

ESSENTIAL VALUES AND PRINCIPLES FOR EFFECTIVE BUSINESS DECISIONS AND PERFORMANCE OF COOPERATIVES IN TERTIARY INSTITUTIONS

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Abstract

The knowledge and application of cooperative values and principles by cooperative leaders or managers is conventionally seen as a pre-requisite to achieving cooperative objectives. However, it does appear that many cooperative leaders lack ideas of these values and principles. This paper examined the essential values and principles for effective business decisions and performance of cooperatives in tertiary institutions. Ex post facto approach which is based on documented evidences was used in literature review. Thematic issues were descriptively analysed. The results showed that for effective functioning of a cooperative, values such as self-help, self-responsibility, democracy, equality, equity, solidarity, honesty, openness, social responsibility, and care for others have to be imbibed by the management committee. It was also revealed that cooperative principle of voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among members, and concern for community are requisites for efficient cooperative performance. In essence, for there to be performing management and cooperative societies in tertiary institutions the management committee have to imbibe the above values and principles. This paper concluded that through proper knowledge and application of cooperative values and principles, business decisions of cooperatives in tertiary institutions can be influenced. It recommended among other things that there should be continuous education of members and management committee on cooperative values and principles by various cooperative societies. This is based on the premise that an adequate understanding of the cooperative belief systems that are encompassed in cooperative values and principles will engender increased commitment and participation in cooperative activities.

Keywords: business decisions, cooperative activities, performance, principles, values,

INTRODUCTION

The higher or tertiary education agenda is far broader than ever before, placing greater responsibilities and choices on the leaders in this arena (Newby, 2013). It plays crucial role in terms of the knowledge and information it brings in promoting social progress and values, especially in cooperatives. Tertiary educational institution is widely accepted in Nigeria as a form of investment in human capital development that yields economic benefits and contributes significantly to the nation's future wealth and development by increasing the productive and consumptive capacity of the citizens (Yusuf & Afolabi, 2014).

Cooperative societies are predicated on mutual understanding, respect and dependence in solving one another's socio-economic needs. The major emphasis in cooperative is on self-help. Thus, people cooperate because they realize that it is extremely difficult to achieve some goals by working alone. Reeves (2003) opine that the best way of pushing back the limit of economic problem of scarcity is by working together. This is because more can be achieved when people coordinate their efforts with each other and take concerns and talents of others into consideration.

The knowledge and application of such cooperative values and principles by cooperative leaders or managers is conventionally seen as a pre-requisite to achieving cooperative objectives. However, it does appear that many cooperative leaders lack ideas of these values and principles. Where this is imminent the chances of actualizing the cooperative businesses would be very slim. It is in view of the above that this paper examines the essential values and principles for effective business decisions and performance of cooperatives in tertiary institutions.

Conceptual Clarifications

Co-operative

The phenomenon 'co-operation' can be seen from different aspects. Proceeding from economic sciences, for example, co-operation is something else than social science or politics. In terms of applied economics, co-operation can be regarded as the economic form of cooperation organised in such a manner that it helps its participants. Sociologically, co-operation can be described as an organization which serves, beside other things to assume (production) functions of the society. Legally, co-operation is a legal person (cooperative) with its rights and duties. Indeed, cooperative is a global phenomenon that is vast in meaning to different persons.

Co-operative is derived from the French words "Espirit de corps" which means "working together". Asaolu (2004) argued that cooperative was derived from a Latin dictum "operate", meaning to work and the prefix "co" meaning together. In this case, two major approaches have been used to describe cooperative societies. These are economic and social aspect, and social/cultural background of the movement.

Over the last century, the International Co-operative Alliance (ICA) has flourished, particularly in Europe, Canada, and in some parts of Africa. In the United States, several of the major centers for cooperative business and study (which are primarily focused on agriculture) also adhere to the ICA's values. Whether or not, cooperatives have an official connection with the ICA, they ascribe to essentially the same core set of principles. The ICA thus is recognized as a leader for cooperatives all over the world in terms of promoting the values of cooperative organization (Wilhoit, 2005). In other words, it is expected of cooperative managers to align with the international cooperative values and principles for optimal performance or execution of cooperative business decisions.

Essential Cooperative Values

Values are basic and fundamental beliefs that guide or motivate attitudes or actions. They help us to determine what is important to us. Values provide the general guidelines for conduct. Values, in a narrow sense, are that which is good, desirable, or worthwhile (Ethics Sage, 2018). Values are an important concept in cooperatives. Pobihushchy (2002) notes that traditionally, the cooperative movement has had deep ties to the world's wide array of religions and ideologies. It has continuously explored its own belief systems and attempted to identify those personal ethics and social ideas, if any, that is shared by cooperators and motivate our future actions.

The members of a society are involved in the cooperative as a result of certain functional needs. They own and control the firm because of these interests. They have exchanges with the enterprise in the form of purchases, sales or work. These relationships have consequences for the possibilities of the members to run the cooperative effectively. If the group is large, heterogeneous and dispersed, it may require a large amount of resources to coordinate the different members. The fact that the firm is based on functional interests causes difficulties since they are often diffuse and ambiguous. To the extent that there are different opinions as to the functional interests, this may lead to time demanding, paralyzing and efficiency-inhibiting disagreements (Nilsson, 2007). Thus, the concept cooperative values can be seen against the above background.

If the members, despite their large number and differing interests and diffuse goals, are to be able to agree on how the cooperative is to work, they must all have a similar set of conceptions. Laurinkari and Brazda (1990) note that the members have largely the same opinion on how the enterprise is to be run, they can more easily agree on how the business is to satisfy their interests. This is the role of cooperative values within a cooperative organization. The cooperative values of the members have positive effects on their ability to get their needs satisfied through the cooperative firm. Consequently, if we are to understand cooperative businesses, the concept of cooperative values is important.

The 1995 Statement articulates the best in cooperative belief system, the ideals of personal and social conduct to which members aspire. ICA (1995) explains that any discussion of values within cooperatives must inevitably involve deeply-felt concerns about appropriate ethical behavior. Clearly, basic cooperative values are general norms that cooperative societies, cooperative leaders and cooperative staff should share, and which should determine their way of thinking and acting even in their business relationships. Pobihushchy (2002) insists that the basic cooperative values are a statement of values that engage the hearts, conscience and loyalty of cooperative members. The values statement addresses the convictions about how to achieve a better society and what form that society should take. The values which are ten in number are discussed as follows:

1. Self-Help

This value has a dual referent. On the one hand, it refers to the individual person “self” and on the other it refers to the collective “self” such as a co-operative. For instance, Self-help as a value obligates/encourages the individual person to satisfy her/his own needs and obligations through personal effort to the extent reasonably possible under the circumstances. An important need and obligation is the contribution to the realization of a healthy sustainable community. This is a very important element in achieving personal human fulfillment. As a corollary, this same reasoning/logic applies to the collective “self” such as, for instance, a co-operative. This value obligates/encourages the collective to satisfy its own collective needs and obligations through its own efforts to the extent reasonably possible under the circumstances. It is from this value that the idea flows that each individual member/owner of the collective, i.e., co-operative, shares the responsibility for the success of the co-operative.

2. Self-Responsibility

This value, similar to the previous one, has a dual referent. The individual person is obligated and encouraged by this value to be responsible for her/his own well-being and to take responsibility for any consequences that flow from whatever he/she does in pursuit of personal need satisfaction. The corollary to this is that the collective “self” is responsible for its own well-being and for the consequences that flow from that pursuit.

3. Democracy

Democracy is a philosophy/practice of governance in which the people are collectively the repository of authority. The exercise of that authority is democratically legitimate only if the people who will be affected by that exercise are consulted openly and freely. Popular elections in and of themselves do not a democracy make. Free and open discussion, deliberation and consultation are essential preconditions to elections as democratic elements. Of course, that means that the people/members have reasonable access to all the information relevant to the decisions respecting the exercise of the authority of which they are the repository.

4. Equality

Equality as a value flows from the traditional wisdom that each person, irrespective of talent, skill or appearance, possesses an intrinsic value and thus as a human is of no greater or lesser value than anyone else. Each person is intrinsically valuable, without the attachment of inferiority or superiority. While certain skills and talents may be of greater importance to the well-being of a collective, be it a society, community or co-operative, each and every person as a human being within that collective is of equal value. This value is particularly pertinent to decision-making and governance of the collective requiring that each person in that collective has a reasonable opportunity to participate in that decision-making and governance. This value is particularly and peculiarly relevant to democracy and democratic governance.

5. Equity

This value has two distinct but related meanings. One meaning of this value is as an END. The other meaning is that of a MEANS to that END. Equity as an END refers to FAIRNESS in the relationships between and among individuals and the manner with which authority is exercised over persons. Equity as a MEANS refers to the ownership of property/assets with which persons can protect themselves against exploitation by others, mainly corporate interests. In the co-operative, that ownership gives the owner/member the right to participate in the decisions of the co-operative which, along with the participation of all the other members/owners of the cooperative, assures each and all of them fairness in their relations with each other and the collective, i.e., the cooperative. It is the equity which provides the owners with the right and

opportunity to structure the decision-making and governance process that will assure that fairness is an essential characteristic of the co-operative.

6. Solidarity

Solidarity as a value refers to the respect and dignity with which the individual persons of a community relate to one another. It is a relationship that grows out of each person seeing the other as valuable as the self. Solidarity also encompasses the concept of interdependency which is so critical to the health and vitality of the collective/cooperative. Community is an important product of solidarity, or as a corollary, solidarity is an essential characteristic of the successful community/co-operative.

7. Honesty

This value has the quality of both end and means. Honesty is a good in itself and is a means to other goods. Honesty is an important prerequisite to continuing good relations among persons and within collectives such as co-operatives. Honesty is both a quality of, and a means to, human fulfillment. Truth is a critically important component of rewarding community and collective life. Honesty is the *sine qua non* for the individual and the collective of individuals experiencing and benefiting from the truth.

8. Openness

This value refers to the structured and reasonable availability to the membership of information and knowledge relevant to the successful life of the organization/ collective. This value presupposes that the governance of the organization is a democracy, hence the membership collective is the repository of the authority exercised in that governance.

9. Social Responsibility

This value is most relevant to the public image which the co-operative enjoys/suffers in the community which it serves and beyond. On the one hand, it refers to the cooperative accepting responsibility for and ameliorating the negative consequences for society stemming from its actions and operations. On the other hand, social responsibility refers to the co-operatives acceptance of the responsibility to work towards the betterment of society and towards the amelioration of oppressive conditions in that society.

10. Caring for Others

“Caring for others” was and continues to be the prime mover in the establishment of successful co-operatives the world over. This value refers to the obligation that each individual co-operator, each cooperative and the co-operative movement as a whole must act in such a way as not to cause harm or difficulty for others either today, tomorrow or in the distant future. Additionally, this value imposes the obligation and requirement on every element of the co-operative movement to be pro-active in leadership towards rectifying the structural and social causes of oppression and indignity. This value flows out of the ancient, but nonetheless relevant, dictum: “Do unto others what you would have them do unto you”! What follows is a modest attempt at articulating the practical implications and practices of each of the ten cooperative values within the status quo, for the individual cooperator and for the cooperative movement.

Each of the ten Co-operative Values discussed above has its own integrity and stands on its own merit. Yet each one of those values has an affinity to one or more of the other values. Also, each one of those values contributes a very important significance to the co-operative movement. The important message here is that, while each one of those values is of critical importance to the movement, not one of them stands alone in defining the importance and integrity of the co-operative movement. Taken together, the ten cooperative values define, and provide the parameters for a world view/paradigm. That world view/paradigm is a wholesome and superior alternative to the status quo of the past and today, especially if human fulfillment and peace are important goals for any society to pursue. The clear implication of the co-operative values is that human fulfillment and peace are the only ethically and morally justifiable goals for any society.

Principles for Effective Cooperative Performance

Principles are guidelines for how to put ideals and values into practice. They rest on a distinct philosophy and view of society that helps us judge our accomplishments and make decisions. If successful, principles are incorporated into the organizational culture of the cooperative; they are the broad vision statement for cooperatives and co-operators individually and collectively. Shared and actualized principles allow cooperatives to be distinguished from other forms of organization. As the ICA puts it, "principles are not a

stale list to be reviewed periodically and ritualistically; they are empowering frameworks through which cooperatives can grasp the future."

Given that the ICA has adopted a new set of principles and, implicitly, all of the world's cooperatives have agreed to uphold them, there is no more important visioning work for a cooperative to do than to become familiar with the new principles, discuss them and understand what impact they may have on their business and members. They give each of coop businesses an opportunity to re-energize and recommit itself to the general goals of cooperation and to attract new people to the movement. The principles are explained as follows;

1. Voluntary and Open Membership

Anyone can join a cooperative: they don't discriminate based on gender, social, racial, political or religious factors. This principle has changed little from the 1966 version. It implies that individuals must not be coerced into cooperative membership. Rather, their participation as active and responsible members should be based on a clear understanding of the values for which cooperatives stand and support for those values. At the same time, while membership is open, the principle assumes the member is able to use the services provided and is willing to take on the responsibilities of membership. This language recognizes that some cooperatives may restrict membership based on ability to use the cooperative or on a limit to the number of members the cooperative can effectively serve.

The important idea here, however, is that cooperative does not discriminate against potential members based on their inherent characteristics (social, racial, political, religious, or gender). Particularly important is the addition of gender as a category in the 1995 principles. The ICA Women's Committee worked long and hard to have gender added to the list and to ensure that the organization's expectations for cooperative enterprises are clearly expressed.

As U.S. food cooperatives learn to survive in intensely competitive markets, the membership principle and associated principles of education and member control take on critical importance. Members value their cooperatives only when they believe that the cooperative understands and services their needs well. The membership cannot carry out its unique cooperative responsibilities if it is uninformed, nor if it is unable to be heard by its elected representatives. The open membership principle obligates elected leaders, managers and staff to elicit information from the entire membership body (not just a subset of organized opinion) and to understand their members and potential members fully regardless of religious or political beliefs, gender or sexual preference, or cultural or social background. The special relationship between the cooperative and the people it serves is a unique characteristic of cooperative business.

2. Democratic Member Control

Members control their business by deciding how it's run and who leads it. Building on the principle of open and voluntary membership, the principle of democratic member control defines the way in which members will make decisions. It assumes that members will participate in setting policy and giving broad direction to cooperative activities in a way in which no member has a greater "voice" than any other member. This principle is closely related to the "one member, one vote" principle of the 1966 version.

The new principle, however, gives specific attention to the potentially different voting structures that may be put in place in secondary cooperatives. When cooperatives are members of secondary cooperatives, the one member, one vote rule may result in substantial inequities for the individual members of member cooperatives. For example, if a cooperative of 1,000 members and a cooperative of 25 members each has one vote in the affairs of their cooperative distributor, the 25 members of the smaller cooperative clearly have a much stronger proportional voice than do the 1,000 members. The principle addresses the possible need for different voting procedures at the distributor level in order for voting to be democratic.

3. Member Economic Participation

All co-operative members invest in their cooperative. This means people, not shareholders, benefit from a cooperative's profits. This principle deals directly with the very difficult problem of capital acquisition by cooperatives in amounts large enough to compete effectively with vast global industries. Throughout their history, cooperatives have been built on the premise that capital is a servant of the enterprise, rather than the master. Cooperative activities are organized to meet member needs, not to

accumulate capital in the hands of investors. In the past, the principle of capital as servant led to a belief that resources generated by profitable cooperative enterprises should be retained by the cooperative, rather than being concentrated in the hands of owners of capital, by strictly limiting returns to invested funds.

It has not always been clear what role, if any, is played by non-member capital investment, or investment by members beyond the "fair share" required. Although members own millions of dollars that they might invest in cooperatives, the previous restrictions on dividends to be paid on capital did not encourage them to invest beyond the required amounts. Consequently cooperatives have repeatedly been unable to generate equity for capital-intensive projects; and they have been unable to maintain the value of invested capital during inflationary times. The strict limitation on dividends to capital has been lifted in the 1995 principles, which now imply that cooperatives compensate capital and labor fairly.

In order to retain the democratic nature of the enterprise, members of cooperatives are expected to contribute capital equitably and to democratically control the capital of the business. To retain the community-centered nature of the enterprise and the belief that strength comes from pooling resources to engage in mutual self help, there is an underlying expectation that a portion of the cooperative's capital should be owned collectively by all members. Finally, the principle also gives guidance to members on possible uses for surpluses generated by the enterprise, specifically mentioning cooperative reinvestment and reserves, patronage rebates, and other activities approved by the members.

4. Autonomy and Independence

When making business deals or raising money, cooperatives are not expected to compromise their autonomy or democratic member control. Since after thirty years passage of the 1966 Cooperative Principles, numerous third world countries have used cooperatives as an intentional part of their social and economic development strategies. While there are many instances of successful development through cooperatives, government initiation and support was necessary to begin the cooperative ventures.

Unfortunately, many of the governments, especially in centrally planned economies, were unable to withdraw from the cooperatives. Instead, cooperatives, closely controlled by government functionaries, became inefficient and poorly managed, a haven for government bureaucrats. Independence and autonomy was often never realized. The new principles emphasize that cooperatives must be free of intervention from governments or other sources, so that members are able to control their own destiny.

5. Education, Training and Information

Cooperatives provide education, training and information so that their members can contribute effectively to their success. Education continues to be a priority of the cooperative movement in the new Statement of Identity. The background paper on the principles emphasizes that cooperative education is more than advertising product or distributing information. It is critical to the effective and informed participation of members which lies at the core of the cooperative definition. "It means engaging the minds of members, elected leaders, managers and employees to comprehend fully the complexity and richness of cooperative thought and action."

The rewritten principle also highlights the importance of educating the young and opinion leaders about the nature and benefits of cooperation. If cooperatives are to be part of the solution to many of the world's problems, people must be not only aware of the concept, they must appreciate it and be willing to participate in it. Such active involvement will not occur if people do not understand cooperative enterprise.

6. Cooperation among Cooperatives

All cooperative organizations, in order to best serve the interests of their members and their communities, should actively cooperate in every practical way with other cooperatives at local, national and international levels." Cooperatives believe that working together is the best strategy to empower their members and build a stronger co-operative economy. Guide (2015) writes that there were reasons why early cooperators identified this internationally accepted principle. Some of those reasons were negative: the often demonstrated weaknesses of independent operations, which must continually reinvent the methods and recapitulate the struggles of numerous other cooperatives. Other reasons for establishing the principle were positive: the sounder corporate structures and improved operating practices that arise through copying model primary cooperative societies and through associating to form secondary level organizations.

An important and comprehensive review in the Board of Directors column also echoes historical lessons, such as the recognition that a point of sale discount is a blunt and risky instrument for management of cooperative earnings. Many of today's co-ops, in their third decade, have yet to design a membership package that is sustainable in a competitive market and that encourages long term growth in member sales and long term growth in capital.

7. Concern for Community

Cooperatives are community-minded. They contribute to the sustainable development of their communities by sourcing and investing locally. Grounded in the values of social responsibility and caring for others, this new principle articulates the cooperative interest in making contributions to a better society at large. By taking ownership of portions of the economy, cooperative members are saying, in effect, "We can meet our needs and the needs of others better than they are currently being met." Because the effort is a mutual one, cooperative members understand that to provide for any member is to provide for all members.

Interestingly, much of the writing and debate that evolved into this principle was centered on environmental protection, as well as, sustainable development. Much of the development of the Statement of Identity was presented at the 1992 ICA Congress by Sven Books' report Cooperative Values in a Changing World, which emphasized the tie between cooperatives and the environment, saying, "The next century needs the contributions of cooperative organizations as a people-based 'international countervailing power' for economizing the natural resources of the world and hence protecting the fundamental needs of coming generations." The background paper articulates the responsibility of cooperatives to participate in the environmental protection of their communities.

Conclusion and Recommendations

The influence of committee members' knowledge and application of cooperative values and principles on business decisions can impact on cooperative performance. In essence, for optimal functioning and performance of a cooperative society, it is expected that values such as self-help, self-responsibility, democracy, equality, equity, solidarity, honesty, openness, social responsibility, and care for others to guide the management committee. Moreso, the principle of voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education, training and information, cooperation among members, and concern for community should be the watchword of the cooperative. It may be said that where these are lacking the cooperative organization may not just suffer difficulties, but could find it difficult to meet members need. This paper concludes that through proper knowledge and application of cooperative values and principles, business decisions of cooperatives in tertiary institutions can be influenced. It therefore recommends that;

1. There should be continuous education of members and management committee on cooperative values and principles by various cooperative societies. This is based on the premise that an adequate understanding of the cooperative belief systems that are encompassed in cooperative values and principles will engender increased commitment and participation in cooperative activities.
2. Clearly, basic cooperative values and principles are general norms that cooperatives, cooperative leaders and cooperative staff should share, and which should determine their way of thinking and acting. With increased member commitment and participation, much more progress will be recorded in the cooperatives.
3. Special attention needs to be given on cooperative leadership training, targeting cooperative principles, organization by-laws, governance system and business development. This will help raise not just conscious cooperative management committee but members who are well versed and rooted in the values and principles.

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