



THE COOPERATIVE ORGANIZATION AND COMMUNITY DEVELOPMENT

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Abstract

This article aims to determine how cooperatives in the South/Southwest region of Minas Gerais relate to the community where they operate. It is known that the concern for community development is implicit in the seventh cooperative principle "Concern for community." This principle states that cooperatives work for the sustainable development of their communities through policies approved by the members. Questionnaires were sent to 120 cooperatives affiliated to OCEMG. According to the survey results, it appears that the role of cooperatives in local development has not always been prioritized and cooperative education work with the membership would be a way to achieve commitment from members towards their organization. However, when analyzing the activities leading to cooperative education processes that these organizations undertake, they prove to be insufficient and isolated.

Résumé

Cet article vise à déterminer comment les coopératives de la région Sud/Sud-Ouest du Minas Gerais s'associent à la communauté où elles opèrent. Il est connu que le souci du développement communautaire est implicite dans le septième principe coopératif « Engagement envers la communauté ». Ce principe stipule que les coopératives travaillent pour le développement durable de leurs communautés par le biais de politiques approuvées par les membres. Des questionnaires ont été envoyés aux cent vingt coopératives affiliées à l'OCEMG. Selon les résultats du sondage, il semblerait que le rôle des coopératives dans le développement local n'a pas toujours été priorisé et qu'un travail d'éducation coopérative serait un moyen d'obtenir l'engagement des membres envers leur coopérative. Cependant, lorsqu'on analyse les activités entreprises par ces organisations qui conduisent à des processus d'éducation coopérative, elles se sont avérées insuffisantes et isolées.

Resumen

Este artículo tiene como objetivo determinar cómo las cooperativas de la región Sur/Suroeste de Minas Gerais se relacionan con la comunidad en la que operan. Se sabe que la preocupación por el desarrollo de la comunidad está implícita en el séptimo principio cooperativo "Interés por la Comunidad." Este principio establece que las cooperativas trabajan para el desarrollo sostenible de sus comunidades a través de políticas aprobadas por sus miembros. Para la recolección de datos, se enviaron 120 cuestionarios a las cooperativas afiliadas a la OCEMG (*Organización de Cooperativas del Estado de Minas Gerais*). Entre los resultados de la encuesta, se observó que no siempre se ha priorizado el papel de las cooperativas en el desarrollo local y un trabajo de educación cooperativa con los miembros sería una manera de lograr el compromiso de estos para con su organización. Sin embargo, el análisis de las actividades que estas organizaciones llevan a cabo en pos de procesos de educación cooperativa demuestra que son insuficientes y aisladas.

Introduction

This paper evaluates how cooperatives located in the South/Southwest region of Minas Gerais, Brazil, relate to the community where they operate. The study sought to identify the connection between the cooperative and the community in order to point out important elements that contribute to cooperative management, discuss how these organizations can promote economic and social welfare of the members and also guide community participation that can contribute to an improved quality of life.

The South/Southwest of Minas Gerais covers an area of 49 523 893 km² with a population of 2 346 077 inhabitants (IBGE, 2013), and the Human Development Index (HDI) of the region is 0.761 (Oliveira, Dalmonica, & Silva, 2011). According to the classification of the UNDP, the region has a medium human development score (HDI between 0.5 to 0.8), with an index higher than the state of Minas Gerais. Also, the region produces 11% of the state's GDP, which represents indicators of quality of life higher than other regions of the state.

According to the Union and Organization of Cooperatives of the State of Minas Gerais (OCEMG) database, the region has 120 cooperatives in various cooperative branches (agriculture, transport, credit, labour, education, and health, among others).

In this research, questionnaires with open and closed questions were sent by mail to 120 cooperatives registered on the OCEMG database. Only 18% of cooperatives answered the questionnaire and of these, 50% are agricultural cooperatives.

Cooperative Organizations and Community Development Processes

Cooperative organizations are immersed in a modern economic system and, therefore, should act like companies that must survive the rules required by this system. According to Zylberstajn (1994), the growth of cooperative structures is followed by an increase in the complexity of their management. The professionalization of these organizations has been a major challenge for all cooperative branches since they are forced to evolve, which does not differ from other companies, especially in regard to their activities, technological interface, economic and financial management, complexity of the organizational structure, and also relationships with people and institutions (Valadares, 2005a).

The pressure to focus on economic management is strong, promoting a dichotomy where social and business are presented as opposites. Searching to improve the competitiveness of cooperative organizations in the market, these organizations have often sought to become similar to companies. Thus, it seems that there is a belief that these organizations should be less cooperative in order to become more competitive in the market, and that the effort to facilitate the relationship between members and local community should be left aside (Milagres, Amodeo, & Sousa, 2011).

According to the study by Valadares (2005b), cooperatives are migrating from a defensive behaviour to a more aggressive approach because of the high levels of competitiveness required by new markets. It is clear, therefore, that in the modern world there is a necessity for the professionalization of management in cooperatives, so that they may perform their role as competitive organizations and guarantee their survival and their members' survival. However, for this, it is important that cooperatives not forget their basic features.

Thus, cooperative organizations need to be efficiently managed, without forgetting that they are both an association and a company, collectively and democratically managed. There is no professional, efficient business management of a cooperative without social management, especially with regard to the work of cooperative education, as this will be an essential tool to promote member loyalty and cultivate their interest in strengthening the cooperative, including in the capitalization process.

To Albuquerque (2003), the role of cooperatives is to be the mediator of processes that are characterized by a network of relationships that demand a new approach to organizing training. This new approach is built from a social practice that puts the member and the cooperative in their community. This insertion of a cooperative organization in the local community can be applied through the seventh cooperative principle, "Concern for Community."

The International Co-operative Alliance (ICA) is the organization representing the global cooperative movement, and among its objectives is the dissemination of cooperative principles and values. In the seventh cooperative principle, the ICA states that cooperatives are organizations that exist primarily for the benefit of their members. This strong association with their members, almost always in one specific geographical area, shows that cooperatives are closely tied to their communities. Thus, according to the principles, these organizations have a special responsibility to ensure the continued development of their community in economic, social and cultural aspects. The obligation to work constantly for environmental protection in their community is another aspect evidenced by the ICA in the document that deals with cooperative principles. Thus, it is in the hands of the cooperative society's members to decide how much and in what way a cooperative contributes to its community (ICA, 1995).

Community development is implicit in the seventh cooperative principle, Concern for Community, which states that cooperatives work for the sustainable development of their communities through policies approved by their members. (ICA, 2014). More specifically, members of cooperatives should adopt special policies with the ultimate goal of contributing to the sustainable development of their communities, and thus also being agents of social change.

Community development involves people and the engagement of the local community. Their role ensures that community action does not have an owner, but is owned by everybody. This resembles the main characteristic of cooperatives, i.e. being a company collectively owned and democratically managed where free admission and "we" prevail in a participatory way in building the common good. The fact that social actors in the community share social responsibilities and feel strong, important and active in the construction of a public good, providing their physical, mental and material or financial assistance effort, constitutes true community action (Ferreira Neto, 1987) that, in turn, has a strong relationship with the seventh principle of cooperative organizations. The concern for the community is what will sustain the cooperative in the future and what will guide the management of its different social, political, cultural, and economic systems.

Therefore, it is noticed that cooperatives could be an important institution in promoting social participation of those involved in the community in order to drive their actions and decisions and promote community development, economically enabling their members or articulating their interests over political institutions. They could also, through the participation of their members, promote community action and lead projects/programs for the community in which they are embedded, since their owner-users would be both agents and beneficiaries. By empowering their members to

participate, they simultaneously promote the formation of citizens able to participate in the management of public policies. Also, as cooperatives are organizations with a presence in the community, they could become privileged collective actors with a prominent role in the development process (Milagres, Amodeo, & Sousa, 2011).

Lira (2005) adds that development is a highly endogenous process that seeks to enjoy its own potential — natural, human, institutional, and organizational — to transform the local productive systems with the purpose to improve quality of life. However, these changes in quality of life would also be consequences of actions realized by beneficiary citizens, as they would become real actors in the development process, from ideation to evaluation, including the decision, planning, implementation, and control of projects. Therefore, when investing in strengthening the participation and empowerment of citizens, we also promote development by enabling them to act in their own reality.

Another important aspect that should be emphasized is the cooperative doctrine, which highlights the importance of these organizations having common interests. This stimulates members to form partnerships with the aim of exploiting a specific business of common interest. However, this direction does not necessarily reflect the practice of cooperatives: the role of cooperatives in local development is not always prioritized. A balance between social management and business management is not always achieved by these organizations. That is why an anxiety to analyze the relationship between theory and practice in cooperatives arises.

It is necessary to raise awareness among cooperative managers about the importance of the participation of members in the cooperative. This work almost always shows results in the medium and long term that cannot always be evaluated quantitatively, but qualitatively (Valadares, 1995). Therefore, it is up to the cooperative to adopt a posture of development, both in economic and social management, otherwise it would be limiting the choices and opportunities of those who believe in cooperative organization as a mechanism for participation and democratic control.

Method

In order to achieve the proposed objectives of this research, a non-probability sampling was taken. According to Marconi and Lakatos (2006), in some cases, considerations of different orders prevent the choice of a probability sample, leaving the researcher with the task of getting a sample that is representative of the population by other means. One of the limitations of using non-probability sampling is that sampling errors and deviations cannot be computed.

Data was collected using self-administered questionnaires, which, according to May (2004), are presented as a cheaper method of data collection to cover a wide geographical area and as a channel for anonymous, entrenched points of views. Therefore, a questionnaire was sent by mail to all 120 cooperatives in the region (affiliated to OCEMG), with a pre-paid return envelope to facilitate the return of the questionnaire.

A total of 18.85% of all cooperatives sent back the questionnaires, and, of these, 50% belonged to the agricultural sector.

Results

Cooperative relationship with the community

The cooperative's relationship with the local community has an important role, such as promoting the economic and social well-being of members, stimulating community participation and also contributing to improve the population's quality of life.

Concern for the community is otherwise known as the seventh cooperative principle. As mentioned, the cooperative, through its membership, should interfere in the community dimension of development. That means participating in other structures or groups that contribute to the development of the municipality as associations and/or local committees or any other level of public policy management and take action individually or in partnerships aimed to promote sustainable local development. Among the analyzed cooperatives

- 31.8% participate in some local structures of collective public management;
- 54.5% do not participate; and
- 13.6% did not answer.

Community development is a participatory process that involves people and organizations in a joint action that aims to improve the living conditions of the community. Partnership and joint work are essential and can give great support to the community.

Self-evaluation about the contribution of the cooperative to the community

Another point discussed with the cooperatives in the region was the evaluation they make about their contributions to the community in which they are embedded, assigning a score of 1 (low involvement with the community) to 5 (high participation in the community).

Overall, 40.9% of cooperatives analyzed attributed themselves a score of 4 for their contribution to the community. Despite a high score, only the agricultural branch has some relevance on the contribution to the community.

Cooperative education

Social management can be achieved through cooperative education work. Amodeo (2006) postulates that this education can be a solution to allow a cooperative to overcome the challenge of being competitive by being responsible for its own development.

It was noticed that 41% of cooperatives surveyed did not indicate how cooperative education is developed and, in addition, 27.3% claimed not to develop any cooperative education. The few developed works are performed as follows:

- Agricultural branch: lectures, partnership with Brazilian Service of Support for Micro and Small Enterprises (SEBRAE) in skills training, and social promotion activities through OCEMG/SESCOOP.
- Credit branch: conducts education activities through the Central Cooperative, i.e., jobs tend to be more streamlined and do not necessarily depend on the location.

- Educational branch: lectures and cooperative education in school activities.
- Transportation branch: conducts cooperative education by professional contractors.

In November 2008, at the VII Seminar on Contemporary Trends of Cooperatives, OCB and SESCOOP defined what they understood as cooperative education: a pedagogical process (continuous comprehensive teaching and learning) toward the formation of society, members and employees of cooperatives and their families. This process is based on cooperative principles and values, strengthening the identity and sustainability of cooperatives, and encouraging the environment and culture of cooperation (Anuário do Cooperativismo Mineiro, 2008, p. 1).

A good cooperative education, therefore, reflects its members' and the local community's knowledge of the organization. Thus, we check whether the cooperatives spread the culture of cooperation among their members and with the local population. A total of 77.3% of cooperatives responded that their members know how to distinguish a cooperative from a non-union company, and 18.2% said that when the member is admitted, he or she is informed about what a cooperative is and its benefits; 36.4% know that through the cooperative they have different conditions and benefits that a company would not offer; 9.1% place the promotion of events, lectures, and meetings in cooperatives as a plus; 4.5% say they know how to distinguish the cooperative since they participated in it from the beginning and know all the processes of a cooperative organization; 4.5% also said that because the associated individual is the owner, he or she learns to differentiate what is, or is not, a cooperative; and another 4.5% did not know what to answer.

Analyzing if locals distinguish a cooperative from a non-cooperative company, the result was that those who do not know the difference claim that there is a lack of information about what is in fact a cooperative (36.4%).

We notice, however, that among the cooperatives in the South/Southwest of Minas Gerais, cooperative education could be done in a more concrete way so that a "culture of cooperation" could strengthen the cooperatives in the region as well as make them more recognizable.

Another point investigated with cooperatives in the South/Southwest region is on the application of Technical, Educational and Social Assistance Fund (FATES). This fund is intended to provide assistance to members, their families, and the employees of the cooperative, consisting of at least 5% of net surpluses (Law 5.764/71), ensuring resources to conduct cooperative education.

According to law 5.764/71, which defines the National Policy on Cooperatives and the FATES, most of the cooperatives in the South/Southwest region of Minas Gerais, except those in the transport branch, perform some cooperative education for members, families, and staff. Transport cooperatives did not answer this question.

The agricultural cooperatives are those with greater variations in educational projects and the only ones that perform cultural and environmental projects. It is also evident that the social projects run by cooperatives focus mostly on the area of education (40.9% of total), followed by environment (9.1% of total), and finally culture (4.5% of total). Most credit unions and all the transport cooperatives declare that they do not have social projects.

Moreover, only 4.5% of cooperatives social projects have coverage for the entire local community.

A more accurate analysis can be made to evaluate the performance of cooperative projects that are in development.

Conclusion

The South/Southwest of Minas Gerais, besides being one of the most well-developed regions of the state, has large cooperatives that contribute economically to their members. However, when analyzing the education processes that these organizations undertake, they prove to be inadequate and weakly articulated.

In addition, there is a low participation of cooperatives articulating their work with other organizations operating in the municipality, such as local committees and boards, among others. This would be a way to achieve effective participation and also contribute to local development decisions and management of the municipality.

One can also conclude that the role of cooperatives in local development as mentioned in the seventh principle was not always prioritized and a cooperative education with members would be a way to achieve their commitment to the cooperative.

Cooperatives should invest in training and human development to achieve commitment from members towards the organization, as well as promote cooperative values in the community in which they belong. In other words, cooperatives should invest in effective participation so that members are empowered, thereby strengthening the organization to access the market, policies and other local resources.

Discussions about cooperatives, community and cooperative education are based on the idea that the development promoted by cooperatives should be related to the seventh principle, and that a cooperative's success depends on the freedom of action and decisions of its members as they act as agents of economic, social and political change.

The results presented in this study indicate that work to undertake a critical analysis of the role of education on management of cooperatives is required. It is also important to emphasize the contribution of an instrument that can strengthen the cooperative movement as a whole and also the development of the community.

Notes

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