Structure and Characteristic of Democratic Control in Agricultural Cooperatives

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In agricultural cooperatives, each member has three characters of an owner, a user, and a management person. But today, the character of the member as a management person is weak. In order for agricultural cooperatives to develop stably, a management system based on active participation of the members must be built up. This paper takes up the Hadanoshi Agricultural Cooperative (abbreviated to JA Hadano in the following) as a case. In JA Hadano, direct democracy is aimed for and each member’s activity is performed actively. The purpose of this paper is considering the reform direction of JA management through a case analysis.

The conclusions are as follows.

Firstly, the basic direction of management reform was clarified. The consciousness “JA cannot be reformed” is deeply ingrained in the members with broadening of JA, diversification of its members, etc. We pointed out that the educational activity as OJT was important for changing such consciousness.

Secondly, the characteristic of the organizational management in JA Hadano was clarified. In this JA, direct democracy, such as adoption of a system of general meeting, the discussion meeting in spring and autumn, is aimed at. As the result, the organizational climate, such as “speaking”, “listening”, are formed. We point out that democratic control is practiced under these organizational climates in JA Hadano.

Thirdly, the characteristic of the organizational management in the strawberry sectional meeting was clarified. In this sectional meeting, a system is built to give its members wide management responsibility. And the member is not dependent on the employee thoughtlessly. We pointed out that this sectional meeting is managed by member’s condominium under the strong awareness of member as a management person.

Key words: democratic control, management person, direct democracy, sectional meeting, agricultural cooperatives

1. Introduction

In agricultural cooperatives (abbreviated to JA in the following), a member has three characters of an owner, a user, and a management person. But in today’s JA, the character of member as a management person is weak. Officials and employees are leading management. In order for JA to develop stably, a management system based on active participation of its members must be built up. It is thought that such a management system will raise a member’s sense of belonging, and promote use of JA business.

This paper takes up the Hadanoshi Agricultural Cooperative (abbreviated to JA Hadano in the following) as a case. In this JA, the direct democracy in management is encouraged and member’s activity is

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2. Reform Viewpoint of JA Management

(1) Today’s problems of JA management

As mentioned above, a member of a cooperative has three characters. Particularly, the character as a management person is important. About this point, “Democratic member Control” which is the second principle of the cooperative principle decides, “Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions”. So, a member of a cooperative has the right and responsibility of making an intention reflect to management. Such positioning is not given to a customer or a stockholder in companies, such as an incorporated company. It can be said to be an important factor which specifies the competitive environment of cooperatives.

But in today’s JA, there are few members who recognize themselves to be a management person. For example, in a questionnaire, a member raises “the selling price of agricultural products is cheap”, “the price of production materials is expensive”, etc. of all, as dissatisfaction with JA business. It is the total voice of a user. We cannot observe any awareness that they are managing the business, which makes them feel such dissatisfaction. For a member, JA is only one of the purchase places of goods or services. And members who break off relations with JA without saying anything are also increasing in number.

Such a situation can be regarded as the fall of member loyalty, because loyalty has the function to delay “exit” and to activate “voice”\(^1\). Further, the existence becomes strong when there is expectation that the organization can be reformed. In the following, we point out about the background to the fall of member loyalty.

Firstly, it is broadening of JA. A member has the voting rights of a one man one vote. But the relative value falls with the increase in the number of members. Also, many JA have adopted the system of representative meetings as the highest decision-making body. This is required in order to make decisions efficiently. However, unless a system that complements indirect democracy is built, the break down of the member’s character as a management person will progress.

Secondly, it is diversification of a member. JA has been asked to build a mechanism that can reflect the intention of various members. But such a mechanism has not been built. Especially, positioning a hamlet only as a basic organization must be improved, because also in a hamlet, diversification of the members and a fall in the sense of belonging are progressing.

Thirdly, there is expansion of the asymmetry of information among the members, officials, and employees. Information tends to concentrate with officials and employees with advancement and complication of management. Such is unavoidable. However, information serves as the source of individual capability or power in an organization. JA must build a suitable mechanism of information disclosure.

Because of this background history, the consciousness “JA cannot be reformed” is deeply ingrained in the members. It can be said that today’s problem of JA management is how to build a mechanism for changing such consciousness.

(2) The necessity of educational activities

When building such a mechanism, educational activities are indispensable. Komatsu describes as follows\(2\), based on the indication which is “capitalism is the supreme product among products which human beings have produced unconsciously.” by Takaaki Yoshimoto who is the representative thinker in our country. “Cooperatives have been continued under the purpose consciousness according to a time till today. From now on, unless the consciousness is maintained, being beaten by the unconscious product is assumed easily. The education to a member must be tackled in order to make consciousness maintain.”

In our country today, social tendencies which have freedom and competition as keynotes have become strong. And, it is indicated that today is a time of “barakura”\(3\). “Barakura” means people have a tendency to leave an organization and to act individually. At a time of such a social trends, if a member of JA cannot be continuously conscious of having a different principle from a company organization, or the meaning of cooperation, it will be difficult to avoid causing the situation which Komatsu points out.

By the way, generally the educational method has training (Off-JT) and experience learning (OJT). It is thought that Off-JT brings about various discoveries usually overlooked and the motivation to tackle new things. Such is the activity that JA should perform more positively. However, a management person will not grow up only by Off-JT, since it is difficult to hold them frequently. So, this paper pays attention to the education as OJT. Since OJT is performed daily with experience, it is considered to influence a member’s consciousness continuously and deeply. The business and activity in JA are not mere business and activity, but must also stimulate a member’s consciousness and
must raise a management person. JA is asked to construct such a place or various mechanisms.

3. The Characteristic of Organizational Management in JA Hadano

(1) The outlook of JA Hadano

JA Hadano is in the city of Hadano located in the west of Kanagawa Prefecture. In 2004, the number of regular members was 2,591, and the number of associate members was 4,086. Associate members have increased, reflecting urbanization.

The marketing business quantity in 2003 was about 2 billion yen, cereals being about 50 million yen, vegetables about 280 million yen, fruit about 40 million yen, and flowers about 470 million yen. In this area, production of horticultural crops is prosperous. JA is promoting establishment of a morning fair and the local vegetable corner to a supermarket under the concept of “if there is no marketing, there is also no product.” Especially the sales amount in “Hadano Jibasanzu” which is the outlet of agricultural products established in 2002 exceed 200 million yen, and are increasing further. Products of aged or female farmers are increasing, which has proved “if there is no marketing, there is also no product.”

Not only these businesses but JA Hadano practices various other businesses and activities based on participation of a member. Supporting them are democratic control, especially direct democracy.

(2) The practices of direct democracy

There are mainly four practices that are performed by JA Hadano as direct democracy.

Firstly, it is having adopted not a system of representative meeting but a system of general meeting. About 2,000 members participate in the general meeting every year. Associate members have also participated, there. The general meeting in which an official, an employee, and a member meet together is considered to be an effective opportunity for a member to perceive the management concept and organizational climate of JA. Probably, it has affected the upsurge in the members sense of belonging considerably.

Secondly, it is the discussion meetings in spring and autumn. In 86 halls, such meetings are held for three purposes twice a year. The first purpose is disclosure to the members. The second purpose is supplying a participation opportunity to JA management. The reply to opinions offered in the discussion meeting is performed through the public relations magazine. The third purpose is building the chance of member participation in organization activities. Over 700 opinions are offered every year in the discussion meeting held for these purposes. As an opportunity for making a member’s intention reflected in JA management, it can be said that it is functioning effectively.

Thirdly, it is the visits to the members’ houses by an employee once a month. This has four intentions. The first intention is strengthening of communication between a member and an employee. The second intention is building an opportunity for educating an employee. Also in JA Hadano, the employees who know neither agriculture nor a farm village are increasing. The visit to a member’s house has created an opportunity for them to study these. The third intention is building the opportunity for support of cooperation activity. The employee is to receive for example an application of visitation from a women’s organization, and an order sheet from a sectional meeting, etc. on the visiting day. The fourth intention is strengthening information disclosure. The public relations magazine that is published monthly is distributed on the date of issue through the visit to the members.

Fourthly, it is the election of JA officials. At present, there are 36 officials in JA Hadano. The average number of officials in national JA is about 20, so the number of officials in JA Hadano is higher. And, not only a hamlet but a sectional meeting, a women’s organization, and a youth organization have been prepared as a frame of official election. Also in the executive organ, the mechanism for letting the intentions of various members be reflected is being built.

(3) The organizational climate supporting democratic control

As mentioned above, while attempting for direct democracy, it is considered that three organizational climates should be established in JA Hadano.

Firstly, it is the climate of “speaking” among the members. Especially the utterance in a general meeting attracts attention. Many representative meetings are held without any representative’s utterance. However, at the general meeting in JA Hadano, many opinions are offered by the members. It shows the fact that a member has sufficient information about the actual condition of JA, and has a high awareness of the issues concerning JA.

Secondly, it is the climate of “listening” in officials and employees. For example, in a discussion meeting, not only employees but officials, such as a president, are present. Without leaving right after the greetings, officials are present till the end of a meeting, and have participated in the argument. It can be said that this values hearing a member’s voice directly.
Thirdly, it is the climate of “considering in the long term”. The typical example is the savings for member’s education. 350 million yen is saved over 17 years so that it can continue over the future, without being influenced by financial health.

Member’s intention is well reflected in the business or activity of JA Hadano, in the climate of “speaking” which has rooted in the member, and “listening” which has rooted in officials and employees. But if “speaking” and “listening” are respected, decision-making will require time. The climate of “considering in the long term” shows the fact of having respected them even if it takes some time.

By the way, “speaking” is the responsibility of a member and “listening” is the right of a member. So, it can be said that JA Hadano to which they are fixed practices democratic control. And, we could say that those who evaluate highly the democratic control in JA Hadano are members (local residents) who are still continuing to increase in number.

4. The characteristic of organizational management in a producer sectional meeting

(1) The outline of the strawberry sectional meeting

There are 18 producer sectional meetings in JA Hadano. In these, this paper takes up the strawberry sectional meeting. That is because this sectional meeting has a long history and is performing actively.

Strawberry cultivation in the city of Hadano started in 1954. The strawberry was brought in as a cash crop to substitute for tobacco. Then, cultivation expanded in the whole city ignited by the introduction of growing in plastic greenhouse in 1961. In such a situation, the strawberry sectional meeting was established as a commodity-wise producer’s organization of JA in 1968.

Various activities, such as establishment of the mutual aid system concerning vinyl houses and development of the technology on raising seedlings were performed after establishment of the sectional meeting. As a result, quality and quantity developed into one of the places of production that was most excellent in the prefecture.

However, the members who were 64 persons in 1980 began to decrease in number gradually by aging or the fall in the strawberry price. Now, the number of farmhouses who are cultivating strawberries in the city of Hadano is 28. In these, 23 houses belong to the strawberry sectional meeting. Although producers who are in their 60’s occupy the majority, two producers who are in their 40’s and three producers who are in their 50’s also belong.

As shown in Table 1, the quantity of shipment is about 300,000 packs, the sales amount is about 100 million yen, a unit price is about 310 yen, and they are shifting stably. The destinations are the wholesale market in the cities of Hadano and Kawasaki, and the outlet of JA Hadano. And, most members are performing direct marketing to consumers. It can be said that strong relation of such a consumer and a producer is the feature of a place of production located in the suburbs of the city. However, the sales amount per member by cooperative marketing is about 4,200,000 yen, and is the largest at the sectional meeting in JA Hadano. And, performing cooperative marketing of a strawberry as a sectional meeting in the prefecture hardly exists. It can be observed that cooperation has rooted deeply in the strawberry sectional meeting.

(2) The management structure of the strawberry sectional meeting

The management structure of the strawberry sectional meeting is shown in Fig. 1. The actual condition of management in this sectional meeting is seen based on this figure.

The highest decision-making body of the sectional meeting is a general meeting held once a year. All members have participated in the general meeting and it decides on a budget, a business plan, etc. There are nine officers and they are elected by rotation from seven areas. The term of office is three years. Nine officers constitute a meeting of officers and elect the

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Marketing outlook in the strawberry sectional meeting</th>
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<tbody>
<tr>
<td>fiscal year</td>
<td>quantity of shipment (pack)</td>
</tr>
<tr>
<td>2001</td>
<td>311,814</td>
</tr>
<tr>
<td>2002</td>
<td>313,520</td>
</tr>
<tr>
<td>2003</td>
<td>310,196</td>
</tr>
</tbody>
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Sources: This table is based on the investigation into JA Hadano.

Fig. 1 The management structure of the strawberry sectional meeting.
one president and the two vice-presidents by mutual
election. A meeting of officers makes decisions about
a product, purchase, marketing, etc., and also draws
up a business plan, a balance plan, etc. And, a meeting
of officers elects four inspectors and four persons in
charge of machinery. Inspector’s role is confirming
whether the strawberries carried into the collection
house by the members are graded correctly. The role
of a person in charge of a machine is maintenance of
the machine at the collection house. If these eight
persons are added to nine officers, it means that most
members have a certain charge. It can be said that
this is a system which gives members wide manage-
ment responsibility.

In addition to these, there is an organization in
connection with management that should observe. It is
a group. There are four groups, and it is constituted so
that the members in seven areas may be scattered.
The role of a group is managing the operations of the
collection house. Four groups are working by rotation.
Time and a place are shared with the member in other
areas through the group. This is considered to have a
big meaning in construction of the network and com-
mon consciousness among members.

There is one group leader in a group. And the other
group members also have charge as machine staff,
packing staff, etc. Especially, a group leader has the
decisive power of the destination, and also performs
business. Of course, standard plans about shipment
are decided and the discretion of a group leader is not
so large. But standing on the forefront of sales fosters
the consciousness as a management person of a sec-
tional meeting. Probably, the meaning will be by no
means small.

The farm adviser is supporting the management of
a sectional meeting as a secretariat. The work of a
farm adviser is very broad. For example, recommend-
ation of a purchase article, reservation of the desti-
nation, adjustment of a meeting, reservation of an
inspection place, technical guidance, etc. The farm
adviser will be positioned as a synthetic coordinator.

5. Conclusion

The following points were clarified in this paper.
Firstly, the basic direction of management reform
was clarified. The consciousness “JA cannot be refor-
med” is deeply ingrained in the members with
broadening of JA, diversification of a member, an
asymmetric expansion of information, etc. The con-
struction of a mechanism, which changes such con-
sciousness, is just today’s subject of JA management.
We pointed out that the educational activity as OJT
was important, when building the mechanism.

Secondly, the characteristic of the organizational
management in JA Hadano was clarified. JA Hadano
aims for direct democracy, such as adoption of a
system of general meeting, the discussion meeting in
spring and autumn, and the visit to a member’s house
by an employee once a month. As the result, the
organizational climate such as “speaking”, “listen-
ing”, and “considering in the long term”, is formed.
We pointed out that democratic control was practiced
under these organizational climates in JA Hadano.

Thirdly, the characteristic of the organizational
management in the strawberry sectional meeting was
clarified. In this sectional meeting, a system is built
農業協同組合における民主的管理の構造と特質

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農業協同組合における組合員は、所有者であり、利用者であり、運営者である。という三位一体的性格を持つ、しかしこの性格は弱い、農協の安定的な発展には、組合員の主体的参画に基づいた、運営体制の確立が不可欠である。そこで本論では、直接民主主義を追求している奈良市農業協同組合を事例としてとりあげ、農業運営の改革方向について考察した。

結論は、以下の通りである。

第一に、運営改革の基本方向を明らかにした。農協の広域化、組合員の多様化などを背景として、「農協を変えることはできない」という意識が、組合員には深く刻まれている。その意識を変えるためには、OJT としての教育活動が重要なことを指摘した。

第二に、事例農協における組織運営の特質を明らかにした。事例農協では、総会方式の採用、春と秋の座談会など、直接民主主義が追求されている。その結果、組合員の「発言」すなわち風土、役職員の「聴く」風土などに支えられ、民主的管理が実践されていることを明らかにした。

第三に、事例農協のいちご部における組織運営の特質を明らかにした。事例部会では、運営責任を部員に広く持たせる体制が構築され、また、農協理事の経験者が所属している。それらの結果、部員の運営者としての強い自覚の下、共同統治によって運営されていることを明らかにした。

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