1.1 COOPERATIVES:

1.1.1 INTRODUCTION TO COOPERATIVES:

A cooperative is an association of people, as against a business firm, which is an association of capital. Cooperatives are recognized through dual characteristic of ownership and democratic control, which differentiates them from other organizations. When individuals join a cooperative, they become joint owners of a democratically controlled organization established to meet members' shared economic and social needs. The concept of cooperation and mutual help is not new to Indians, since ancient times Joint family system has been a practical ideology for Indians. Principles of cooperation are the kind of Joint family system.

Although the first Cooperative Societies Act passed in 1904, the cooperative movement gained momentum after India attained independence. Today cooperative movement in India is the largest in the world. The movement has permeated all walks of life, i.e. agriculture, horticulture, credit and banking, housing agro-industries, rural electrification, dairy, consumers, tribal, agribusiness, HRD, information technology, etc.

The business structure and operation of a cooperative and a traditional business have many similarities, and both must have a sound financial structure and adequate finances for successful operation. However, they also have three important differences: purpose, the financial surplus or profit is used or distributed, and the ownership and control structure.

Cooperative is an important tool for overall development at grass root level, where common man has to be uplifted through some innovative approach and management.

The cooperatives are the preferred instruments of socio-economic development. Their contribution to the national economy of the country is very significant. In the wake of declining role of public sector and various limitations of private sector, relevance of cooperatives is achieving greater heights. In the emerging environment of capitalistic form of society, cooperatives must succeed to provide opportunities to marginal and deprived section of society for their socio-economic development. Government is also committed to provide policy support for the development of cooperative sector in the country.

Cooperatives are the only means to bring the poorest segments of society into an organisational fold as legally recognized entities, providing opportunities for employment and better income along with the needed support services. They serve as a link between policy makers in government and the ultimate beneficiaries at the grassroots, promoting social dialogue.
1.1.2 DEFINITION OF COOPERATIVE:

Dr. C. R. Fay describes Cooperatives from Socio-Economic point of view as, “An association for the purpose of joint trading organization among the weak and conducted always in an unselfish spirit on such terms that all who are prepared to assume the duties of membership may share in its rewards in proportion to the degree in which they make use of their association”

According to Dr. K. N. Katin “Cooperative is self-help as well as mutual help. It is a joint association or enterprise of those who are not financially strong and are unable to stand on their own and therefore come together not with a view to get profits but to overcome disability arising out of want of adequate financial resources and thus better their economic conditions”

According to the International Cooperative Alliance (ICA), a cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

According to the Committee on cooperation in India (McLagan committee), “The theory of cooperation is that an isolated and powerless individual can be in association with others and by moral development and mutual support obtain, in his degree, the material advantages available to wealthy or powerful person, and thereby develop himself to the fullest extent of his natural abilities. By the union of forces, material advancement is secured and by united action, self-reliance is fostered, and it is from the interaction of these influences that it is hoped to attain the effective realisation of the higher and more prosperous standards of life, which has been characterised as ’better business, better farming and better living’.

Thus from the above definition, some basic philosophical concepts related to cooperatives include:

1. A fundamental respect for human beings and a belief in their capacity,
2. It is to improve themselves through mutual self help
3. Through democratic procedures related to economic activities that are feasible, desirable, and efficient for democratically controlled businesses and
4. Contribute to the common good.

Voluntary association of individuals is the important aspect of any cooperative endeavor. Therefore, it can be said that, Cooperatives are member based, democratically managed institutions bound by their own bylaws and systems of audit etc., ensuring transparency and accountability.
1.1.3 NATURE OF COOPERATIVES:

"A cooperative is a user owned and user-controlled business that distributes benefits on the basis of use” Cooperatives are value-based and people-based economic enterprises, founded upon the well-defined ethos and principles which include ‘concern for the community’. This dual i.e. social and economic character is unique to cooperatives, which makes them ideal, and, in fact, the only vehicle to ensure equitable distribution.

It is form of voluntary association where individuals unite for mutual aid in the production and distribution of wealth upon principles of equity, reason and common good. It stands for distributive justice and asserts the principle of equity and equality ensuring to all those engaged in the production of wealth a share proportionately commensurate with the degree of their contribution. It provides as a substitute for material assets, honesty and sense of moral obligation and keeps in view the moral rather than the material sanction.

This has both its pros and cons for the cooperative. On the positive side, a cooperative knows its domain thoroughly, and knows that it has to continue in it - forever - as that is the primary reason for its existence. A cooperative also tries to understand the needs of its members in both rural and urban areas and ensure equitable distribution of benefits flowing from various development programmes.

THE BASIC COOPERATIVE VALUES:

The basic cooperative values as enshrined in the statement are stated as follows: ‘Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.’

<table>
<thead>
<tr>
<th>Basic Cooperative Values</th>
<th>Self-Help</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Self-Responsibility</td>
</tr>
<tr>
<td></td>
<td>Democracy</td>
</tr>
<tr>
<td></td>
<td>Equality</td>
</tr>
<tr>
<td></td>
<td>Equity</td>
</tr>
<tr>
<td></td>
<td>Solidarity</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethical Values</th>
<th>Honesty</th>
<th>Openness</th>
<th>Social Responsibility</th>
<th>Caring for Others</th>
</tr>
</thead>
</table>

The Cooperative Movement has a deep and distinguished intellectual history. During each of the last ten generations of human history, many theorists in many parts of the world have made major contributions to cooperative thought, and most of that thought has been concerned with cooperative values.
[A] ‘Self-Help’ is based on the belief that all people can and should strive to control their own destiny. Cooperators believe that full individual development can take place only in association with others. Individuals also develop through cooperative action by the skills they learn in facilitating the growth of their cooperative. Cooperatives are institutions that foster the continuing education and development of all those involved with them;

[B] ‘Self-Responsibility’ means that members assume responsibility for their cooperative – for its establishment and its continuing vitality. Members have the responsibility of promoting their cooperative among their families, friends and acquaintances. Members also ensure that their cooperative remains independent;

[C] ‘Democracy’ ensures that Cooperative organizations are autonomous, self-help organizations controlled by their members, who actively participate in setting their policies and making decisions. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

[D] Cooperatives are based on ‘equality’. Members, whether an individual or a group, are all equal. It does not depend on the social and economic status of the member;

[E] Achieving ‘equity’ within a cooperative is continuing, never-ending challenge. It also refers to how members are treated within a cooperative. They should be treated equitably in how they are rewarded for their participation in a cooperative, normally through patronage dividends, allocation to capital reserves in their name, or reduction in charges;

[F] ‘Solidarity’ ensures that cooperative action is not just a distinguished form of limited self-interest. A cooperative is more than an association of members; it is also a collectivity. All members including the employees and the non-members who are closely associated with the cooperative should be treated fairly. This also means that the cooperative has a responsibility for the collective interest of its members. It has historical roots. Cooperators and cooperatives stand together. Solidarity is the very cause and consequence of self-help and mutual help – two of the fundamental concepts at the heart of cooperative philosophy. It is this philosophy, which distinguishes cooperatives from other forms of economic organizations. Honesty, openness, social responsibility and care for others are values, which may be found in all kinds of organizations, but they are particularly cogent and undeniable within cooperative enterprise.
1.1.4 PRINCIPLES OF COOPERATIVES:

1. **Voluntary and Open Membership**: Cooperatives are voluntary organizations; open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination. Membership is open without an artificial limitation for admission and the member has right to withdraw from society.

The Mirdha committee made it clear that open membership does not mean anybody can demand admission to cooperative as a matter of right. It only means the door is open to all of them who accept the objectives and share the responsibilities of the membership.

2. **Democratic Member Control**: The second principle, democratic member control, tries to involve all the members in the business. This principle means that the administration will be carried out by common agreement, transforming the members into controllers of their lives, as they decide what to do and where to direct the organization, promoting, in this way, the wealth of the whole membership. This characteristic is different from other organizations because a cooperative management does not depend on the wishes of a small number of members who own most of the share capital. Instead, decisions are made in general assembly by majority vote. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.

3. **Member Economic Participation**: The principle of the member’s economic participation means that each member must contribute to the running of the cooperative and profits are shared in relation to the work carried out in the organisation. It is based on providing each member with a return a source of wealth related to the work carried out or to the quality and quantity of the product contributed. Therefore, each member benefits in proportion to what he or she contributes to the organization, not in proportion to the capital that has invested. Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. They usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing the cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.
4. Autonomy and Independence: This principle refers to the autonomy of the cooperative from political, economic, religious or union influence. Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

5. Education, Training and Information: This principle envisages working for the advance of the organization and for its place in the world around it. Education and training can be of two type’s i.e. Training in professional knowledge to improve the work and competitiveness of the organization, the training inside and outside the organization to improve the democratic performance and thus increase its development. Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. In return, the trained persons inform the public about the nature and benefits of cooperation.

6. Cooperation among Cooperatives: This principle aims to serve members more efficiently and to strengthen the cooperative movement by working together through local, regional, national and international structures it raises the possibility of working together with other cooperatives to solve mutual problems.

7. Concern for Community: The final principle, concern for the community, means that while focusing on member needs, cooperatives work towards the sustainable development of their communities through policies approved by their member.

1.1.5 ROLE OF COOPERATIVES IN ECONOMIC DEVELOPMENT:

The cooperatives have inherent advantages in tackling the problems of poverty alleviation, food security and employment generation. Cooperatives are also considered to have immense potential to deliver goods and services in areas where both the state and the private sector have failed. After economic liberalization under the new economic environment, cooperatives at all levels are making efforts to reorient their functions according to the market demands.

Cooperatives in India are taking various direct and indirect initiatives for reduction of economic and social inequalities through generation of employment opportunities and for raising income levels. At present cooperatives are processing a significant proportion of the total output in the areas like sugarcane, milk, cotton etc.

The transition from controlled economy to open competitive economy in the name of globalization or liberalization has thrown a whole lot of challenges to the cooperative sector. It was believed that cooperatives would not be able to survive in the face of stiff competition posed by private sector. In contrast, there were
still few, who regarded cooperation as a dynamic enterprise, which had been able to survive for around 150 years. A study of functioning of cooperative societies in various segments such as agricultural credit, agricultural marketing, fertilizer distribution, agro-processing, dairy and sugar industries has shown that there are some strong and viable cooperatives.

Cooperatives have always played an important role in alleviating and solving pressing social problems. They have always and still do helped to improve the living and working conditions of farmers and factory workers and provided them with banking services; they have made production and consumption credit available to small producers and agriculturists, offered production, health and protected consumers from adulteration of food products.

Cooperatives have been seen as a means of improving the national economic position because of their capacity to group together primary producers, thus enhancing development of the export trade. This subsequently benefits the national balance of payments and the wealth of the nation. They are also considered capable of reducing unemployment, because they usually create locally based jobs.

The greatest direct economic impact of cooperatives at the micro level surely lies in the additional income they create for their members. They achieve this by securing higher prices for their products (marketing cooperatives); lowering input costs thus either enabling members to use higher input levels, achieve higher production levels and/or have larger profit margins (supply cooperatives for farmers and craftsmen); employing their members (productive cooperatives), introducing innovations; offering insurance (insurance cooperatives and mutual societies) and credit at a more favourable overall cost; and paying reasonable interest on savings in addition to saving members transaction costs by being accessible locally (savings and credit cooperatives). Consumer service cooperatives help their members obtain consumer goods (consumer cooperatives) at lower prices; or lower their cost of housing (housing cooperatives), travel (tourism cooperatives), medical or elderly care (e.g. care cooperatives).
1.2 PROFESSIONAL MANAGEMENT

1.2.1 Profession

- A profession is that in which one professes to have acquired specialized knowledge, which is used in instructing, guiding or advising others.

A) Meaning & Definition of Profession:
Professor N.S. Ramaswamy has listed seven criteria for the growth and development of a profession. They are:

1. (a) Systematic body of knowledge, demanding intellectual training,
   (b) Development and application skills,
   (c) Such knowledge and skills that can be acquired and imparted.
2. Experimental approach to information phenomena.
3. (a) code of ethics,
   (b) Prescribed norms and standards for entry into the profession.
4. Distinct areas of activities.
5. (a) user acceptance at the social level,
   (b) Legal sanction.
6. Service to society, rather than private profit, to be the main motivation.
7. Philosophy

Thus, the existence of a profession is a ‘holistic’ phenomenon. In its features, as well as in its growth related environmental conditions, a profession presents the profile of a system, which as a whole is made up of interrelated elements. Starting with the discipline base and ending with the ethical standards, the feature of as discussed earlier are composite part of a whole. Absence or lack of any one feature will not qualify an occupation to be a profession. Similarly, in its formation, growth and consolidation, a profession is influenced by the totality of social, political and economic norms, values and objectives.¹

“A profession is a source of livelihood, based on substantial body of knowledge and its formal acquisition and whose test of success in the services not the profit earned thereon.”             - McFarland

“A profession should be intellectual, learned, practical, expert in technique, formally organized, and altruistic.”   - Abraham Flexner

“Profession is a vocation requiring some significant body of knowledge that is applied with high degree of consistency in the service of some relevant segment of society.”             - Hodge and Johnson

“Occupation especially one requiring advanced education and special training.”   - A. S. Hornby

Thus, from the definitions we can say that, an occupation need to possess in order to qualify as a profession, highlighted the semantic expressions of the terms professionalisation and professionalism. The occupation gets professionalized
while the incumbents achieve professionalism. Hence, the possibilities of achieving higher degree of professionalism within a profession are always there although some degree of professionalism is sine qua non for achieving professionalism.

B) Attributes of Profession:

The attributes of a profession as lay down by Dalton E. McFarland are:
1. The existence of a body of specialized knowledge or techniques.
2. Formalized method of acquiring training and experience.
3. The establishment of representative organization with professionalism as its goal.
4. The formation of ethical codes for the guidance of conduct.
5. The charging of fees based on services but with due regards for the priority of service over the desire for monetary rewards.

In the opinion of Louis D. Brandies, the attributes of a profession are that the training for its practice be intellectual in character, that it be pursued not for one’s own sake but for others, and that the financial reward not be considered the measure of success.

C) Characteristics of a Profession:

The qualifying characteristics of a profession have been identified at the Louis D. Brandies as follows:

i) a profession is an occupation for which the necessary preliminary training is intellectual in character involving knowledge and to some extend learning, as distinguished from mere skill;

ii) it is an occupation which is perceived largely for others and not merely for oneself;

iii) it is an occupation in which the amount of financial returns is not the accepted measure of success.

In later years, more and more characteristics of a profession were added keeping the version of Brandies as the source. The list of characteristics as drawn from the various authors is as follows:

1. Body of specialized knowledge with specific terminology and discourse of universe.
2. Skill for standardized practice obtained through training.
3. Entry to the profession regulated by pre-determined qualification, certification of proficiency and licensing of those committed to a lifetime career in the specialization.
4. Service to the society as responsibility to be fulfilled in an orderly process and without solely indulging in self-interest, thereby exhibiting exemplary self-control.
5. Community recognition of professional status and social sanction for exercise of professional authority.
6. An agreed clientele, as much as the clientele of the professional’s own choice.
7. Organization of the professional body with standard of ethics as the regulatory measure on the conduct and performance of professionals.
8. Development of professional literature through research and study and sharing of such information among the members.³

Professional:

A professional (in an activity) is one who takes up something for making money out of it and who has an expert knowledge in it. He is also proficient, skilled and has specialized knowledge in it. He is qualified certified or licensed for carrying on that activity by competent authority.

1.2.2 MANAGEMENT:

The term Management is very popular today & is used very extensively in business as well as in other aspects of life. The activities of business life need to be planned properly & conducted in an orderly & efficient manner to earn good profit. This is what Management does. Effective Management is essential for the conduct of any activity in an orderly manner. Management implies rational thinking, accurate planning, timely execution of the plan, effective coordination & meticulous control to achieve the expected results quickly, economically & in total. The term Management is quite comprehensive & covers all aspects of business. In simple words Management is body of competent individuals utilizing all available resources in terms of land, labour, capital etc. in the best possible manner for achieving well-defined objectives.

The survival and growth of the organization depends largely on the competence and character of its management. Management is the dynamic life-giving element in every organization without management the resources of production remain a resource and can never become output. Survival of the organization depends on the quality of management because sound management helps to achieve group goals, optimum utilization of resources, fulfillment of social obligation, economic growth and meets the challenge of change. In short, management is dynamic and indispensable aspect of modern civilization. According to P.F. Drucker, it is a creative factor of production without which all other factors like capital, labour etc will be latent.

Managers carry out the functions of planning, organizing, staffing, leading and controlling. Henry Fayol was the first management thinker to outline the five basic functions carried out by managers. Every manager performs these basic functions. Management is essential to any kind of organization: Wherever there are groups of people working together to achieve some common objectives, it becomes essential to guide, organize and control them. The term ‘management’ applies to any organization irrespective of the size or nature of operations.
A) Definition of Management:

1. Harold Koontz and Heinz Weihrich define management as “the process of designing and maintaining an environment in which individuals, working together in groups, efficiently accomplish selected aims.”

2. Louis E. Boone and David L. Kurtz define management as “the use of people and other resources to accomplish objectives.”

3. Dalton E. McFarland defines management as “a process, by which managers create, direct, maintain, and operate purposive organizations through systematic, coordinated, cooperative human effort.”

4. Mary Parker Follet termed management as “the act of getting things done through people.”

5. Management is a distinct process consisting of planning, organizing, actuating and controlling performed to determine and accomplish the objectives by the use of people and resources. —George R. Terry

6. Management is a multipurpose organ that manages a business, manages Managers, and manages Workers and work. —Peter Drucker

B) Concept of Management:

Management has been viewed as a function, a process, a profession, and as an elite or a class of people. Management implies both an act and a process of planning, organizing, directing, coordinating, implementing, monitoring, and controlling in an organization with a view to use its resources efficiently and effectively in pursuit of specified organizational goals. Management skills enable the rational combination of scarce resources to produce competitive goods and services for free markets.

I] Management as an Activity:

Management is a group activity wherein managers do to achieve the objectives of the group. In order to attain the objectives of the organization, efforts are done and therefore, the management is required to be action-based and achievement oriented. It gives direction to the efforts of the concerned people for achieving pre-determined results.

The activities of management involve:

a) Interpersonal activities:

In the management process manager has to interact with subordinates, superiors, customers, union leaders, government and other agencies whose interest is involved in the business. For this purpose, he needs proper knowledge and understanding about interpersonal behaviour.
b) Decisional activities:
A manager, through interaction with insiders and outsiders, gets adequate and important information for taking decision and solving problems.

c) Informative activities:
To secure smooth functioning of the organization, the manager has to scan the external environment regularly to deal with outside parties. For this purpose, he has to gather relevant information on the various matters related to the organization.

II] Management as a Process:
Management is considered a process because it involves a series of interrelated functions. It consists of getting the objectives of an organization and taking steps to achieve objectives. The management process includes planning, organizing, staffing, directing and controlling functions.

Management as a process has the following implications:

(i) Social Process: Management involves interactions among people. Goals can be achieved only when relations between people are productive. Human factor is the most important part of the management.

(ii) Integrated Process: Management brings human, physical and financial resources together to put into effort. Management also integrates human efforts to maintain harmony among them.

(iii) Continuous Process: Management involves continuous identifying and solving problems. It is repeated every now and then till the goal is achieved.

(iv) Interactive process: Managerial functions are contained within each other. For example, when a manager prepares plans, he is also laying down standards for control.

C) Nature of Management:
Management is Combination of Art and Science. Management knowledge exhibits characteristics of art and science, the two not mutually exclusive but supplementary. Every discipline of art is always backed by science, which is basic knowledge of that art. Similarly, every discipline of science is complete only when it is used in practice for solving various kinds of problems that is more related to an art.

Art deals with an application of knowledge personal skill and expertise in a specific situation for efficiently achieving a given objective. It is concerned with the best way of doing things and is consequently, personalised in nature.
The essential elements of arts are:
(i) Practical knowledge
(ii) Personal skill
(iii) Result oriented approach
(iv) Creativity
(v) Improvement through continuous practice

Science means a systematic body of knowledge pertaining to a specific field of study. It contains general principles and facts, which explains a phenomenon. These principles establish cause-and-effect relationship between two or more factors. These principles and theories help to explain past events and may be used to predict the outcome of actions. Scientific methods of observations and experiments are used to develop principles of science. The principles of science have universal application and validity.

Thus, the essential features of science are as follows:
(i) Basic facts or general principles capable of universal application
(ii) Developed through scientific enquiry or experiments
(iii) Establish cause and effect relationships between various factors.
(iv) Their Validity can be verified and they serve as reliable guide for predicting future events.

- Management as an Art

Management is treated as an art because the features of art, which are noted above, are applicable to the concept of management.

(i) Practical knowledge:

Every art signifies practical knowledge. A person cannot become a successful manager simply by reading the theory; He must also learn to apply his knowledge in solving managerial problems in practical life. A manager is judged not just by his technical knowledge but by his efficiency in applying this knowledge.

(ii) Personal skill:

Every manager has his individual approach and style in solving managerial problems. The success of a manager depends on his personality in addition to his technical knowledge. He must develop the art of winning the confidence of others & motivating others for achieving the objectives of the organization.
(iii) Result-oriented approach:

An art seeks to achieve concrete results. The process of management is also directed towards the accomplishment of desirable goals. Every manager applies certain knowledge and skills to achieve the desired results. He uses men, money, materials and machinery to promote the growth of the organization.

(iv) Creativity:

Like any other art, management is creative. A manager effectively combines and coordinates the factors of production to create goods and services. Molding the attitudes and behaviour of people at work, towards the achievement of the desired goals is an art of the highest order.

(v) Improvement:

Practice makes one perfect. Every artist becomes more and more efficient through constant practice. Manager gains experience through regular practice and becomes more effective.

All features of an art are applicable to management activities. Therefore, management also defined as ‘an art of getting things done through others.’ This definition suggests that management is an art of achieving certain specific results & the manager is expected to achieve these results in the cooperation & participation of others.

• Management as a Science

(i) Systematic body of knowledge:

Management has a systematic body of knowledge consisting of general principles and techniques. These help to explain events and serve as guidelines for managers in different types of organisations.

(ii) Universal principles:

Scientific principles represent basic facts about a particular field enquiry. These are objective and represent best thinking on the subject. These principles may be applied in all situations and at all times. Management contains sound fundamental principles, which can be universally applied. For instance, the principle of unity of command states that at a time one employee should be answerable to only one boss. This principle can be applied in all types of organization-business or non-business. However, principles of management are flexible and need to be modified in different situations.
(iii) **Scientific enquiry and experiments:**

Management principles are also based on scientific enquiry and investigation. These have been developed through experiments and practical experience of a large number of managers.

(iv) **Cause and effect relationship:**

The principles of management establish cause and effect relationship between different variables. For instance, lack of balance between authority and responsibility will cause management to become ineffective.

(v) **Tests of validity and predictability:**

Validity of scientific principles can be tested at any time and any number of times. Every time the test will give the same result. Moreover, the future events can be predicted with reasonable accuracy by using scientific principles. Principles of management can also be tested for their validity. For example, the principle of unity of command can be tested by comparing two persons, one having a single boss and other having two bosses. The performance of the first person will be higher than that of the second.

Therefore, management is undoubtedly a science. It contains a systematic body of knowledge in the form of general principles, which enjoy universal applicability. However, management is not as exact a science like Physics, Chemistry, Biology and other Physical sciences. This is because management deals with people and it is very difficult to predict accurately the behaviour of living human beings. Management principles are universal but they cannot be expected to give exactly the same results in every situation. That is why management is known as a social science.

Thus, “Management is both a Science as well as an Art”. It is a science because it has an organized body of knowledge consisting of certain universal facts. It is known as an art because it involves creating results through practical application of knowledge and skills.

A successful manager must know the principles of management and acquire the skill of applying those principles for solving managerial problems in different situations. Knowledge of principles and theory is essential, but practical application is required to make this knowledge fruitful.

- **Management as a Profession**

A profession is calling that requires specialized knowledge and often, long intensive academic preparation. The essential features of profession are as follows:
(i) **Well defined body of knowledge**

Every profession has a well-defined body of knowledge relevant to the area of specialisation. In order to practice a profession, a person requires specialized knowledge of its principles and techniques. Moreover, he must make deliberate efforts to gain proficiency. There exists a substantial and rapidly expanding body of knowledge in management. A manager must have intensive devotion and involvement to acquire expertise in the science of management.

In addition, there should be competent application or judicious utilisation of this knowledge in solving complex problems. Today, management is a separate discipline having a specialized and organised body of knowledge.

(ii) **Restricted entry:**

There exist institutions and universities to impart education and training for a profession. Many institutes of management have been set up in India and abroad which offer courses for specialized training in management. Several management consultancy firms have also come into existence to offer advice for solving managerial problems. Formal education and training has become very helpful in getting jobs as managers. However, no minimum qualification or course of study has been prescribed for managers by law.

(iii) **Service motive:**

A profession is a source of livelihood but professionals are primarily motivated by the desire to serve the community. Therefore, a profession enjoys high community sanction or respect. Similar is the case with managers. A manager of a factory is responsible not only to its owners, but he is also expected to produce quality goods at a reasonable cost and to contribute to the well-being of the community.

(iv) **Representative association:**

In every profession, there is a statutory association or institution, which regulates that profession. Managers have formed associations for the regular exchange of knowledge and experience. In India, there is the All India Management Association. However, this association does not have the statutory power to regulate the activities of managers. Membership of this association is not compulsory in order to become a manager.
(v) Code of conduct:

Members of one profession have to abide by a code of conduct, which contains rules and regulations providing the norms of honesty, integrity and professional ethics. The code of conduct is by the representative association to ensure self-discipline among its members. Any member violating the code can be punished and his membership can be cancelled. The All India Management Association has framed code of conduct for managers. The code requires the managers to fulfill their social and moral obligations.

The above discussion reveals that management fulfils several essentials of profession. But like other professions, management does not restrict the entry into managerial jobs to people with a special academic degree. No minimum qualifications have been prescribed for managerial personnel. No management association has the authority to grant certificates of practice or to regulate entry into management careers. Few managers have uniform background in terms of education and experience. The management associations have no legal right to enforce their code of conduct. There is no single group to which the majority of the managers belong and whose authority is recognized by law as a sanction. Moreover, there is no single client group to which managers owe complete loyalty. They are responsible to the owners as well as to other social groups.

Thus, management is, not strictly speaking, a full-fledged profession like medicine, law or chartered accountancy. Some experts believe that there should be no control over entry into management careers. According to Peter F. Drucker, “Management is a practice rather than a science or profession through containing elements of both. No greater damage could be done to economy and society than to attempt to professionalise management by licensing managers or by limiting access to management to people with special academic degree”.

D) Characteristics of Management:

The salient features, which highlight the nature of management, are as follows:

(i) Management is goal-oriented:

Management is not an end in itself. It is a means to achieve certain goals. Management has no justification to exist without goals. Management goals are called group goals or organizational goals. The basic goal of management is to ensure efficiency and economy in the utilization of human, physical and financial resources. The success of management is measured by the extent to which the established goals one achieved. Thus, management is purposeful.
(ii) Management is universal:

Management is an essential element of every organized activity irrespective of the size or type of activity. Wherever two or more persons are engaged in working for a common goal, management is necessary. All types of organizations, e.g., family, club, university, government, army, cricket team or business, require management. Thus, management is a pervasive activity. The fundamental principles of management are applicable in all areas of organized effort. Managers at all levels perform the same basic functions.

(iii) Management is an Integrative Force:

The essence of management lies in the coordination of individual efforts in to a team. Management reconciles the individual goals with organizational goals. As unifying force, management creates a whole that is more than the sum of individual parts. It integrates human and other resources.

(iv) Management is a Social Process:

Management is done by people, through people and for people. It is a social process because it is concerned with interpersonal relations. Human factor is the most important element in management. According to Appley, “Management is the development of people not the direction of things.

A good manager is a leader not a boss. It is the pervasiveness of human element which gives management its special character as a social process”.

(v) Management is multidisciplinary:

Management has to deal with human behaviour under dynamic conditions. Therefore, it depends upon wide knowledge derived from several disciplines like engineering, sociology, psychology, economics, anthropology, etc. The vast body of knowledge in management draws heavily upon other fields of study.

(vi) Management is a continuous Process:

Management is a dynamic and an on-going process. The cycle of management continues to operate so long as there is organized action for the achievement of group goals.

(vii) Management is Intangible:

Management is an unseen or invisible force. It cannot be seen but its presence can be felt everywhere in the form of results. However, the managers who perform the functions of management are very much tangible and visible.
(viii) Management is an Art as well as Science:

It contains a systematic body of theoretical knowledge and it involves the practical application of such knowledge. Management is also a discipline involving specialized training and an ethical code arising out of its social obligations.

Based on these characteristics, management may be defined as a continuous social process involving the coordination of human and material resources in order to accomplish desired objectives. It involves both the determination and the accomplishment of organizational goals.

E) Role and Importance of Management:

Management is indispensable for the successful functioning of every organization. It is all the more important in business enterprises. No business runs in itself, even on momentum. Every business needs repeated stimulus, which can only be provided by management.

According to Peter Drucker, “management is a dynamic life giving element in an organization, without it the resources of production remain mere resources and never become production”.

The importance of management has been highlighted clearly in the following points:

(i) Achievement of group goals:

A human group consists of several persons, each specializing in doing a part of the total task. Each person may be working efficiently, but the group, as a whole cannot realise its objectives unless there is cooperation and coordination among the members of the group. Management creates teamwork and coordination in the group. He reconciles the objectives of the group with those of its members so that each one of them is motivated to make his best contribution towards the accomplishment of group goals. Managers provide inspiring leadership to keep the members of the group working hard.

(ii) Optimum utilisation of resources:

Managers forecast the need for materials, machinery, money and manpower. They ensure that the organization has adequate resources and at the same time does not have idle resources. They create and maintain an environment conducive to highest productivity. Managers make sure that workers know their jobs well and use the most efficient methods of work. They provide training and guidance to employers so that they can make the best use of the available resources.
(iii) Minimisation of cost:

In the modern era of cutthroat competition, no business can succeed unless it is able to supply the required goods and services at the lowest possible cost per unit. Management directs day-to-day operations in such a manner that all wastage and extravagance are avoided. By reducing costs and improving efficiency, managers enable an enterprise to be competent to face competitors and earn profits.

(iv) Survival and growth:

Modern business operates in a rapidly changing environment. An enterprise has to adapt itself to the changing demands of the market and society. Management keeps in touch with the existing business environment and draws its predictions about the trends in future. It takes steps in advance to meet the challenges of changing environment. Changes in business environment create risks as well as opportunities. Managers enable the enterprise to minimise the risks and maximise the benefits of opportunities. In this way, managers facilitate the continuity and prosperity of business.

(v) Generation of employment:

By setting up and expanding business enterprises, managers create jobs for the people. People earn their livelihood by working in these organizations. Managers also create such an environment that people working in enterprise can get job satisfaction and happiness. In this way, managers help to satisfy the economic and social needs of the employees.

(vi) Development of the nation:

Efficient management is equally important at the national level. Management is the most crucial factor in economic and social development. The development of a country largely depends on the quality of the management of its resources. Capital investment and import of technical knowhow cannot lead to economic growth unless wealth-producing resources are managed efficiently. By producing wealth, management increases the national income and the living standards of people. That is why management is regarded as a key to the economic growth of a country.

1.2.3 PROFESSIONAL MANAGEMENT:

Traditional concept of management has number of deficiencies & is being replaced by professional management. The need and importance of professional management is well accepted in the present complex, flexible & competitive business world. Such professional management is needed due to changing technology, growing market competition & globalization of business.
Professional management is more progressive & scientific in nature. Professional managers are highly educated, skilled & competent. They have capacity to understand study & deal with all sorts of problems and challenging situations efficiently. Such professional management is more alert, receptive to new ideas & developments.

“A Professional manager is one who specializes in the work of planning, organizing, leading and controlling the efforts of others and does so through systematic use of classified knowledge, a common vocabulary and principles and who subscribes to the standards of practice and code of ethics established by a recognized body.” – Louis Allen.

Thus from the above definition, it can be said that a professional manager is a person who has acquired specialized knowledge, skills and expertise in management through formal training in a management school and/or long work experience as a manager. Broadly speaking, its role entails formulating and executing operating policies, providing good service, maintaining financial soundness, and implementing operating efficiencies to successfully meet its objects.

Specialization in every field, technological advancement, globalization of business results into appointment of qualified managers. They can be called as professional managers.

A professional manager is an expert, trained and experienced enough to adeptly manage any type of organization be it a manufacturing house, a service organization, a hospital or a government agency. Professional managers:

- are objective, focused and performance oriented.
- help in meeting competitive challenges of business.
- are creative and dynamic.
- follow management practices based on worldwide experiences and information.
- apply theories of management to solve emerging organizational problems.

Referring to professional managers, Schein suggested that, (1) their actions are driven by a set of general principles or propositions independent of a particular case under consideration,(2) they are deemed to be “experts” in the field of management and to know what is “good” for the client, (3) their relationships with clients are considered helpful and objective,(4) they gain status by accomplishment as opposed to status based on ties to the family, and (5) they belong to voluntary associations of fellow professionals.⁴

According to M. W. Grudzewski, management in 21st century has taken on a new orientation. It is more and more based on the ability to cope with a continuous
change. It is not based on self-sufficiency, stability and hierarchy, but is built on changeable cooperators, partners and alliances, which in turn lead to technological supremacy. Managers of the 21st century should acquire a new set of technical, functional, cultural and social skills in order to cope with the new paradigm, which has increased their responsibility, changed their risk, and weakened their control through flattening the hierarchy.

**Some Professional Manager Tasks:**

1. **Providing direction to the firm:** The first task, envisioning goals, is one of the tasks that should not be delegated. This is the ability to define overarching goals that serve to unify people and focus energies. It’s about effectively declaring what’s possible for the team to achieve and compelling them to accomplish more than they ever thought possible.

2. **Managing survival and growth:** Ensuring survival of the firm is a critical task of a manager. The manager must also seek growth. Two sets of factors impinge upon the firm’s survival and growth. The first is the set of factors, which are internal to the firm and are largely controllable. These internal factors are choice of technology, efficiency of labour, competence of managerial staff, company image, financial resources, etc. The second set of factors are external to the firm like government policy, laws and regulations, changing customer tastes, attitudes and values, increasing competition, etc.

3. **Maintaining firm’s efficiency:** A manager has not only to perform and produce results, but to do so in the most efficient manner. The more output a manager can produce with the same input, the greater will be the profit.

4. **Meeting the competition challenge:** A manager must anticipate and prepare for the increasing competition. Competition is increasing in terms of more producers, products, better quality, etc.

5. **Innovation:** Innovation is finding new, different and better ways of doing existing tasks. To plan and manage for innovation is an on-going task of a manager. The manager must maintain close contact and relation with customers. Keeping track of competitor’s activities and moves can also be a source of innovation, as can improvements in technology.

6. **Renewal:** Managers are responsible for fostering the process of renewal. Renewing has to do with providing new processes and resources. The practices and strategy that got you where you are today may be inadequate for the challenges and opportunities you face tomorrow.
7. **Building Human Organization:** Man is by far the most critical resource of an organization. A good worker is a valuable asset to any company. Every manager must constantly look out for people with potential and attract them to join the company.

8. **Leadership:** Organizational success is determined by the quality of leadership that is exhibited. Leadership is the power of persuasion of one person over others to inspire actions towards achieving the goals of the company. Those in the leadership role must be able to influence/motivate workers to an elevated goal and direct themselves to the duties or responsibilities assigned during the planning process. Leadership involves the interpersonal characteristic of a manager's position that includes communication and close contact with team members. The only way a manager can be acknowledged as a leader is by continually demonstrating his abilities.

9. **Change management:** A manager has to perform the task of a change agent. It’s the managers’ task to ensure that the change is introduced and incorporated in a smooth manner with the least disturbance and resistance.

10. **Selection Information Technology:** Today’s managers are faced with a bewildering array of information technology choices that promise to change the way work gets done. Computers, the Internet, intranets, telecommunications, and a seemingly infinite range of software applications confront the modern manager with the challenge of using the best technology.

A) **Characteristics of Professional Management:**

1. **Managerial skill:**

Management theory has a philosophy of its own. It is based on systematic and scientific studies. Thus, Professional Management is a body of systematic knowledge and therefore it requires a formal acquisition of requisite knowledge and managerial skill.

2. **Appointment by Meritocracy:**

Professional Management needs specialized knowledge of management. Therefore, all managerial personnel are appointed by considering their skill, education, training, experience etc.

3. **Social Element:**

Business is a social institution and therefore, the professional management must consider the social element of business. Due to the emergence of social responsibilities of a business, Professional Management has to take proper care about the social responsibilities of business and their performance.
4. Objectivity in approach:
Objectivity in decision-making is an important feature of Professional Management. Therefore, all decisions are taken by considering all factors of business.

5. Liberty in decision making:
Professional Management gives liberty to all managerial personnel in the process of decision-making. Thus, the managers at all levels of management can take their own decisions in their authority.

6. Open Communication:
In Professional Management, all managerial personnel are given freedom to give their opinions, ideas, suggestions etc. Thus, managerial democracy is established.

7. Modern Techniques:
Professional Management makes use of modern techniques in the process of decision-making. Generally, scientific and quantitative techniques are used in decision-making.

8. Management as Profession:
It is the most striking feature of management. At present, number of persons and firms had accepted management as their profession and they give managerial advice to business concerns.

9. Delegation of Authority:
In order to achieve decentralization of management, delegation of authority among various personnel is an important feature of Professional Management.

10. Indifferent Role:
Professional Managers are only management consultants and they do not have any interest in the business of the company. Thus, they play a trusteeship role in the management of the company.

11. Personality Development:
Personality development develops skill of Professional Managers and therefore, Professional Management stresses great importance on personality development of managerial personnel.

B) Importance of Professional Management:

1. Division of ownership and management:
In company, the ownership and management are in two separate hands. The shareholders are the owners of the company and the board of directors manages
the company. Therefore, the Professional Managers play a significant role in Management of companies.

2. Improve efficiency of business:
Professional Management leads to improve the efficiency of business. The Professional Manager manages the business more efficiently, as they possess specialized knowledge skill of managing business.

3. New production techniques:
Professional Managers with their advanced knowledge of management provide proper advice for using new production techniques. This leads to increase the strength of the business in competitive market.

4. Complicated process of industrialization:
The industrial revolution increased the size of the business, which made production process more complicated. Therefore, Professional Management becomes necessary to solve the complex problems of business. Professional Managers are able to tackle such complexities more easily.

5. Changing nature of business:
The nature of business is changing constantly due to new inventions and modern techniques of production. In such cases, Professional Management is essential to give stability to business.

6. Profit Motive:
In company, number of shareholders makes investments in number of companies with profit motive. However, they are not interested in management of such companies and thus, Professional Management is essential.

7. Labour welfare:
The increase in size of business creates number of labour problems, which are complicated and difficult to solve. Here, Professional Management plays significant role in solving these problems.

8. Customer satisfaction:
The business activities are mainly dependent on number of customers. Professional Managers with their knowledge and skill make due changes in production and give satisfaction to customers.

9. Economic development:
Efficient Professional Managers lead to development of business and thus, it leads to economic development of the country.

10. Social responsibility:
Business is a social element and therefore it has to perform number of social responsibilities. Therefore, Professional Management is very essential to perform the social responsibilities of business.
11. Free Economy:
At present due to free economy accepted by many countries, the area of business has spread all over the world. Therefore, Professional Managers are necessary to accept the challenges of free economy.

Distinction between Traditional Manager & Professional Manager

<table>
<thead>
<tr>
<th>Source of Authority</th>
<th>Traditional Manager</th>
<th>Professional Manager</th>
</tr>
</thead>
</table>
| Basis of Philosophy | 1. No diffusion between Ownership & control  
2. No conflict between personal & company objectives  
3. No distinction between person & role.  
4. Integration of work & social Values. | 1. Control without ownership  
2. Conflict between individual & organizational goals.  
3. Very clear distinction between the individual and the post he occupies.  
4. Values of the workplace divorced from both individual and social values. |
| Characteristic skills | 1. Not subservient to economic goals.  
2. Adoptive  
3. Diagnostic  
4. Exploitation of change opportunism  
5. Tactical facility  
6. Pragmatic use of techniques as aid to problem solving  
7. Social skills applied on a personal basis | 1. Economic ‘performance’ as ultimate criterion  
2. Predictive  
3. Prognostic  
4. Control of change  
5. Strategic facility  
6. Coordination & control of Specialists  
7. Manipulative skills applied largely on an impersonal basis. |
| Organization | 1. Consequences mitigating decision making  
2. Informal relationship  
3. No divorce between the planners & the doers  
4. Appointment & promotion often on the basis of birth of personal friendship.  
5. Everyone prepared to muck-is as required  
6. Open system of communication. | 1. Event shaping decision making.  
2. Formal relationship.  
3. Divorce of Planning from doing  
4. Technical qualifications as basis of appointment & Promotion.  
5. Precise definition of rights & obligations, duties & responsibilities.  
6. Structured communication system. |

Source: The Dynamics of Entrepreneurial Development and Management, Vasant Desai.
1.3 PROFESSIONAL MANAGEMENT IN COOPERATIVES:

Any statement concerning management is less stable, ages and becomes outdated faster, that is why the range of their use is also limited in time. In order to study professional management, it is necessary to describe the existent management processes, distinguish their various types and examine factors that shape them.

1.3.1 EXISTING NATURE OF COOPERATIVE MANAGEMENT:

Cooperative enterprise has been described as people centered sustainable development. Largely they are indispensable for accelerating the development in general and agriculture in particular. Of special importance to cooperative functioning is the leadership provided by competent managerial and technical personnel to ensure maximum economic advantages to the producers and to ensure that the cooperatives are member-centered.

A successful cooperative is viable in business sense and maintains or improves its cooperative character. Managing a cooperative is challenging and difficult. It involves not only managing resources and business operations, as in other businesses, but also dealing with problems arising from the cooperative’s distinctive characteristics. The management of cooperatives is unique because of the value base and principles upon which the structure of the cooperatives is built.

A cooperative may succeed as a business, but gradually lose its cooperative character regarding member control, serving the needs of members, and distributing net margins. Likewise, it may succeed for a while as a cooperative, but fail as a sound business institution. Because the cooperative’s members are both owners and customers, special relationships and problems arise concerning member and Board of Director roles and responsibilities.

Cooperatives are unique kinds of businesses. Members justifiably expect their cooperative to operate on a cooperative basis with the appropriate mix of rights and obligations for everyone. Members trust the board to support those expectations.

The business affairs of the cooperatives are largely managed by the Board of Directors. Cooperative boards of directors make decisions not made by boards of any other kinds of business. These decisions are, for the most part, unusually difficult. They require directors to have a clear understanding of financial documents, performance measures and the short and long-term consequences of decisions made and actions taken. Situations may make the board a conflict resolution body that balances divergent and often deeply held interests among members. Some of these involve business and financial issues, while others are emotional in nature.
Directors give careful attention to the effective financial structure and strong financial condition of the cooperative. Directors are entrusted with the ultimate responsibility for the care of the funds and property of the cooperative and its members. Because cooperatives operate for the mutual benefit of the members and not as purely profit-seeking organizations, they have financial needs, opportunities and limitations not found in other businesses. Ultimately, the most difficult financial decisions are in the directors’ hands.

Important decisions about the performance of management, success or failure of strategic plans or specific programs, and designing plans for the future are all based on an accurate and realistic assessment of the cooperative’s current performance. Such an assessment is not necessarily easy under any circumstances.

A good working relationship between the board of directors and management is very important for cooperatives. At the same time, the relative responsibilities of the board and management create natural tensions about roles and responsibilities. The cooperative board has a distinct role and make-up that places obligations of independence and leadership on the cooperative board of directors that are not necessarily found in other boards.

The Board of Directors appoints management team, who is responsible for executive management and are accountable to Board of Directors. Management combines ideas, processes, materials, facilities, and people to provide needed services to member-owners. Management is the decision-making element of the cooperative.

The cooperative sector manager has to play two principal roles e.g., in relation to members of the cooperative; and in relation to his subordinate staff. He is a link between the organisation management and the members, and between the organisation itself and the open market. He is an authentic source of information enabling the management to take appropriate decisions – economic and non-economic. It is he who needs to be consulted by the board before making any business decision.
The differences between the management values and principles of corporate and cooperative businesses:

<table>
<thead>
<tr>
<th>Corporate Business Management Values and Principles</th>
<th>Cooperative Business Management Values and Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximise dividends to shareholders</td>
<td>Maximise service to members</td>
</tr>
<tr>
<td>Maximise profit</td>
<td>Reasonable profit</td>
</tr>
<tr>
<td>Unlimited economic growth</td>
<td>Limited economic growth</td>
</tr>
<tr>
<td>Consultation with minority shareholders</td>
<td>Consultation with majority of members</td>
</tr>
<tr>
<td>No shareholder education</td>
<td>Ongoing member education</td>
</tr>
<tr>
<td>No limit profit distribution</td>
<td>Limit on profit distribution</td>
</tr>
<tr>
<td>Reinforce and reflect plutocracy</td>
<td>Reinforce and reflect democracy</td>
</tr>
</tbody>
</table>

1.3.2 HOW FAR THE MANAGEMENT IS PROFESSIONAL:

Competent management is a pre-requisite for the success of any organization. As far as cooperatives are concerned, it is about maximization of the advantages of their members. In the conditions of complexity and speed of changes, which are taking part in the surrounding world, the previous management system in its traditional interpretation has proved of little help. There is an urgent need of professional management for the successful handling and managing the affairs of the cooperative organizations. A well-educated enlightened membership, selfless, dedicated, foresighted board of directors, well experienced and trained personnel are real asset of any cooperative organizations.

Most of the managers of cooperatives are not qualified and they hardly are professional. In view of the open market, they are not able to compete with the private business and, therefore, have been losing ground. The importance of management expertise to ensure the right use of the available resources has been strangely neglected in the cooperative sector by cooperators.

In general, cooperative Boards suffer from lack of long-term perspective, market and business orientation, understanding of the cooperative way of business also how it differs from other enterprises, awareness about the environment (e.g. globalization). In addition, they are also not able to cope with the changing needs of members and be responsive to member needs.⁵

Ensuring accountability at all levels necessitates vesting the required authority (delegation) and clearly defined roles and responsibilities. Unfortunately, in a large number of cooperatives, Board and executive functions are not clearly demarcated, often leading to identity conflicts. Boards are generally found to be assuming operational responsibilities and disinclined to delegate powers and responsibilities to Managers. Striking a balance between Board and Executive functions is a crucial element, which determines the success
of a cooperative enterprise. The law too does not clearly define the roles, responsibilities and accountability at different levels.

During the last few years, increasing emphasis on professional management and its widespread use in private and public sector organizations provided impetus to cooperators. They, in turn, came forward with idea of professionalisation of cooperative management.

There have been many cooperatives that have flourished and grown and on such occasions we find a strong purposeful character at the head of the cooperative who realized the importance of managerial skill and knowledge in making the best use of cooperatives in their goal of social responsibility. In this context the need for properly coordinating and integrating cooperative training system arises. This process of promoting in cooperatives is a continuous one, as it is realized that the knowledge intensive base of cooperative management and chief executives will guide the future growth of cooperatives.

Following are some factors affecting the professional management of the cooperatives:

1. **Resistance to change:** In cooperative organizations General Managers, Deputy General Managers and the key functional areas responsible for the instruction and management of organizational change. The top management has been resistant to change their traditional mentalities, so as to introduce professional changes, because of fear of losing power.

2. **Inadequate training:** The staff and board members of cooperatives often lack managerial skills mainly due to inadequate training support available. It has been found that the existing training infrastructure is inadequate to meet the demands of cooperatives. There is a great need to re-evaluate and reform cooperative employees’ training programme, infrastructure and supply of quality training material. It is also envisioned to establish a proper career development system to enable the cooperatives to retain managers and inspire them to have faith in cooperative enterprises.

3. **Inadequate financial resources:** Since their members mainly contribute capital of cooperatives, the amount raised is very low and also the assistance that they get from the state is normally insufficient. Therefore, the cooperatives can’t afford the services of professional managers.

4. **Poor internal work culture and environment:** Many precious business opportunities are missed because there was lack of interaction between the board and the managers.

5. **Lack of good leadership and governance:** In cooperatives, governance issues are primarily focused on the structure of the Board and its relationship with
members, managers and the State. Sadly, the most important function of governance, which is that of aligning the tasks in tune with the basic objective with which a cooperative is organized, has received very little attention.  

6. Government Interference: The managing director of the cooperatives was more often than not, a government servant. This led to the decisions regarding the cooperatives being taken by the government representatives, instead of by elected members. The cooperatives lost the democratic character and became bureaucratic in their approach.  

Thus, Entrepreneurship and good management are the first prerequisites for cooperative success. Although there are many adverse environmental factors hindering cooperative development, the most significant problem preventing cooperatives from responding successfully to the new deregulated markets is their failure to recognize and develop professional cooperative entrepreneurship and good management.

All these factors are conditioned by the organizational environment. If the environments within the cooperative organizations are such that creative thinking, objectivity in decision making process, initiative by the employees within which they are called upon to function and the quality of their performance depends upon the nature of such environment.

1.3.3 GAPS- THE METHODS FOR BRIDGING THE GAPS:

For the survival and growth of cooperatives in the wake of large-scale entry of domestic and foreign companies in the country after the launching of New Economic Policy, it is essential that they are professionally managed. Mobilizing funds for diversification and modernizing of operations, management of funds, procurement of produce of members in small quantities from remote rural areas, processing the produce using the latest technologies available, exploring and tapping new markets for inputs and outputs, marketing of products at competitive prices in a free market regime, ensuring high quality of products, keeping production and other operating costs under control, attracting and retaining good staff, handling politics and politicians, securing and using right information at right time for making decisions, and many other similar activities require professional managers to handle them efficiently. Now, it will be the knowledge, foresights, insights, management skills, and ability to access and use the right information at the right time for making various decisions that will determine the prospects of survival and growth of business enterprises in public, private, and cooperative sectors. Therefore, cooperatives will have to professionalize their management and sooner they do so, the better it is for them.

In the new era, cooperatives are going to face growing competition from domestic and foreign companies, particularly in the agri-business sector where, these cooperatives generally perform the tasks like making necessary provision of
inputs and credit, support in the marketing of basic products and provision of extension activities. Because of low level of market information, and managerial competence of the managers and management leaders, agricultural cooperatives have not been able to strengthen their business operations.

In order to meet the changes taking place in the external environment, cooperatives also need to equip them internally so that they have the capacity for managing change. A critical area is therefore, leadership development, where substantial efforts are needed both by members and cooperative institutions. Leadership requires selfless service and dedication to the cooperative cause with a focus on the development of grassroots organization and grassroots compatibility. Another critical area is professionalism, which enables cooperatives to adapt quickly to fast changing economic and social situations. Leadership and professionalism both require high quality human resources. Unfortunately, this is the weakest and probably the most neglected area. Successful cooperatives world over are professional organizations run on sound managerial principles.\(^9\)

The professionalized management implies divorcing of the ownership from the operational management of affairs of the cooperatives. The day-to-day operations of the cooperative must be left in the hands of qualified management. Although cooperatives by nature are collaborative entities, a cooperative’s success depends more on the manager than on any other individual. It is equally important for the board to compensate a manager adequately using performance incentives if possible, and to establish clear goals and objectives for management. Thus, while the ownership rests with the shareholders, the executive management of the day-to-day affairs of the organization rests with the professional managers. The decisions are taken on the basis of corporate goals and objectives by application of expertise and scientific knowledge. The Board of Directors, as trustees of the members will, however, continue to retain the control functions such as setting of corporate objectives, formulation of broad policies, monitoring of performances, etc.

Managers play a vital role in fulfilling the wishes of the general meeting. Managers, being professionals within the cooperative management system, play an important role in an all-round development of a cooperative institution. Professional management in cooperatives explicitly implies that in the management of cooperatives, even when it is duly professionalized, it is the elected management, which lays down the policy frame, and procedural guidelines at the planning stage and regulates the performance of management towards achievement of its objectives at the control stage. In this sense, therefore, elected management performs crucial role in providing sense of purpose and direction to the process and system of cooperative management.\(^10\)

\(^9\)\(^10\)
Professionalism in Cooperatives essentially demands the following:

- The right attitude and approach to cooperatives.
- The systematic evolution of objectives for the organization
- The application of appropriate methods for achieving the objectives of the organization.

The only solution to make the cooperative sector viable, effective, efficient and transparent is bringing professional approach through proper training and development. This professional approach will certainly bring “Paradigm Shift” in the functioning of cooperatives and replace the traditional system of management by modern.

In order to help cooperatives professionalize themselves, given below are six suggestions.

Firstly, cooperatives will need clarity of purpose. They will have to recognize that they exist not because a government department or agency promoted them but are in existence only to better serve the needs of their members as may be decided by them. It is clarity of purpose that will help in constantly keeping the cooperatives mission focused, in building a unique organizational culture and in internalizing the values and principles that will guide the cooperative in all its work. Clarity of purpose will ensure that funds and other resources required by cooperatives are actually made available.

Secondly, cooperatives will have to deploy information technology, to both automate tasks and jobs and evolve integrated workflows that can contribute to establishing a knowledge management system within the organization. Cooperatives that are unable to tap instantly into the wealth of knowledge that is available collectively within the organization will be quite ineffective in realigning to the fast changing pace of the world in the new millennium.

Thirdly, cooperatives and particularly apexes will have to obtain up to date disaggregated data of their constituency and businesses. Often times, it is the lack of accurate and current data that leads to errors in judgment and projections of 'what is' and 'what ought to be'. Since efficient use of funds and resources is much more important in the new environment, it will be helpful if cooperatives can be correct the first time itself. It is here that accurate data and information technology enabled knowledge management systems would play a crucial role.

Fourthly, apexes will have to acquire expertise in advocacy. Advocacy expertise will include three specific abilities. (i) The ability to influence legislation in a manner that is harmonious to the mission and goals of the cooperative; (ii) The ability to access and seek the intervention of the judiciary whenever the cooperative believes that its work is being impeded by laws and processes that are inconsistent with its rights enshrined in the Constitution, and; (iii) The ability
to influence the Government so that the legitimate interests of the cooperative are sufficiently protected in the new trade order under the World Trade Organization.

Fifthly, the success of a cooperative in bettering its environment will depend upon its ability to attract and retain well qualified managers who subscribe to its value system. Cooperatives will have to recruit management professionals who are committed to the cause of cooperatives and would always strive to achieve the highest standards of quality. Equally important, such professionals should be chosen for their abilities to carry out successful education campaigns in the constituency of the cooperative and the apex.

Sixthly, cooperatives will have to organize training and retraining of their staff with the latest tools and techniques that will be necessary to deliver desired results. In this context, cooperatives will have to seek training with three distinct objectives:

(i) The design, development and operationalisation of appropriate governance and management structures;
(ii) The skills to build and develop relationships between the principal stakeholders of the cooperative, its management and its clientele, and;
(iii) The distribution of work and responsibilities between different levels within the cooperative and across different tiers in a manner that facilitates continuous learning.

1.3.4 THE REQUIREMENTS-RESOURCE-COST:

In order to facilitate a competitive edge over the public and private sectors, the cooperatives have to accelerate the process of enhancement of professional management; strengthening of financial resource base; emphasis on total quality management and adoption of well-designed programs for improving operational efficiency. In this process, the cooperatives have to take vigorous steps for reduction of managerial costs and operational costs and aim at improving the quality of their products and services.

The need is to expand their horizons of knowledge and understanding to improve the quality of management of their own cooperative institutions. Such opportunities and exposures are considered absolutely essential if the staff and board members are to play effective and fruitful roles in the business activities of their cooperatives and deliver a higher level of economic satisfaction to the members. Reforms of the Cooperative Movement have become essential in an era of globalization. Cooperative marketing system must adjust to increased competition for the cooperatives to prosper or they will gradually stagnate and eventually get extinguished. The solutions accepted by cooperatives cannot be perceived as everlasting. They have to be updated and continuously improved. The cooperative and the managing personnel have to realize that, for example, with the passage of time the possibilities and quality of the cooperative’s
potential run out while the solutions developed under the influence of the changing environment become outdated. That is why a periodic restructurisation of the cooperative’s individual solutions is inevitable. To be competitive

1. Cooperatives must be efficient – both price-efficient and technical-efficient.

2. They have to continue to strengthen their competitive edge and promote professional efficiency and cooperative governance.

3. To face the challenges in a liberalized economy, the cooperatives have to reorient their structural functioning and management. Ownership and control should be divorced from each other as far as possible; management positions should be marked by professionally educated, skilled and trained personnel; and that the organizational objectives should be determined in a broader perspective with the good of society and the nation.

   The future survival of cooperatives in a competitive environment would be in jeopardy unless they bring in professionalism and ensure that the elected representatives in cooperatives create an environment that attracts professionals. In a global economy, cooperatives were the only structures that could ensure that the smallest producer was not marginalized. However, the success of these depends on how they meet the challenges in the market professionally.  

4. With the growing diversification and size of operations in cooperatives, there is a need for constituting two separate boards namely, policy-board, consisting of elected representatives of the members and executive-board, consisting of senior executives headed by the chief executive, with clear demarcation of areas of their powers and functions. In other words, besides elected cooperators, there should be a provision to cooperatvet outside experts in areas, requiring high degree of specialization or technical and managerial expertise.

1. Large-scale enterprises in the cooperative sector may require huge funds. To mobilize more funds, cooperatives may enter capital market and mobilize funds by means of deposits, debentures etc. At the same time, cooperatives must evolve deposit-insurance scheme, to instill confidence among the depositors, both in urban and rural areas. Effective deposit mobilization will help them to build their own bendable resources, for profitable and diversified lending. They have to adopt efficiency parameters, in terms of cost-effectiveness and a reasonable return on investment, if they have to survive in the competitive atmosphere.

2. In order to improve their business and management efficiency it is necessary that some well-structured training and development programmes are instituted to improve their capacities and capabilities. Cooperatives should not shy away from making use of the external consultants and managers to induct new and better methods of doing business. Well-qualified and professional managers
can perform better if the elected leaders refrain from interfering in their work. While the elected leaders formulate policies and set business targets, the professional managers deliver performance. The trained managers could not only strengthen the business of a cooperative but also serve as the trainers of the future.

3. The fundamental condition of an organization’s survival is its adaptability to the changing environment. A radical change can only be made if both Boards and top management really want it and implement the necessary action programmes. The policy and strategies of the society have to be redefined with priorities set for member orientation and member promotion, but which will in no way harm or hamper the efficiency and profitability of the business operations.

4. In a cooperative, management also must strongly emphasize member relations because ownership, control, and patronage all are member functions. This involves adequate two-way communication and information from management to members and from members to management. Continuous efforts are also needed to obtain new members to maintain the organization and an adequate volume of products or services. Maintaining or improving good member-patron relations involves providing good, honest service and helpful information about the cooperative and the products it handles. It means keeping members informed about policies, operating practices, and financial requirements; and pointing out their responsibilities for making the cooperative successful.

5. After the launching of New Economic Policy, it is essential for the survival and growth of cooperatives that they are professionally managed. Mobilising funds for diversification and modernising of operations, management of funds, procurement of produce of members in small quantities from remote rural areas, processing the produce using the latest technologies available, exploring and tapping new markets for inputs and outputs, marketing of products at competitive prices in a free market regime, ensuring high quality of products, keeping production and other operating costs under control, attracting and retaining good staff, handling politics and politicians, securing and using right information at right time for making decisions, and many other similar activities require professional managers to handle them efficiently. In the new era, it will be the knowledge, foresights, insights, management skills, and ability to access and use the right information at the right time for making various decisions that will determine the prospects of survival and growth of business enterprises in public, private, and cooperative sectors. Therefore, cooperatives will have to professionalize their management and sooner they do so, the better it is for them.

6. In order to make the management of these cooperatives professional and manage the affairs on scientific lines there are various institutions which are directly or indirectly involved in imparting education and training to all levels of management.
Reserve Bank of India with its training centre at Pune, organizes various short term programmes for different categories of staff of Urban Cooperative Banks. National Council for Cooperative training, New Delhi, is training centre of National Cooperative Union of India, New Delhi. Vaikunt Mehta National Institute of cooperative management, Pune at National level is a premier management institute for the cooperative sector organizes various training programmes and courses & Regional Institute of Cooperative Management & Institute of Cooperative Management at state level. They cater to the training needs of senior, middle and lower levels of employees of cooperative departments and cooperative institutions. Cooperative Management needs to be seen as a statement of the implementation of Cooperative Identity and as criteria for the systematic development and selection of candidates with whom the management of cooperative may be entrusted.

1.3.5 RESULTS/BENEFITS:

The economic success of some cooperatives is linked to the management system adapted by them. Many successful cooperatives prospered and carved visible niche in the business world encountering the pressures of private enterprises because they reformed their ways of doing business. They learnt from others how to reach the customers by encouraging their personnel and adopting modern business management techniques.

In India, dairy and fertilizer cooperatives are the good examples of playing their roles in the market. Experiences and the results of various studies have identified several factors which are responsible for the success of agricultural cooperatives. These are:

1. Cooperatives are member-driven, member-controlled and member-responsive organizations.
2. Design of the cooperatives imparts high drive level and a cohesive governance structure;
3. Cooperatives are efficiently managed by trained and professionally-qualified staff under the supervision and control of democratically-elected boards of directors. Elected board members do not perform executive/business functions;
4. Cooperatives have integrated their operations with the needs of their member-household;
5. Well-integrated vertical structures of cooperatives exist and these provide support in order to enable the base level cooperatives to effectively and efficiently service their individual members;
6. The federal cooperatives provide advisory services, technical know-how and back-up support services;

7. Cooperatives undertake comprehensive programmes for member education in order to facilitate the process of members’ participation, members’ involvement and empowerment; and for training of staff and members of boards of directors;

8. Cooperatives undertake value-added operations; choose, assess and employ appropriate but advanced technologies; and forge forward integration in order to gain competitive advantage in the market place;

9. Cooperatives establish viable and strong linkages with external research and development/ extension agencies in the field of agriculture and technology;

10. Cooperatives strive to become self-reliance, accumulate capital and develop other resources in order to remain free from all external controls and directions; and

11. Cooperatives are open, value-based, ethical, caring, and socially aware institutions.
REFERENCES

http://agricoop.nic.in/cooperation/hpcc2009new.pdf
6. ibid
7. Ibid
10. “Pm Announces Task Force to Revive Rural Cooperatives”, speech by Dr. Manmohan Singh, Prime Minister of India- November 16, 2004. www.pmindia.nic.in
http://www.hindu.com/thehindu/hindux.gif
http://www.indianmba.com/Faculty_Column/FC585/fc585.html
http://www.indianmba.com/Faculty_Column/FC585/fc585.html
18. Sugino Minoru “Is The Ideal Of Cooperative Effective?-The Case Of Sugar Cooperatives In Maharashtra State, Western India”
   http://www.icaroap.coop/UploadFiles/Articles/Sugar Cooperatives 2.pdf