manager in Managing Transportation**

It is the duty of the manager to:

- Identify the type of transport suitable for the business he is managing.

- Acquire the transport e.g. Motor vehicles for road transport.
- Determine the number and type of transport vehicles etc.
- Make contact with provider of transport where purchase is unnecessary or economically impossible.
- Ensure that it is economical to buy rather than hire.
- Maintain and overhaul the acquired vehicles and machineries.
- Supervise the transport staff.
- Manage the routes of the vehicles.
- Make sure that vehicles are licensed with other particulars.
- Make sure that drivers have drivers licences and renewed at when due.
- Arrange for insurance of vehicle to cover goods and passengers.
- Monitor the movement of vehicles, and
- Advise the management committee/ board of directors the need to replace obsolete or not properly functioning vehicles.

### **SELF-ASSESSMENT EXERCISE**

List some duties of a manager in charge of transportation in a producers cooperative

### **4.0 CONCLUSION**

The unit highlights some factors that underline the needs for transportation. It also lists the types of transports necessary for both internal and external transportation. The unit also examines the duties of a manager for efficient performance.

### **5.0 SUMMARY**

The unit highlighted the factors that underline the need for transportation system. It enumerated the types of transport necessary for both internal and external transportation. The duties of the manager were marshalled out for effective management of the transport system.

### **6.0 TUTOR-MARKED ASSIGNMENT**

Mention the factors that determine the transportation system (needs) of a producers cooperative.

What do you expect the manager to do to achieve efficient management of the transportation system in a producers cooperative?

## **7.0 REFEEERENCES/FURTHER READING**

ILO (1978). Cooperative management and administration, ILO Publications, Geneva

## **UNIT 4 ACCOUNTS AS INSTRUMENT OF MANAGEMENT**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
  - 3.1 Accounts as instrument of management.
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-marked Assignment
- 7.0 Reference/ Further Readings

### **1.0 INTRODUCTION**

Management without information of especially accounting information in a producers cooperative is practically impossible. It will be difficult to know how much has been produced over the years and how much has been realised from sales of products. Profit or surplus will not be known and bonus will be difficult to calculate.

This unit therefore, examines the usefulness of accounts as an instrument of management.

### **2.0 OBJECTIVES**

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

- know that the accounts contain vital information for the management of producers cooperative
- get accustomed to varieties of questions for management for which only the account can supply the answers.

### **3.0 MAIN CONTENT**

#### **3.1 Accounts as Instrument of Management**

The manager of producers cooperative must be well versed in cooperative accounting. His knowledge of accounting will enable him to extract information from profit and loss account and balance sheet for management of the society. While the profit and loss account contains some vital



information such as balance of credit carried forward, interest in shares, allocation to reserves, bonus on business etc. the balance sheet shows the society assets and liabilities at the last day of the financial year.

## **PROFIT AND LOSS ACCOUNT**

In trading account the gross profit is set against all the cost incurred in running the society, with the exception of the cost of manufacture. Some of these cost are straight forward payment, e.g. salaries and wages, which are usually by far the biggest item; rents rates and insurance; postage and telephones; repairs and renewals; and transport and travelling expenses. Others are deductions and allocations, e.g. Interest on banks and other loans; depreciation of plant and buildings; and reserves for bad or doubtful debts. When all these are set against the gross profit, the difference between the two will be the net profit or the net loss, as the case may be.

The society and auditors have next to decided what they are going to do with the net profit or how they are going to cover the net loss. First, the position existing at the beginning of the year, as set out in the “profit and loss appropriation account” is examined. This account<sup>5</sup> shows the balance of profit carried forward from the previous year, and how, accordance with the decision of the last annual general meeting, it was used. “Interest on shares”, “allocation of reserves” and “bonus on business done” are the usual heading under which profit is distributed. Some society also pay bonus to staff. Most leave something in the society’s account, under the heading “undistributed profit” or “undistributed balance”. If in the next year the society incurs a net loss, this undistributed balance may make it possible to continue paying interest or even bonus. If there is a profit, this is added to the balance from the previous year (less any provision which has to be made for payment of taxes) and the total is entered in the balance sheet for the current year. In the meantime the committee, with the advice of the auditor, will work out a plan, subject to confirmation by the next general meeting, for apportioning it among reserves, interest and bonus.

## **THE BALANCE SHEET**

The balance sheet unlike other accounts does not show the year’s operations. It shows the position of the society at a precise moment, viz. the last day of the financial year. The “balance” is between the society’s asset and liabilities. These terms are often confusing to non-accountants, and

consequently to the majority of committeemen, who cannot see why share capital, for instance, from their society greatly benefits, should be a liability. They are usually ashamed to show their ignorance and therefore keep silent, do not ask for explanations and, in fact, take decisions based on arguments which they have quite failed to understand. Put in the simplest terms, the assets side of the balance sheet shows what the cooperative owns in the way of property or money or claims for money. It covers land, building, plants and machinery, office furniture and motor vehicles. It also covers stocks on hand, the society's investments in, say, a cooperative wholesale society, and good (as distinct from the bad) debts in which others people, including its members, owe to it. The liability side of the account shows, primarily, to whom the money with which the cooperative paid for all assets is owed. It includes share capital, loan capital, bank overdrafts, as well as the obligation of the society to its creditors and to the tax collector. It is quite easy to see that the last two are liabilities; they are debts that society owes. But in fact, a moment's thought show that, in certain eventualities, the society is liable to someone or other for nearly all the other items as well. The bank, for instance, is a creditor for overdrafts or loans; share capital belongs to the members, not the society.

The purpose of setting out in two columns what the society owns and what it owes is to see that what it owns really does cover what it owes. If it does not, then a loss will be shown which may have to be met by deduction from the profit balance of previous years, or perhaps from the reserve fund. In any case it will be clear warning that all is not well within the society and that careful examination is called for not only of the balance sheet itself, but also of the trading and manufacturing accounts, and finally of whole conduct of the business, to see how and where the loss has crept in. A balance sheet can clearly be a value only if it is absolutely honest and based on accurate information. A distinction may have to be made between good, doubtful and bad debts, and stocks may have to be written down below their purchase value or cost of production. Undue optimism in these matters is of no service to the society.

For management purpose the balance sheets and other accounts for several years of producers cooperative will allow the manager or the management committee find answers to the following questions for effective running of the cooperative: (ILO, 1978. P.157).

1. How high are running costs in different departments?
2. If they are higher in one than in another, is there a good reason?
3. Why is the cost of transport so much greater than last year's?
4. Are "overheads" too high or too low?

5. Is the society using too much borrowed capital?
6. Could the same funds be obtained from other source at lower rate of interest?
7. Are the level of trade credit or trade debts rising or falling?
8. Are buildings and machineries properly depreciated, and if they had to be repaired or replaced tomorrow, would funds be available for the purchase?

### **SELF ASSESSMENT EXERCISE**

What are the vital information that can be obtained from the profit and loss account for the management of producers cooperative?

### **4.0 CONCLUSION**

This unit shows that the accounts (profit and loss account and balance sheet) contain important information for of management of producers cooperative. Furthermore, it reveals some salient questions, the answers of which can be obtain from the account for the manager or management committee to use in management process.

### **5.0 SUMMARY**

We have shown accounts as instrument for management of producers cooperative because it contains some vital information on allocation of reserves, bonus on business etc. The unit also put forward some salient questions which can help managers and management committee in making decisions.

### **6.0 TUTOR-MARKED ASSIGNMENT**

1. Why were profit and loss account and balance sheets very important for the management of producers cooperative?
2. Mention five questions of which answers are obtainable from the account for management of producers cooperative.

### **7.0 REFEEERENCES/FURTHER READING**

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## **UNIT 5 COST ACCOUNTING FOR MANAGEMENT DECISION IN PRODUCTION COOPERATIVE**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
  - 3.1 Cost accounting and its usefulness.
  - 3.2 Procedure for costing.
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-marked Assignment
- 7.0 Reference/ Further Readings

## **1.0 INTRODUCTION**

It is important to know when a line of products or section or department is no of longer contributing to the profitability of the producers' cooperative business. This knowledge enhances management decision making in choosing between alternative plans.

This unit therefore considers cost accounting as an important input in management decision making in the producers cooperative.

## **2.0 OBJECTIVE**

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

- know the usefulness of cost accounting
- know how costing is carried out.

## **3.0 MAIN CONTENT**

### **3.1 Cost Accounting and its Usefulness**

Cost accounting involves the preparation of some financial statements containing items such as income, expenditure and profit or loss on a particular commodity or section/ department of a business.

“Cost accounts are of particular value in budgeting, enabling an accurate forecast to be made of the cost of future operations and producing a firm basis for fixing prices, allocating scarce resources and choosing between alternatives plans for development” (ILO, 1978. P.161).

In industrial production societies, it can be used to ascertain the comparative costs of producing different types of commodities and their power to compete in the market. Furthermore, cost accounting often give signals of necessary changes in purchasing or in stock control methods.

The accuracy of cost account cannot be guaranteed in the same way as that of an ordinary financial account (which can be checked, for example, against a bank statement), owing precisely to the difficulty of apportioning overheads among the various departments or commodities or processes. What separate rent or depreciation should be charged for the garage? How much time of the manager's time is spent on certain commodity or department? The answer will necessarily depend on certain assumptions.

However where such assumptions are based on long term experience they should, when added to the ascertainable costs, yield data on each section of the society's business which can form a basis for secure judgment and sound policy decisions.

### **SELF ASSESSMENT EXERCISE**

What is cost accounting?

### **3.2 Procedure for Costing**

The procedure for costing involves estimation of direct expenses (payment for raw materials, wages handling expenses etc.) and indirect expenses (storage cost, electricity bills rents, stationery costs, depreciation, and management remunerations) which are reasonably confirmed to be direct to the process of production of a commodity. The outcomes of these calculations over the years when made available to the manager become tools for management decisions. Suffice to say that the manager must be able to use the facts intelligently.

It is equally important to understand that cost accounting can only be undertaken by specially trained personnel (cost accountant). The results may be misleading unless the system is applied to the whole business of the cooperative and not only to selected items which it is especially desired to investigate. Success of costing also depends on the ability and willingness of other employees, including lorry drivers, to keep accurate records which the cost accountant needs. Cost accounting is a fairly labourious and consequently expensive business but the information obtained are very useful.

### **SELF-ASSESSMENT EXERCISE**

Mention some of the items included in costing of commodity.

### **4.0 CONCLUSION**

The above analysis shows cost accounting is very important for management decision involving choice between alternatives. The procedure for estimation is explained as emphasis is on the use of direct expenses. Information obtained are, however, to be used intelligently in management decision making.

### **5.0 SUMMARY**

The unit highlighted cost accounting as financial statement on a commodity or department or section. It also shed light on the usefulness of cost accounts in choosing between alternative plans for development. The procedure for the estimation of cost was explained and the outcome of calculations becomes tools for management decision.

## **6.0 TUTOR-MARKED ASSIGNMENT**

Discuss the usefulness of cost accounting.

Carefully explain the procedure for costing in respect of a product, among others, produced by a producers cooperative.

## **7.0 REFERENCES/FURTHER READING**

ILO (1978). Cooperative Management and Administration, ILO Publications, Geneva.

**MODULE 3**

Unit 1	Statistics and Management Appraisal and Planning
Unit 2	Staff Management and Team Work
Unit 3	Relations of Staff and Cooperative Members
Unit 4	External Relations
Unit 5	Management Controls
Unit 6	Problems of Producers Cooperative in Nigeria

**UNIT 1 STATISTICS AND MANAGEMENT, APPRAISAL AND PLANNING****CONTENTS**

1.0	Introduction
2.0	Objective
3.0	Main Content
	3.1 Statistics and sources of statistic data.
	3.2 Presentation of statistical information.
4.0	Conclusion
5.0	Summary
6.0	Tutor-marked Assignment
7.0	Reference/ Further Readings

**1.0 INTRODUCTION**

Statistics, a wider concept, like accounts and cost accounting, is very crucial for effective management. Statistics data are obtained from inside and outside of the producers cooperative or enterprise generally. This unit looks at the sources of statistical data, presentation of data and the use of it for management decisions.

**2.0 OBJECTIVES**

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

- know the definition of statistics
- identify the sources of statistical information
- know how to present statistical information in a way that it would be useful to management.



### **3.0 MAIN CONTENT**

#### **3.1 Statistics and Sources of Statistic Data**

Statistics is a scientific method of decision-making under uncertainty when numerical data and calculated risks are involved (Adam & Johnson, 1975. P.1). Statistics is a method of obtaining facts in numerical terms, an effective way of measuring contribution which different causes make to the same effect (ILO, 1978. P.162). For effective management, appraisal and planning of producers cooperative statistical information is indispensable. Statistics relating to producers' cooperative centers on analysis of the quantity and quality of labour, materials and money.

Sources of statistics information in producers cooperative are majorly secondary (i.e. data from the business records of the cooperative) supplemented with primary data obtainable from inquiries and observations. It is vital that manager is well equipped to be able to identify the types of data and how to collect them. He can always, where possible, engage the services of experts in respect of primary data (i.e. from inquiries and observations) for relevant information about movement of prices in the market, competitors, consumers and their taste etc. that will enhance decision-making and planning.

#### **THE PRIMARY SOURCES OF DATA**

The primary sources of data include:

- Questionnaire design
- Interviewing and
- Experimentation

A questionnaire can be defined as a list of drawn questions or statements in which the interviewee is required to give a reply. There are two types of questionnaires: the open ended response and close response questionnaires. In open ended response, the questions are constructed in such a way that the format of the reply cannot be controlled. In other words, the interviewee is given the opportunity to express himself in his own words without necessarily being influenced by any outside body. In close response

questionnaires, the questions are drawn in such a way that the answers are given within some defined specific types of replies. Both the open ended response and close response questionnaires have their merits and demerits. In open ended responses question are answered in considerably greater depth and they permit a wide range of replies. However, among its demerits is the laborious pattern exhibited in collecting data which creates logistical problems in analysis.

In close responses, replies are relatively easy to interpret and they do not require the use of highly skilled labour for analysis. They also permit the use of a very large sample size. It should be realized that while the close response questionnaires are suitable for large sample size, the open ended response questionnaires are suitable for small sample size.

Interviewing is defined as a process by which an investigator (interviewer) attempts to obtain direct information from a respondent (interviewee) about a given phenomenon. Interviews can be conducted to supplement for information obtained from desk research and to substantiate a hypothesis indicated by desk research. There are three types of questions used interviewing namely, structured, unstructured and semi structured questions. In structure question interview the investigator (interviewer) is provided with questionnaires indicating the way and manner the question to be asked. The respondent (interviewee) can be supplied with a copy of these questions either prior to, or at the time of, interview. The questions should not overlap from the pattern shown. In other words, there should be no deviations from the order in which the questions are to be used. You cannot change the structure of the pattern of questions nor can you deviate from the accepted norms.

The unstructured question interview represents a framework within the interviewer's research interest. The discussion is defined within the investigator's (interviewer's) purpose of study, objectives and scope of study. The unstructured question interview permits the investigator to pursue a research a interest which the respondent (interviewee) has a specific interest.

The semi-structured question interview represents a middle way between the structured and unstructured question interviews. Thus, there is some definition of topics of interview to be considered and of the construction of some of the questions employed. It should be bourne in mind that once the various types of questions to be asked in the interview are completed, we can now determine the methods of interview to be adopted.

Experimentation is process by which we measure the relationship between one or more variables on some other variables. In experimentation, we can manipulate one or more variables such that we are able to establish and measure its effect upon one or more other variables. Some examples of experiments conducted in business and economics are measuring the effects of financial liberation on economics growth; measuring the effects of military spending on economic growth; measuring the effectiveness of monetary policy; and assessing the impact on sales of manager's income etc.

Thus in conducting an experiment, we should consider the existence of random errors which are inherent part of the total variation in the dependent factor.

## **SECONDARY SOURCES OF DATA**

Secondary sources as sources for which data already exists but have not been collected for any investigation. Secondary sources can be divided into two main categories, the internal sources and external sources.

Internal sources are sources for which data are collected within the organisation of the firm. Data collected from internal sources are easily accessible and are time and cost saving. Examples of internal data are company records such sales statistics, production records, employment statistics, inventory records, financial accounts etc.

External sources are those for which data are collected from outside the organisation. A major type of external sources is government statistics which include, among others, general statistics, production, the economy, employment and overseas trade.

General statistics deals with issues such as the monthly and annual digests relating to wages and salaries and the social trends of events such as the demographic statistics, housing, education, health, population, recreation etc. Production is concerned with production statistics, digest of the country energy statistics, Family Economic Advancement Programme, Housing and construction statistics etc.

The General published statistics on the economy reveals the economic trends, problems and prospects, inflation and exchange rates, employment, crimes, population census, etc.

The department of Labour and Productivity publish data on employment rated, index of industrial output and statistics on wages and salaries. The Federal Office of Statistics now Bureau of statistics, is empowered with the collection of data relating to economic and social issues. It publishes data on overseas trade, unemployment, vacancies etc.

Other external sources are journal, directories and yearbooks. The Nigerian Journal of Social and Economic Studies, the Nigerian Financial Review are journals commenting on the social, economic and political situations in the country. There are also private sources such as Banking Almanac published by Redasel.

Secondary sources for comparative data can be acquired through international organisations.

United Nations: The United Nations statistical yearbook of provides the country population, gross domestic product, national income, growth rate of population.

International Monetary Fund: The yearbook of International Financial Statistics is published by IMF. It gives by country population, the GNP, balance of payment, exchange rates, direct investment and other micro macroeconomic statistics.

Organisation for Economic Cooperation and Development: This organisation has about thirty member nations from the developed countries including U.S.A., Japan, Canada, Australia, New Zealand and other European countries. It publishes the main economic indicators which show the member countries economic activity relating to inflation rate, index of cost of living, employment rate, wages and salaries etc. Other international organisations that publish statistical data are UNESCO, United Nations Agreement on Tariffs and Trade (GATT), United Nations Economic Commission for Europe, Asia, Africa and Latin America.

The International Bank for Reconstruction and Development or the World Bank publishes data on member countries' economic activity. It publications include:

- a. The World Bank Economic Review
- b. The World Bank Atlas
- c. The World Bank Catalogue etc.

There are also international research organisations that publish data such as Brookings Institute-Washington, the Research Triangle in North Carolina U.S.A. etc.

In preparing statistics, factual truth and accuracy are of the first importance. A statistical conclusion is only as good as the figures on which it is based. But this does not mean minute detail, refined calculation to many decimal points, nor coverage of what statisticians call very large “populations” (i.e. numbers of persons or things having common characteristics). Equally good results may be obtained by using round numbers or studying samples, provided that the samples are really typical. Most cooperatives, for example, are familiar with the technique of sampling. The preparation of more elaborate statistics may well cost more than it is worth from the point of view of business management. Indeed before deciding to collect statistics at all, it is always necessary to ask exactly what the final object is. Is it really important? Can it be attained by using figures which are already available? If not, what is the easiest and cheapest way of collecting any new figures which are really indispensable? (ILO, 1978 p.163)

### **SELF ASSESSMENT EXERCISE**

What are the sources of data you know?

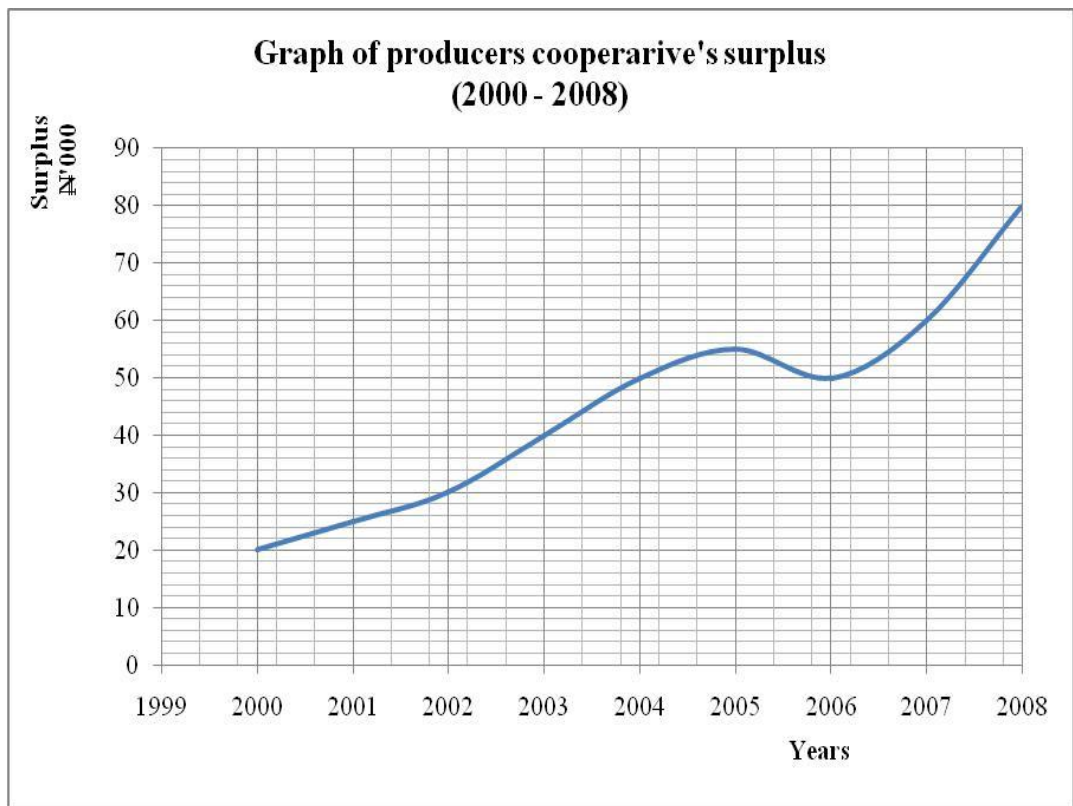
### **3.2 Presentation of Statistical Information**

Presentation is a very important area of statistics which management must be competent and not ignore. Precisely, the manager must be able to present statistical information in form of tables, graphs, and charts. Such information could be in form of output for some years and its future trends, ratio of output to thousand naira invested, ratio of output to number of workers, ratio of workers to machines, etc.

Table of producers cooperative activities (2000 – 2008)

	<b>MEMBERSHIP</b>	<b>PRODUCTION</b>	<b>SALES</b>
<b>YEAR</b>	<b>NUMBER</b>	<b>₦</b>	<b>₦</b>

		'000	'000
<b>2000</b>	<b>20</b>	<b>500</b>	<b>400</b>
<b>2001</b>	<b>20</b>	<b>600</b>	<b>500</b>
<b>2002</b>	<b>22</b>	<b>750</b>	<b>600</b>
<b>2003</b>	<b>25</b>	<b>800</b>	<b>700</b>
<b>2004</b>	<b>28</b>	<b>1,000</b>	<b>850</b>
<b>2005</b>	<b>30</b>	<b>1,500</b>	<b>1,100</b>
<b>2006</b>	<b>35</b>	<b>1,600</b>	<b>1,200</b>
<b>2007</b>	<b>40</b>	<b>1800</b>	<b>1,400</b>
<b>2008</b>	<b>50</b>	<b>2,500</b>	<b>2,000</b>



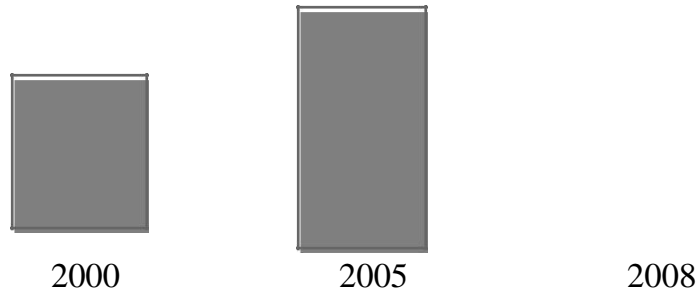
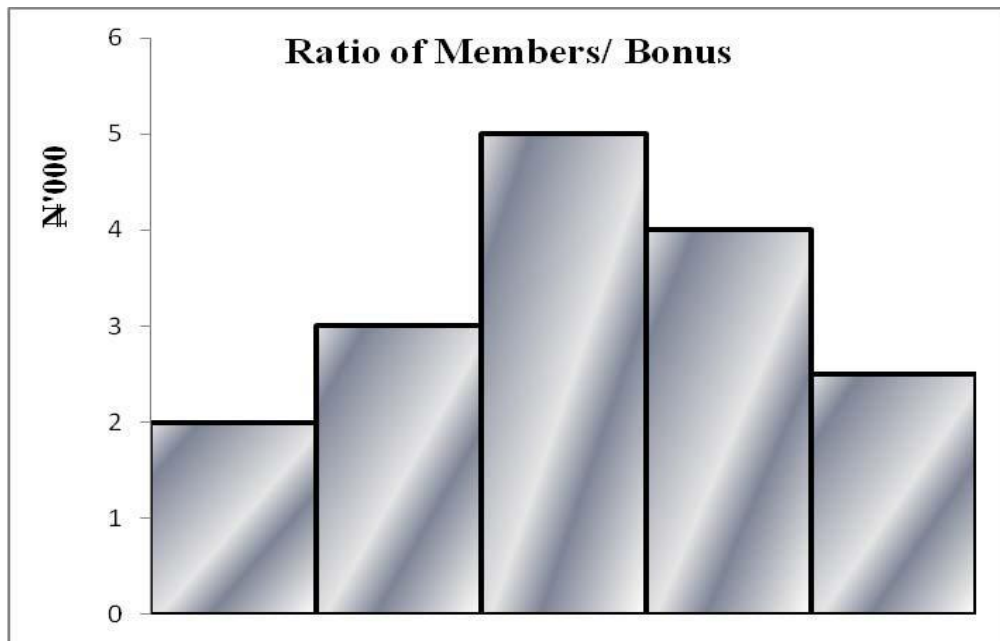


Figure: Increases in share capital of producers cooperative (2000- 2008).



Cooperative management must make decision with the statistical information so gather and analyzed, any departure from that is like a man groping in the darkness. The manager should make the information available to members' workers and the general public by placing the tables, graph and charts of operational ratios and future trends of business in conspicuous places like offices, workshops, entrance to the factory, halls of meetings etc.

One of the principal uses of statistic in business is to illustrate trends over a period of time. Everyone is familiar with the devices used for this purpose – the column of figures, the rising line of a graph, or the picture of a member getting bigger and bigger by which the progress of the cooperative membership over the years is symbolized. The same thing can be some aspect of the society's affairs.

## **SELF ASSESSMENT EXERCISE**

Mention three practical ways in which statistical information of producers cooperative can be presented.

### **4.0 CONCLUSION**

This unit, in its definition of statistics, highlights the importance of statistical information. Sources of statistical information are discussed. Furthermore, the unit sheds light on various ways of presenting statistical data so that it be meaningful to the manager and members the producers cooperative.

### **5.0 SUMMARY**

This unit has offered definition of statistics and highlighted the sources of information in a producers cooperative. It also delved in ways statistical data are presented for decision makers and members generally.

### **6.0 TUTOR MARKED ASSIGNMENT**

Differentiate primary sources of data from the secondary sources in producers cooperative.

Discuss presentation of data in producers cooperative.

### **7.0 REFERENCES/FURTHER READINGS**

Adamu, S.O and Johnson T.L (1975). *Statistic for Beginners*. Onibonje Press and a Book Industries Nigeria Ltd, Ibadan.

Allen, R.G.D (1972). *Statistics for Economist*. Hutchinson and Co (Publisher) Ltd. London.

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## **UNIT 2      STAFF MANAGEMENT AND TEAM WORK**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
  - 3.1 Staff management and team work
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-marked Assignment
- 7.0 Reference/ Further Readings

### **1.0 INTRODUCTION**

Team work is crucial for the effective management of producers cooperative because it is the engine oil for good job. Team work, without doubt, is responsible for organization excellent performance but it can only be achieved where cordial relationship, well defined responsibilities and job description are well spelt out. Everyone knows what to do and when to do it.

This unit therefore examines team work in light of good staff management.

### **2.0 OBJECTIVES**

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

- know a lot can be achieved in team work
- know that the manger is responsible for the establishment and sustenance of team work
- recognise that team work can only survive in a situation of trust and encouragement.

### **3.0 MAIN CONTENT**

### **3.1 STAFF MANAGEMENT AND TEAM WORK**

In a producers cooperative staff management and team work should be easy since the members or almost all the members constitute the staff. However, the manager's ability to organize, delegate and coordinate remains very crucial, otherwise achievements under teamwork will be almost impossible.

Delegation underpins a style of management which allows your staff to use and develop their skills and knowledge to the full potential. Without delegation, you lose their full value.

As the ancient quotation above suggests, delegation is primarily about entrusting your authority to others. This means that they can act and initiate independently; and that they assume responsibility with you for certain tasks. If something goes wrong, you remain responsible since you are the manager; the trick is to delegate in such a way that things get done but do not go (badly) wrong.

#### **Objective**

The objective of delegation is to get the job done by someone else. Not just the simple tasks of reading instructions and turning a lever, but also the decision making and changes which depend upon new information. With delegation, your staffs have the authority to react to situations without referring back to you.

To enable someone else to do the job for you, you must ensure that

- they know what you want
- they have the authority to achieve it
- they know how to do it.

These all depend upon communicating clearly the nature of the task, the extent of their discretion, and the sources of relevant information and knowledge.

#### **Information**

Such a system can only operate successfully if the decision-makers (your staff) have full and rapid access to the relevant information. This means that you must establish a system to enable the flow of information. This must at least include regular exchanges between your staff so that each is aware of what the others are doing. It should also include briefings by you on the information which you have received in your role as manager; since if you

need to know this information to do your job, your staff will need to know also if they are to do your (delegated) job for you.

One of the main claims being made for computerized information distribution is that it facilitates the rapid dissemination of information. Some protagonists even suggest that such systems will instigate changes in managerial power sharing rather than merely support them: that the "enknnowledged" workforce will rise up, assume control and innovate spontaneously. You may not believe this vision, but you should understand the premise. If a manager restricts access to information, then only he/she is able to make decisions which rely upon that information; once that access is opened to many others, they too can make decisions - and challenge those of the manager according to additional criteria. The manager who fears this challenge will never delegate effectively; the manager who recognizes that the staff may have additional experience and knowledge (and so may enhance the decision-making process) will welcome their input; delegation ensures that the staff will practise decision-making and will feel that their views are welcome.

### **Effective control**

One of the main phobias about delegation is that by giving others authority, a manager loses control. This need not be the case. If you train your staff to apply the same criteria as you would yourself (by example and full explanations) then they will be exercising your control on your behalf. And since they will witness many more situations over which control may be exercised (you can't be in several places at once) then that control is exercised more diversely and more rapidly than you could exercise it by yourself. In engineering terms: if maintaining control is truly your concern, then you should distribute the control mechanisms to enable parallel and autonomous processing.

### **Staggered Development**

To understand delegation, you really have to think about people. Delegation cannot be viewed as an abstract technique, it depends upon individuals and individual needs. Let us take a lowly member of staff who has little or no knowledge about the job which needs to be done.

The key is to delegate gradually. If you present someone with a task which is daunting, one with which he/she does not feel able to cope, then the task will not be done and your staff will be severely demotivated. Instead you should build-up gradually; first a small task leading to a little development, then another small task which builds upon the first; when that is achieved,

add another stage; and so on. This is the difference between asking people to scale a sheer wall, and providing them with a staircase. Each task delegated should have enough complexity to stretch that member of staff - but only a little.

### **Constrained Availability**

There is a danger with "open access" that you become too involved with the task you had hoped to delegate. One successful strategy to avoid this is to formalize the manner in which these conversations take place. One formalism is to allow only fixed, regular encounters (except for emergencies); you might even insist on a draw-up agenda. A second formalism is to refuse to make a decision unless subordinate has provided you with a clear statement of alternatives, pros and cons, and his recommendation.

### **Outcomes and Failure**

Let us consider your undoubtedly high standards. When you delegate a job, it does not have to be done as well as you could do it (given time), but only as well as necessary: never judge the outcome by what you expect you would do (it is difficult to be objective about that), but rather by fitness for purpose. When you delegate a task, agree then upon the criteria and standards by which the outcome will be judged.

You must enable failure. With appropriate monitoring, you should be able to catch mistakes before they are catastrophic; if not, then the failure is yours.

### **What to delegate**

There is always the question of what to delegate and what to do yourself, and you must take a long term view on this: you want to delegate as much as possible to develop your staff to be as good as you are now.

The starting point is to consider the activities you used to do before you were promoted. You used to do them when you were more junior, so someone junior can do them now. Tasks in which you have experience are the easiest for you to explain to others and so to train them to take over. You thus use your experience to ensure that the task is done well, rather than to actually perform the task yourself. In this way you gain time for your other duties and someone else becomes as good as you once were (increasing the strength of the group).

Tasks in which your staff have more experience must be delegated to them. This does not mean that you relinquish responsibility because they are expert, but it does mean that the default decision should be theirs. To be a good manager though, you should ensure that they spend some time in explaining these decisions to you so that you learn their criteria.

Decisions are a normal managerial function: these too should be delegated - especially if they are important to the staff. In practice, you will need to establish the boundaries of these decisions so that you can live with the outcome, but this will only take you a little time while the delegation of the remainder of the task will save you much more.

In terms of motivation for your staff, you should distribute the more mundane tasks as evenly as possible; and sprinkle the more exciting ones as widely. In general, but especially with the boring tasks, you should be careful to delegate not only the performance of the task but also its ownership. Task delegation, rather than task assignment, enables innovation. The point you need to get across is that the task may be changed, developed, upgraded, if necessary or desirable. So someone who collates the monthly figures should not feel obliged to blindly type them in every first-Monday; but should feel empowered to introduce a more effective reporting format, to use Computer Software to enhance the data processing, to suggest and implement changes to the task itself.

### **Negotiation**

Since delegation is about handing over authority, you cannot dictate what is delegated nor how that delegation is to be managed. To control the delegation, you need to establish at the beginning the task itself, the reporting schedule, the sources of information, your availability, and the criteria of success. These you must negotiate with your staff: only by obtaining both their input and their agreement can you hope to arrive at a workable procedure.

### **When all is done for you**

Once you have delegated everything, what do you do then?

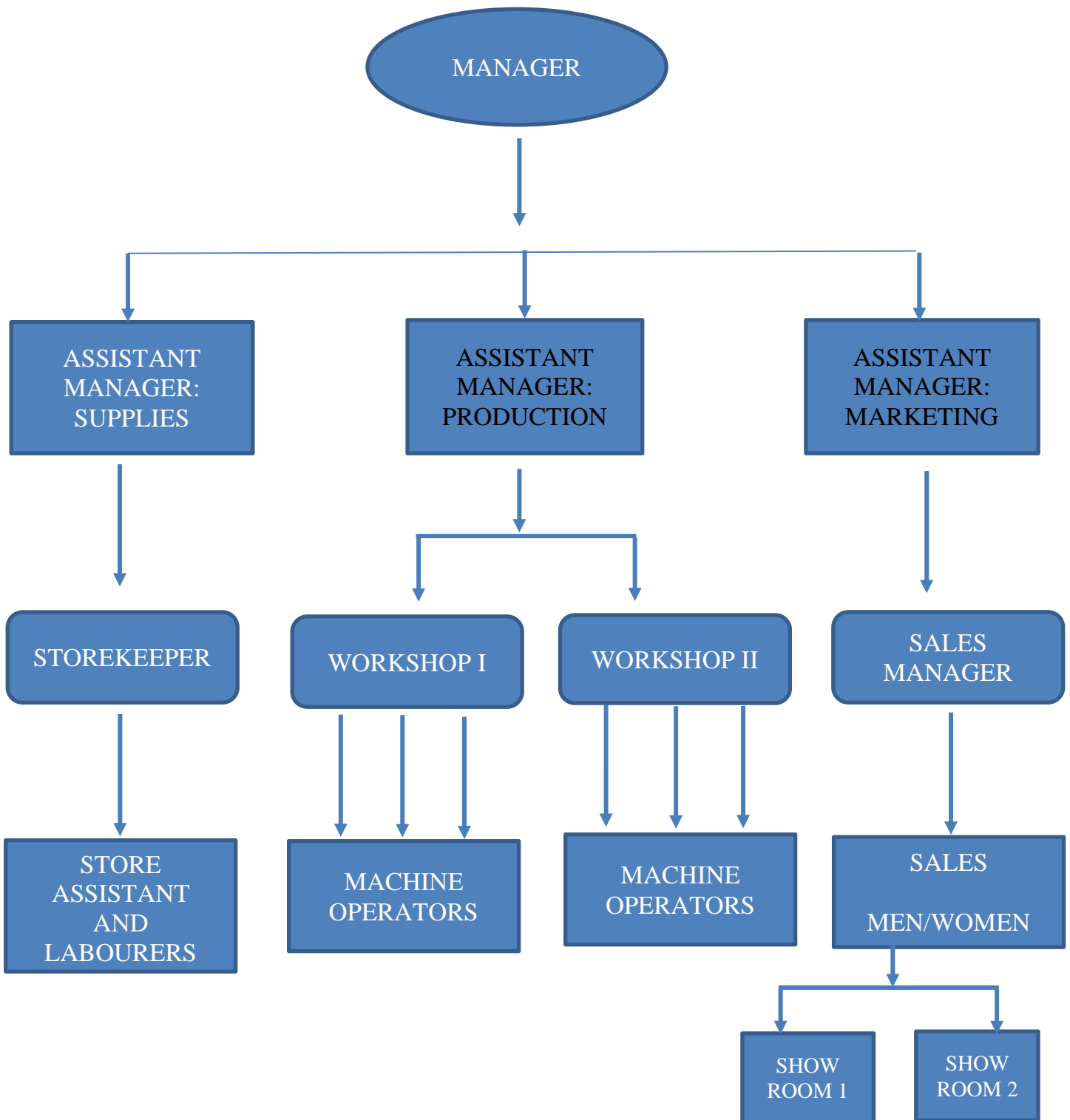
You still need to monitor the tasks you have delegated and to continue the development of your staff to help them exercise their authority well.

There are managerial functions which you should never delegate - these are the personal/personnel ones which are often the most obvious additions to your responsibilities as you assume a managerial role. Specifically, they include: motivation, training, team-building, organization, praising, reprimanding, performance reviews, promotion.

As a manager, you have a responsibility to represent and to develop the effectiveness of your group within the company; these are tasks you can expand to fill your available time - delegation is a mechanism for creating that opportunity.

The manager has to set out and define the jobs to be done, determine the type of people required to perform the task, and determine the procedures for carrying them out. He also gives them the authority to carry out the job and establish the relationship between them. Usually, this is best done with a staff organization chart which will show the job description of each officer, the span of his authority, who is or are responsible to him and to whom he is responsible. In this way, each employee knows exactly what to do, how to do it, from where to take instructions, whom to consult for advice and guidance and that he is responsible to only one person at a time.

Staffs must be trusted, encouraged and praised for work/job done very well. Opportunity to team work must abound because some people take pride in belonging to a group. The manager must learn to ask why things are done badly and who did it. It is only in this way the manager will create a good atmosphere and a right attitude for work and team work.



An organisational chart showing division of responsibilities and line of authority of at a glance

**SELF-ASSESSMENT EXERCISE**

Does the attainment of teamwork depend on the manager?

#### **4.0 CONCLUSION**

The unit shows that the manager's ability is responsible for successful team work toward successful management in producers cooperative. The manager's responsibilities towards achievement of team are set out. Furthermore, the unit states that for the establishment and sustenance of team work, trust and encouragement must be embraced.

#### **5.0 SUMMARY**

The unit highlights that team work for excellent achievement could only be obtain if the manager had the ability to organize, delegate and co-ordinate. The manager's duty for the establishment and sustenance of the team was clearly stated. Staffs have to be trusted and encouraged to put in their best.

#### **6.0 TUTOR-MARKED ASSIGNMENT**

Why is it easier for workers of the producers cooperative to work as a team and achieve a lot?

Discuss the responsibilities of a manager for the establishment and sustenance of team work in producers cooperative.

#### **7.0 REFERENCES/FURTHER READING**

[://www.see.ed.ac.uk/~gerard/Management/art5.html](http://www.see.ed.ac.uk/~gerard/Management/art5.html)

ILO (1978). Cooperative Management and Administration, ILO Publications, Geneva.



### **UNIT 3      RELATIONSHIP OF THE STAFF AND PRODUCERS COOPERATIVE MEMBERS**

#### **CONTENTS**

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
  - 3.1 Relationship of the staff and producers cooperative members.
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-marked Assignment
- 7.0 Reference/Further Readings

#### **1.0 INTRODUCTION**

Good relationship between staffs and members of the producers cooperative will increase productivity. This is why the manager exerts energy at promoting cordial relationship with the non-member workers of the producers cooperative.

This unit, there, examines the relationships between non-member staff and member employees, and between member- employees.

#### **2.0 OBJECTIVE**

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

- know the type of relationship staff and members at the formation of producers cooperative
- discuss how the manager can improve relationship between non-member workers and the member-employees
- explain the likely relationship between staff members after the pioneer members must have retired

- know how to motivate members for cordial relation.

### **3.0 MAIN CONTENTS**

#### **3.1 Relationship of the Staff and Producers Cooperative Members**

In most producers cooperative, especially the industrial producers cooperative, a small percentage of labour is made of non-members and this small percentage consist mostly of non-skilled workers, casual labourers etc. In this instance, it is the managers duty to make sure, that non-member staffs fare are taken care of in terms of appropriate remuneration, promotions, education, interactions with members outside the office or work hours etc., to make them relate well with the management and the members as a whole.

At the beginning of the establishment of a producers cooperative, members relations will be natural and cordial. All members will work with great enthusiasm. The fact that members joint by skills) depend on their wages from the society will make them more committed and loyal. Other motivating factor is expected bonus form surplus of the society at the end of each financial year. If, however, the expectations in form of greater or increased revenue, adequate or increased surplus, bonus etc., are realized members interest may wane, and subsequently, relations may be adversely affected.

After many years of operations of the producers cooperative and when many of the pioneer members must have retired, the new members may not attach appropriate importance to the business of the society and relations with members. If, for instance, the new members do not accord attendance at meetings and other society's programmes required importance, they might not be able to interact with members and be well informed about the society's' business. The consequence may turn out to be avalanche of complaints and misunderstandings.

Members of cooperative must be encouraged to use society's services regularly to it fullness, increase his/ her capital shares, contribute to the production of standard products, work hard to get jobs done, contribute new ideas and make constructive criticism in order to enrich the cordial relations in the society. Efforts to improve and maintain good relations must be geared towards regular general meetings and other types of meetings where both the present and the future business of the cooperative are discussed and thoroughly explained to members. Education of members, workshops, seminars, exhibitions, film shows, excursions etc. are genuine ways of

getting members to interact and build cordial relations in the interest of the cooperative business.

The President of the society has a lot to offer in promoting relations between members. His leadership role point to this:

The President is the Leader of producers cooperative. He exercises this leadership both inside and outside the Society in the community. He represents the society in the community. Hence, on him lies the task of maintaining harmonious relations with the community at large and with other producers industrial cooperatives.

He must be able to command the respect of members, government officials, and outsiders. He must be able to speak well in public and be willing to work hard for the cooperative. This is not just an honorary position thus care must be taken not to choose a person who accepts the “honour” but does little.

Within the society he is the Superior officer and has the greatest responsibility. He carries out his leadership in many ways. He must familiarize himself with the duties assigned to each officer and to each committee so that he may confidently be in a position to judge whether they are fulfilling properly their appointed tasks. He must be on the alert for potential leaders in the ranks of membership upon whom he can call when committees are being appointed and replacements are being sought e.g. in the event of resignation. He must encourage good relations and a spirit of dedication within the society, among the members, in the committees, and in particular in management. He must encourage those with difficulties .If a member is totally failing in his job he must tactfully persuade him to resign voluntarily.

The President leadership is particularly relevant at society meetings, both committee and General. Good chairmanship is vital to management success. It will, in large measure determine the success of all the other relationships throughout the organization. At meetings the experienced chairman shows his worth. He must allow reasonable freedom of speech and allow members express opinions, but he must keep discussions within bounds and free from personalities. That is why members must address the chair and why questions are put to the chair and not directly to another member. He must be able to persuade the members at the meeting to reconcile their differences in order that decisions that are acceptable to the majority of those present can be reached and passed.

## **SELF ASSESSMENT EXERCISE**

- i. Why is it not difficult to have cordial relationship in an industrial producers cooperative.
- ii. How can members (member-employees) be courage for rich cordial relationship?

## **4.0 CONCLUSION**

The above sheds light on the necessary cordial relationship necessary in a producer cooperative. It examines situations of relations at the beginning of the establishment of the producers cooperative and the relations after many year of operation. The unit suggests ways by which members can be encouraged for sustenance of cordial relationships.

## **5.0 SUMMARY**

This unit has shown that there was tendency to have cordial relations in the industrial (producers) cooperative. Furthermore, the relations changed after many years of operations when pioneer members have retired. The unit suggested ways by which members of the producers cooperatives could sustain and enrich cordial relations for effective management.

## **6.0 TUTOR-MARKED ASSIGNMENT**

1. Discuss the duty of a manager of a producers cooperative in maintaining cordial relationship between member-employees and the non-member workers.
2. Why is it that the relations between members employees are likely to change after many years of operations?

## **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 4      EXTERNAL RELATIONS**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objective

- 3.0 Main Content
  - 3.1 Producers cooperative relations with the general public
  - 3.2 Producers cooperative relations with government officials
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-marked Assignment
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## **1.0 INTRODUCTION**

Members of the business community will be reluctant, if not avoid, any enterprise that has no good reputation. The public wants to deal with enterprises with genuine and transparent business. It is quite clear why the producers cooperative must have good external relations. Besides that, the producers cooperatives by law have relations with government officials right from the time of formation.

This unit therefore examines external relations of producers cooperative with the outside world and how it could be managed.

## **2.0 OBJECTIVES**

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

- know that producers cooperative has external relations with the general public
- discuss the producers cooperative relations with government officials
- know what the producers cooperative should do to maintain good external relations.

## **3.0 MAIN CONTENT**

### **3.1 Producers Cooperative Relations with the General Public**

External relations of producers cooperative may be looked at in two different ways:

1. Producers cooperative relations with the general public, and
2. Producers cooperative relation with government officials.

Producers cooperative with the public is based on the following facts that cooperative is a form of business competing with the private business, and

it transact business with the private businesses, individuals and general public. Producers cooperative must maintain good relations with its supplier of raw materials, the consumer of its products, and enter into a contractual agreement with labour. Those who transact business with the cooperative society expect integrity, honesty, transparency etc. to be the watch words of the manager, management committee and the members of the societies. These are essential qualities for good and cordial relationship. For good relations with the public therefore, the producers cooperative must educate the public about cooperative and its business. In this direction the society can organize conferences, workshops, talks, film shows and other programmes to inform the public about its business. Publication and distribution of leaflets may disseminate information to the public. The publication of the audited accounts of the producers cooperative will demonstrate to the world its genuine and transparent business and also serves as an incentive to business partners and general public to continue to trade with cooperative society.

### **SELF ASSESSMENT EXERCISE**

Mention the entities the producers cooperative have relations (business) with.

### **3.2 Producers Cooperative Relations with Government Officials**

Producers cooperative relations with government official must have started at the point of formation of the society. This is because in almost every country, there are laws and regulations for the formation, operation and supervision of cooperative societies or unions. In addition to these laws and regulations, there may be special bye-laws which cooperative can adopt.

Officials of government departments and ministries are empowered by the cooperative laws and regulations to register, supervise, promote, arbitrate and liquidate cooperative societies or unions. Relations with officials of government and ministries must not be ignored for cordial relationship. It is worth of note that government agencies do give assistance inform of raw materials, machineries and equipment, financial resources, storage facilities, staff etc. to cooperative societies.

Cooperatives and producers cooperative in particular often need the assistance of legislators for special laws, programmes, subsidies etc. for the benefit of the cooperatives. This is only possible if the cooperatives extend hand of friendship to the legislators and the national assembly as a whole. For this assistance to come, however, the cooperative must let the legislator

know the importance of their programmes to social upliftment of the populace.

The powers and responsibilities of the Cooperative Department are derived from the cooperative law. We have already seen that in order to be legal entities, cooperatives must be registered under the law. Normally, the powers given to the Registrar of the Cooperative Societies (or equivalent) by law include the following:

- a. Registration or refusal of registration
- b. Liquidation
- c. Audit
  
- d. Inspection and enquiry
- e. Arbitration in disputes
- f. Intervention in management

The powers of the Registrar vary greatly from country to country, and are subject of much controversy – especially where intervention in management is concerned. No one disputes that government must provide a legal framework for cooperative movement and machinery to administer it, but there is much debate about the powers of government to actually control the cooperative movement. To explore the matter a little further, the powers listed above are discussed in the next few paragraphs.

### **Registration**

In most countries the law gives the Registrar the power to register or refuse to register a cooperative. Frequently the law says “the Registrar may register a cooperative society, if he thinks fit”. This means that he has absolute discretion to decide whether a cooperative should be allowed to exist or not. Before accepting a cooperative for registration, the registrar will of course have to satisfy himself that its objects, membership and bye-laws are in accordance with the law and with cooperative principles. He would, for example, reject an application for registration if the bye-laws provided that member could vote according to their share capital. So far, it is straight forward enough but, even if the proposed cooperative is within the law and in accordance with cooperative principles, the Registrar might still refuse to register it. He might, for example, refuse on the grounds that the proposed cooperative could never be financially successful. He might, also refuse on the grounds that there was already a similar cooperative operating in the same area. Finally, he might refuse because he does not



think that the members are yet capable of running the cooperative properly, or that they have not got a suitable manager or secretary.

There is usually the right of appeal to the Minister (or sometimes to a court) against the refusal of the Registrar to register a cooperative. This right is, however, merely a safeguard against an unfair or arbitrary decision by the Registrar.

### **Liquidation**

Just as the Registrar has the power to register a cooperative, so has he the power to close it down. He may do so on any grounds. It may be that the cooperative is no longer operating in accordance with the law or cooperative principles. It may be that the number of members has fallen below minimum. The most usual reason, however is that the cooperative has gone bankrupt. When the Registrar decides to close down a cooperative, he makes an order putting it into liquidation, and appointing a liquidator. The liquidator takes over all the assets and liabilities and is responsible, under the law, for winding up the cooperative's affairs to the best advantage of all concerned, and with a special regard to the cooperative creditors.

As with registration, there is, usually, provision in the law for appeal to the Minister or a court, against a decision of the Registrar to close down a cooperative.

### **Audit**

The Registrar is, under the law, given the responsibility of ensuring that the accounts of all cooperatives are audited regularly. He might carry out this responsibility through members of his own staff, or he might agree to the appointment of commercial auditors. In either case, it is the registrar who is responsible and who must approve the accounts before they are presented to the members or published. This power protects the individual members, who may not, themselves, have the knowledge to ensure that the accounts are properly kept. In addition, however it gives power to the Registrar, because it gives him access to knowledge. From the audited accounts, he knows the state of health of the cooperative, and knows whether to exercise any of the powers which the law gives him.

### **Inspection and enquiry**

The law gives the Registrar powers to inspect a cooperative at any time. The committee and officials of the cooperative are required to produce any

books of account or property of the cooperative which the Registrar or his representative may require to carry out the inspection. The Registrar, also, has the power to order a more formal enquiry into the affairs of a cooperative. Such an enquiry has powers not unlike those of courts – for example. To inspect all the records and to question witnesses.

### **Arbitration in disputes**

In most cooperative laws, disputes arising from the business of a cooperative, whether between the cooperative and one of its members, between one member and another, between the cooperative and its officials, or between one cooperative and another cooperative, cannot, under the law, be taken to a normal civil court. They must be referred to the Registrar, who can either try the matter himself or appoint an arbitrator. The Registrar's decisions in these cases are final, and cannot be called into question in a civil court. Awards made are enforced as if they were judgments of a civil court. This provision of the law is beneficial to the cooperative movement in that it provides for cheap and speedy machinery to settle disputes, avoiding the expensive and time-consuming process of hiring lawyers and going to court. Lawyers are usually not allowed to take part in the arbitration proceedings. It does at the same time give very considerable powers to the Registrar to take decisions in the overall interest of the cooperative movement.

### **Intervention in management**

A more recent but very general trend has been to put into the law, powers for the Registrar actually to intervene in the management of cooperatives. Sometimes such powers may only be exercised if the cooperative is in serious trouble. For example, if an enquiry has been held as described above, and the conclusion is that the cooperative is badly managed, the Registrar may dismiss the committee and appoint a manager of his own choosing. Normally, the manager may only be appointed for a limited time. The object is to rescue a cooperative which has got into trouble which might otherwise lead to its liquidation.

In some countries, the powers of intervention are taken further and apply not merely to cooperatives which have got into difficulties but to all the others as well. For example, the Registrar may be empowered to demand estimates of expenditures from every cooperative and to forbid expenditure except within the estimates which he has approved. Cheques for more than a relatively small amount must be countersigned by the registrar, or his representative. The Registrar may have the right to appoint some members

of the committee or to appoint the manager. He may have the powers to order amalgamations or divisions.

### **SELF ASSESSMENT EXERCISE**

What empowers producers cooperative relations with the government officials?

### **4.0 CONCLUSION**

This unit highlights and discusses the external relations of the producers cooperative. The management (steps to be taken) of external relations is crucial for the maintenance and sustenance of cordial external relations.

### **5.0 SUMMARY**

This unit recognized two types of relations within the external relations of the producers cooperative. After the analyses of the relations with the general public, suggestions were put forward for the management and sustenance of good relations. In the same vein, the unit examines the producers cooperative relations with the government officials and legislators.

### **6.0 TUTOR-MARKED ASSIGNMENT**

1. Discuss the producers cooperative relations with the general public.
2. How can the producers cooperative manage its relation with the public? [Hint: steps to take]
3. Shed light on the producers cooperative relations with the government officials.

### **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 5 MANAGEMENT CONROL**

## CONTENTS

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
- 3.1 Management controls in a producers cooperative.
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-marked Assignment
- 7.0 Reference/ Further Readings

### 1.0 INTRODUCTION

It is necessary in producers cooperative, that management is concerned with fulfilling or meeting production plans, sales plan etc. Management must also ensure that works are done as specified, workers are doing what they are assigned to do, machine breakdown are avoided, and vehicles are overhauled at the appropriate time etc. for efficient running of the enterprises. This unit therefore examines management controls for smooth functioning of the producers cooperative.

### 2.0 OBJECTIVE

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

- know various ways of management control
- know objects of management control
- explain methods of management controls.

### 3.0 MAIN CONTENT

#### 3.1 Management Controls in a Producers Cooperative

The highest hierarchy of control of the producers cooperative is the supervisory committee. Then objective of the supervisory committee is to assist the management in carrying out the purpose of the organization. While the supervisory committee may not interfere with Management decisions, its duty is to see that:

- i. The members of the management committee meet regularly.
- ii. The decisions are in accordance with the Laws and the rules of the society.

- iii. They keep to the policies which they themselves set.
- iv. Those resolutions are being implemented.

The committee must do everything necessary to assure itself from its own examination that reports submitted by the Management to the general meetings of the members do, in fact, show the actual condition of the society and the care being taken of the members' funds. In this report the committee must take nothing of importance for granted.

The supervisors act as a protection for the other committees, not by finding fault but by reporting faults so that they may be eliminated. It does not set out to recover if officers are honest but to prove they are. The committee is required by law to do inspectorial work. Their investigations in no way reflect judgement on the character or motives of any individual.

In producers cooperative there are many ways by which the manager and the management committee can stem up control over production plan, sales of products, staff, machinery, wages, salaries, loans, expenditures, unforeseen events. The manager must determine the methods of control which may be budget, reports from senior employees, personal visits, perpetual follow-ups etc.

The manager breaks the production plan, as reflected in the budget, into monthly, quarterly plans. At the end of each month, for instance, he checks the actual production with the plan. In similar manner, he looks at the sales plan and examines how it has been fulfilled. This process allows him to find out what is responsible for the variance and takes necessary decision that will ensure the plan is on course.

**Table 5.1** QUARTERLY ANALYSIS FOR BUDGET CONTROL

S/N	Items	Budget	Actual	Variance
1	Production (kg)	50,000	45,000	-5,000
2	Sales(million Naira)	200	180	-20
3	Capital expenditure (Thousand Naira)	500	550	+50
4	Wages and Salaries (Thousand Naira)	50	50	—
5	Raw materials (Thousand Naira)	100	195	-5

6	Overhead expenses (Thousand Naira)	20	22	+2
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The manager needs to find out the reasons for the variances in production output [-5000 tons] and sales (₦20 million) (see Table 5.1). There is also the need to investigate the causes of short up in overhead expenses (₦2,000) and step up budgeting control, otherwise the trend will extend to other quarterly budgets.

Daily, weekly or monthly reports are received from senior employees or heads of departments and sections. These reports are then used by the manager as basis for instructions to control the business. There may also be unforeseen events such as damage to buildings, machines, equipments, change in interest rates, and others. These unforeseen events place heavy demands on the flexibility and resourcefulness of managers and management and they are to be taken care of.

### **Various Administrative Controls**

Organizations often use standardized documents to ensure complete and consistent information is gathered. Documents include titles and dates to detect different versions of the document. Computers have revolutionized administrative controls through use of integrated management information systems, project management software, human resource information systems, office automation software, etc. Organizations typically require a wide range of reports, e.g., financial reports, status reports, project reports, etc. to monitor what's being done, by when and how.

The manager may decide to visit the departments and sections regularly to see and assess situations himself for action. If something happens due to the negligence of any staff, it is his duty to take disciplinary action against such a staff.

Manager and management committee must ensure that members (skilled) and other workers are trained for necessary special skills for production for handling of new machines and equipments. By so doing standard and quality products are guaranteed and breakdowns of machines and equipments are minimized. It is also within the control jurisdiction of the manager to obtain feedbacks on quality from consumers of the producers' cooperative products so that necessary adjustments and changes can be made. The manager must also ensure that buildings are repaired and painted, vehicles are overhauled, wages are paid out correctly, and insurance premiums, rates and taxes etc. are paid.

## **SELF-ASSESSMENT EXERCISE**

Mention some methods of control the manager of a producers cooperative can use.

### **4.0 CONCLUSION**

This unit identifies the objects of management control in a producers cooperative. It also sheds light on the methods of control available to the manager. These methods are then explained in details and at the end of the text suggestions are put forward for the effective controls by the manager.

### **5.0 SUMMARY**

This unit highlighted the objects of management control and the methods by which the manager could effect controls. Furthermore, the unit discussed the management control methods identified in details. The unit put forward some suggestion as to how the manager and management committee could strengthen management controls.

### **6.0 TUTOR-MARKED ASSIGNMENT**

Identify methods of management control in a producers cooperative.

Carefully discuss two methods of management controls in a producers cooperative.

### **7.0 REFERENCES/FURTHER READINGS**

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## **UNIT 6 PROBLEMS OF PRODUCERS COOPERATIVE AND THE MANAGEMENT IN NIGERIA**

### **CONTENTS**

- 1.0 Introduction
- 2.0 Objective
- 3.0 Main Content
  - 3.1 Problem of producers cooperative and its management in Nigeria.
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-marked Assignment
- 7.0 Reference/Further Readings

### **1.0 INTRODUCTION**

The tardiness in development of producers cooperatives may be attributed to a number of problems. These problems range from lack or inconsistent



policies, lack of awareness on the part of skilled workers, infrastructural inadequacy, to poor management in the producers cooperative and the entire cooperative movement in Nigeria.

This unit's mission is to highlight the problems of producers cooperative and its management in Nigeria.

## **2.0 OBJECTIVE**

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

- know the problems militating against producers cooperative in nigeria
- discuss management problems affecting the producers cooperative

## **3.0 MAIN CONTENT**

### **3.1 Problem of Producers Cooperative and its Management in Nigeria**

Producers' cooperative, like other cooperatives, no doubt contributes to the development of the economy. The social upliftment of the members of the society and the community is a noble course. It is known that producers cooperative, most especially the industrial cooperative, has long been recognized since the industrial revolution in the Western Europe in the small scale industry as agent of economic development. In Nigeria, however, its formation and operation have been crowded or shrouded with many problems such as:

- Lack of deliberate policy to assist in the development of producers cooperative among other cooperatives
- Lack of awareness on the part of potential skilled persons qualified to set up producers' cooperatives.
- Since this type of cooperative is practised by skilled and poor people whose financial resources are not enough for the required amount of capital, in-availability of fund constitutes a constraint.
- Loans cannot be obtained by these poor skilled members for lack of collateral
- Even if the loans are available the rates of interest on such loanable funds are very high and uneconomical.

- Industrial machines, equipment and tools necessary for production of goods and services are often not available, and when they are available they can only be obtain at very high cost.
- Products and services of producers cooperative are usually not for members, sales of such products and services take place in a situation of severe competition with the private sector entrepreneurs who have advantages of producing at considerable reasonable cost.
- The graduates of the National Directorate of Employment (NDE) are not trained and supported to form producers cooperative. They are only given skills and loans/supports to be on their own.
- Since the experience of producers cooperatives is not abound in Nigeria, the managers of such societies may not also be well experienced to steer the business out of serious challenges.
- Infrastructural problems (erratic electricity supply, inadequate water, bad roads etc.) in no small way constitute major challenges in the management of producers cooperative in Nigeria.

### **SELF-ASSESSMENT EXERCISE**

List the problems militating against the development of producers cooperative in Nigeria.

### **4.0 CONCLUSION**

This unit highlights the problems retarding the development of producers cooperative in Nigeria. It delves also on management problems of the producers cooperative.

### **5.0 SUMMARY**

We have highlighted and discussed problems militating against the development of producers cooperative in Nigeria. The unit also revealed management problems of producers cooperative in Nigeria.

### **6.0 TUTOR--MARKED ASSIGNMENT**

1. Discuss the problems militating Against the development of producers cooperative in Nigeria.
2. Identify and carefully explain management problems affecting producers cooperative in Nigeria.

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