

## **CHAPTER III**

---

### **LEADERSHIP IN COOPERATIVES**

## CHAPTER III

### LEADERSHIP IN COOPERATIVES

#### 3.1 CONCEPT OF LEADERSHIP

The term 'leadership' has been defined in various ways by different Social Scientists. The following are some of the definitions.

According to Tannenbaum et al., 'leadership' is "inter-personal influence exercised in situation and directed, through the communication process, toward the attainment of a specified goal or goals".<sup>1</sup>

Lindgren states that "leadership refers to the attributes of a position in the social structure, the characteristics of a person, and a category of behaviour".<sup>2</sup>

Bogardus maintains the view that "leadership is a process in which there is a give-and-take between leader and followers. The role of the leader is often self-evident, the function of the followers may be obscured, yet the follower is vital, for without him, there could be no leader".<sup>3</sup>

James Burns describes leadership in the following words: "Leadership over human beings is exercised when persons with certain motives and purposes mobilize, in competition or conflict with others, institutional, political, psychological,

and other resources, so as to arouse, engage and satisfy the motives of followers".<sup>4</sup>

Kirloskar, M.S. states that leadership is "mainly a technique and art in human engineering".<sup>5</sup>

Apart from the above definitions, Thekkamalai analyses leadership in the following words: "Leadership has four elements: leader, followers, situation and task. The traits and motives of the leader, his image among the followers and their motives for following the leader, the roles he performs and the reaction of the followers to his roles and the structural context in which the leader and the followers are functioning are to be considered to get a clear understanding of leadership".<sup>6</sup> He also mentions that "motivation for leadership may be psychogenic or sociogenic. Psychogenic motivation is mainly personal. It may be the urge for power, domination, authority or the desire to give directions. Sometimes an individual goes for leadership positions to improve the life of the group members. The group members' pressure also may persuade an individual to take up the leadership position."<sup>7</sup>

In an attempt to explain the factors that make people leaders, Social Scientists have developed various theories of leadership. Trait theory, for example, gives emphasis on identifying the personality traits<sup>8</sup> that characterize all

leaders. The situational approach, on the other hand, believes that it is the situational factors that make one a leader. Gribb, by examining various approaches or theories of leadership, expresses the view that "any comprehensive theory of leadership must incorporate and integrate all the major variables - namely (1) the personality of the leader, (2) the followers, with their attitudes, needs and problems, (3) the group itself, as regards both (a) structure of interpersonal relations, and (b) syntality characteristics, (4) the situations as determined by physical setting, nature of task, etc."<sup>9</sup> He further states that, "leadership is an interactional phenomenon, ... in general ... leadership is a function of personality and of the social situation, and of these two in interaction".<sup>10</sup>

What stands out from the above definitions is that leadership must be viewed as complex interactional phenomenon. And for the comprehensive understanding of the leadership, one is expected to consider (1) characteristics of the leader, (2) the followers, their expectations, needs and problems, (3) the group and its characteristics, and (4) the situational factors that are likely to influence the leadership process. Along with this, focussing on the tasks or functions of the leader in relation to the followers' expectations and group goals, difficulties and strains involved in leadership activities, leader's perception of the situation in which he operates may provide valuable knowledge of the leadership phenomenon.

In a nutshell, leadership is a process of purpose behaviour. It is the relationship in which one person, or the leader, influences others to work together willingly to attain the desired goals. Leadership is a result of relationship between the leader and the led.

### 3.2 CHARACTERISTICS OF COOPERATIVE LEADERSHIP

According to Cecil A. Gibb, the traits of a good leader are:

- (1) Aggressiveness: The degree to which the individual's behaviour was directed toward the physical or psychological injury of other group members.
- (2) Initiative: The degree to which the individual was instrumental in starting the group in new phases of the task solution.
- (3) Prestige: The degree to which other members of the group seemed to respect or 'look upto' the individual being rated.
- (4) Confidence: The degree to which the subject seemed of his ability to cope with the group situation.
- (5) Submissiveness: The degree of which the subject deferred to or took directions and orders from other group members.
- (6) Efficiency: The degree to which the individual's behaviour in the group contributed to solutions of the problems presented.
- (7) Sociability: The degree to which the individual behaviour was directed towards expressing friendly social relationships

with other group members.

- (8) Insight: The degree to which the subject was able to see relationships between various aspects of the problems presented and thereby arrive at correct solutions to the problems.
- (9) Authoritarianism: The degree to which the subject gave orders and directions to other group members.
- (10) Individual solution: The degree to which the subject's behaviour indicated an attempt on his part to arrive at solutions to the problem independently.
- (11) Leadership: The degree to which the subject was responsible for moving the group towards the common goal of task solution.

In the light of these traits of good leadership, it may be possible to derive the following as the characteristics of cooperative leadership as follows:

- (1) Knowledge: The leaders should have full knowledge of his work.
- (2) Courage: He should be courageous physically and mentally.
- (3) Confidence: The cooperative leader should have the confidence about his decisions.
- (4) Sympathy: It relates to looking to the issues from others' viewpoint.
- (5) Sacrifice: One should not have vested interest. He has to sacrifice his interest for the benefit of the society.

- (6) High Vision: He should forecast the effects of his decisions on his followers.
- (7) Effective Communication: The leader must inspire his subordinates.
- (8) Motivation: By motivating an individual, cooperation is encouraged and common goal is achieved.
- (9) Initiative: The cooperative leader should take initiative for beginning of any social work.
- (10) Endurance: It is an important quality of a good cooperative leader. He has to sustain many hardships.

### 3.3 FACTORS AFFECTING COOPERATIVE LEADERSHIP:

Leadership is a broader phenomenon. Educational, social and economic factors affect the leadership. The following are some of the important factors which have a bearing on the growth of leadership.

#### (1) Role of Government:

The policy with regard to cooperative development is basically formulated by the government. The success of democracy and cooperative movement greatly depends upon proper implementation of cooperative policy. Success of the movement would depend on how far the leaders in the government are able to encourage and build up initiative and decision-making capacity of elected members. There should be proper selection and training of cooperative officials. The late Prime

A

11858

Minister Pandit Jawaharlal Nehru said:

'We wanted to draw the mind of the people out of the old conception of some big officials sitting on top and ordering about people to do things, a conception which was inevitable in British times here. Of course, there was no democratic apparatus. Now we start with the democratic apparatus all through. But when you go down to grassroots, it was difficult to get rid of the old conception. Officials wanted to do good, but as officials sitting on top. We felt that was not the right approach politically, much less, of course, cooperatively."<sup>11</sup>

Thus, the government plays an important role in promoting, assisting, guiding and controlling cooperative societies. The Registrar of Cooperative Societies is regarded as the head of the cooperative movement. Since 1956, the government also nominates representatives on the Board of Directors. The government contributes to the share capital. Substantial government support is needed by the cooperative movement.

(2) Political Forces:

Political forces are also important in developing leadership. Empirical evidence shows that persons belonging to a particular political party have joined the cooperative movement and also occupied important positions.

The elected members in the Board of Directors belong to one political party while the government is formed by another



political party, it adversely affects the working of the cooperatives. The conflict between political parties influences the Board of Management of cooperative institutions. According to the All India Rural Credit Review Committee,

"The fortunes of cooperatives dominated by one particular political party which happens to be ruling might suffer a setback when another party comes to power in a State. ... The experience of the last few years does, therefore, seem to suggest that there is a real danger of the operational policies and methods of cooperatives being governed by political considerations".<sup>12</sup>

### (3) Poverty:

One of the most important factors affecting leadership development is poverty of the general masses. The poor people are unable to influence more on the members of the cooperative institutions. It creates a good avenue to the affluent class to take the lead in the cooperative organizations. Then the rich class tries to protect the interest of its own. The poor class is kept away from the benefits of cooperatives. The problem of poverty can be solved through socio-economic progress. For example, in the Punjab, the upliftment of rural areas has been achieved through total socio-economic progress. In Maharashtra and Gujarat, active leadership took initiative in the development of cooperative sugar factories and dairy societies. It helped to improve the economic conditions of the economically backward classes. One can quote the words of

D.R.Gadgil:

"The improvement in the conditions of the poor classes cannot be initiated by leaders among themselves. Problems associated basically with poverty and backwardness could be solved only by total socio-economic progress".<sup>13</sup>

(4) Social and economic stratification:

Social and economic inequalities affect cooperative leadership. The inequalities are due to the inadequate educational opportunities, laws of inheritance, poverty, unemployment, etc. Considerable social stratification is found in most of the rural areas. As a result, the leadership in cooperative organizations comes from higher income groups and higher castes. When the top communities of the village emerge, clashes start among the different groups of members in the cooperative societies. The faction fights in cooperatives as well as favouritism by elected members to the members of their own groups may be ascribed to social stratification.

The All-India Rural Credit Review Committee (1969) has opined:

"The principle of open membership is not always effective and several cooperatives operate as a closed shop for the benefit of one particular economic group or caste or faction. Secondly, the repaying capacity of the small cultivator is called into question and the

loan is often ruled out on this ground. Thirdly, in the distribution of the limited funds available, it is the small farmer who gets left out."<sup>14</sup>

The existing inequalities in the community of rural areas not only hinder the cooperatives from functioning for the benefit of all members but also hinder the proper functioning of democracy in cooperatives.

Various measures like changes in the land tenure system, spread of educational facilities and creation of employment opportunities help to solve the problem of social and economic inequality. This brings about changes in the leadership of cooperative organizations.

### **3.4 COOPERATIVE LEADERSHIP IN INDIA**

The significance and development of leadership in cooperative organizations in India can be studied in two parts.

#### **3.4.1 Pre-Independence period (1904-1947)**

The idea of cooperation was new to the people in the pre-Independence period. In the beginning, cooperative movement was government-sponsored. So the early leadership came primarily from the government officials, supplemented by non-officials. In the pre-Independence period, poverty, backwardness and orthodox social structure badly affected

the growth of cooperative leadership among members themselves. Again, the British government was itself supporting the cooperative movement in India, so that initiative, in relation to cooperative activity, was invariably taken by the government officials. "In the more intelligently administered colonial regimes, limited scope was left for the emergence of the non-official leadership. Again, non-official leadership could emerge only from groups which were loyalists or who were atleast not militantly opposed to the colonial regime."<sup>15</sup>

This was because, on one hand, it was not possible to entrust leadership of potentially powerful organizations to members of hostile groups and, on the other hand, militant groups would ordinarily not find it worth their while to engage in work with highly limited political effectiveness.

The few non-official leaders were Vaikunthlal Mehta, Ramdas Pantulu, Vithaldas Thackersee, etc. These leaders were neither agriculturists nor the rural people. They were urban-based and highly educated. They were political leaders. They were worried about the problems and bad conditions, that is, illiteracy, poverty, casteism and orthodox mindedness of farmers. So they took initiative in forming the cooperative societies. Thus, in the pre-Independence period, active leadership from the non-governmental officials came forth with service motive and out of patriotism.

### 3.4.2 Post-Independence period

Soon after Independence, the government adopted the strategy of planned economic development since 1950, of which cooperative movement became a part and parcel. The All-India Rural Credit Survey Committee Report of 1954 emphasized that rural transformation was possible only through cooperation. Cooperatives was, therefore, accepted officially as a force of rural development. Consequently, in later years, the cooperative movement in India became broad-based. Besides agricultural credit societies, a wide variety of cooperatives got roots firmly and grew faster both in urban as well as rural areas. Much of the burden of nurturing the cooperatives however, is still shouldered by the government. There is, no doubt, in fact, that the cooperative movement in India is actively assisted, guided, financed, protected and regulated by the state.

The policy with regard to the development of cooperatives is basically formulated by the government. Given proper formulation of policy and realistic fixation of targets, the success of the movement would depend on how well leaders in the government are able to generate, encourage and build up initiative and decision-making capabilities among elected leaders. Hence, active and enlightened leadership for the cooperative organizations carries considerable weight in their successful performance.

In rural areas, because of various development programmes, growth of cooperative institutions and increase in literacy rate, people's participation in rural institutions is increasing fast. Increased money incomes are reinforcing this process. Panchayat Raj institutions, along with cooperatives have come forth as schools of leadership development. Of course, emergence of cooperative leadership in the countryside can be well attributed to the participation of local vanguards in the working of Panchayat Raj institutions. These institutions had political linkage and, therefore, many cooperatives too became the handmaids of politicians. The political leaders realised that the development of cooperative activity is helpful in strengthening their political leadership. Thus, from the Panchayat Raj and cooperative activities, the strong local leadership has developed.

As an easy course to political power, the local leaders took interest and initiative in promoting cooperatives. The movement got momentum, particularly after 1960, with the result that politics and cooperation went hand-in-hand. For the newcomers on the horizon of leadership, cooperatives provided a convenient lever. In this way, cooperative movement became largely politicised. The intention of the leaders in floating the organizations is largely selfish rather than the broad consideration of economic betterment of the poor and the needy. Thus, there is an inter-linkage between politics and cooperation. Cooperation breeds politics and politics

breeds cooperation. It certainly is against the principle of cooperation - political neutrality. Anyway, these developments bred perpetuation of outside leadership in India's cooperative movement. It is the class of educated people, rural elites, dominant castes in the regions, active politicians at the local and higher levels, all these were in the vanguard in floating cooperatives.

### **3.5 Cooperative leadership in Kolhapur District**

The first Cooperative Societies Act was passed in India in 1904. The very aim was to cater to the needs of small farmers. This Act was amended in 1912. State Governments were given special powers for the development of cooperatives. During the same period, moneylenders and indigenous bankers were predominant. They were the sources of finance for low income groups. They charged exorbitant rates of interest. Sanitary workers, sweepers and other down-trodden people were harassed by moneylenders, Pathans and other indigenous bankers. Chhatrapati Shahu Maharaj came to the power on 2nd April 1894. All the while, he was yearning for social, political, educational and economic development of his subjects. He supplied finance to the farmers out of his treasury. It was difficult on his part to provide finance to the non-agricultural sector; so he encouraged cooperative societies for the promotion of trade, commerce and industry. For the

purpose, he applied the provisions of the Cooperative Societies Act of 1912 in Kolhapur State. To free the weaker classes from the clutches of moneylenders, Shahu Maharaj asked Bhaskarrao Jadhav to take lead for the establishment of the urban cooperatives. Bhaskarrao Jadhav, therefore, took much efforts. He studied the cooperatives in Bombay. With the support and inspiration of Chhatrapati Shahu, the first urban cooperative credit society was established on 24th May 1913. Bhaskarrao Jadhav was pioneer of this society. After the demise of Shahu Maharaj, his son Rajaram Maharaj also took keen interest in the development of cooperatives. He opened a separate department, known as the Registrar of Cooperative Societies. He appointed S.S. Shirke as the Registrar of Cooperatives. Shirke made strenuous efforts for developing cooperative economic activity within the Princely State. Thus, in a way, leadership to the movement was provided initially by the Rulers of the State and the officials strove to promote cooperatives. The non-officials like Tatyasaheb Mohite came forward by early 'forties to establish the Shetkari Sahakari Sangh, which serves as a unique example of the cooperative activity for the consumers of varied commodities. After the merger of the Princely State in the Indian Union and formation of Kolhapur district, a band of persons in active politics came forward to establish cooperative institutions. The impetus was given through the establishment of cooperative sugar factories as also allied



cooperative societies within the periphery of the factories. This development was fast since early 'sixties. The leadership came from amongst the politicians, who saw in the cooperative sugar factories and activities the roots of prestige, power, strength and lever to rise to the office in the local self-state-level and national-level governments. In all, 11 cooperative sugar factories have, by now, come up in the in the district.

The band of politicians, again entered into the establishment of cooperative spinning mills. The activity also was a good instrument to wield economic and political power.

Besides the political figures, the district has seen the leadership coming from the trading community as also the professionals and agriculturists, who took keen interest in floating urban cooperative banks in Kolhapur district. Its general account has already been given in the preceding chapter.

In fine, the leadership of cooperative activity in Kolhapur district came initially from the Rulers of the Princely State and the officials therein. The Rulers encouraged some eminent non-official personalities to get themselves involved in building up cooperative institutions, and thus came forth their selfless service and untiring efforts. Of late, especially after the merger of the Princely State, most of the leadership has come from the class of politicians. They are from the dominant

class of the Marathas mostly, educated, hailing largely from the families of agriculturists and the elite. The result is that politics has made strong inroads in a number of cooperatives of wider influence.

### **3.6 LEADERSHIP IN URBAN COOPERATIVE BANKS OF KOLHAPUR DISTRICT : A SURVEY**

Now a brief account of the kind of leadership that has sprung up in the sphere of urban cooperative banks of Kolhapur district. Here, the reference is only to the pioneers of the banks. As seen in the preceding chapter, presently there are 42 urban banks in the district. The researcher tried to collect data on the pioneers of these banks, as they were considered as the persons who believed in the cooperative activity and its benefits and hence, could be stamped as 'cooperators'. However, only 33 banks responded favourably. Hence, the district data pertains to these banks only, which can be considered as a good representative sample. A classification of the pioneers on the basis of their vocation has been done and it is depicted in Table 3.1. (on the following page). It appears from this Table that in the establishment of the urban cooperative banks in the district, the trading community was in the forefront. It looks rather obvious, as it is this class which needs banking facility most. Next in order were service-people, agriculturists, social workers, professionals and others. The last two

Table 3.1  
Vocational classification of the pioneers of the  
urban cooperative banks in Kolhapur district

Vocation	Number of pioneers	Percentage to total
1. Traders, businessmen and industrialists	33	34.74
2. Agriculturists	18	18.95
3. Professionals	8	8.42
4. Social workers	13	13.68
5. Service category	22	23.16
6. Others	1	1.05
<b>Total:</b>	<b>95</b>	<b>100.00</b>

Notes: 1. Professionals include doctors, advocates, engineers, artists, chartered accountants, cost accountants, etc.  
2. Service category comprises teachers, professors, government employees, etc.  
3. Others are ex-Servicemen, householders, etc.

Source: Field survey.

categories were relatively less important.

As a further step, an attempt was made to probe into the following after the pioneers, again from their vocational point of view. The data is presented in Table 3.2 (on the following page).

In the case of chief promoters also, business class secured the highest position. Importantly, the agriculturists were active in taking up the lead while floating the bank. They were second in order in the list of chief promoters

Table 3.2  
Vocational classification of the chief promoters  
of the UCBs in Kolhapur district

Vocation	Number of promoters	Percentage to total
1. Businessmen, traders and industrialists	45	39.13
2. Agriculturists	33	28.70
3. Professionals	7.	6.09
4. Social workers	15	13.04
5. Service category	14	12.17
6. Others	1	0.87
<b>Total:</b>	<b>115</b>	<b>100.00</b>

Source: Field survey.

as against third as pioneers. There is not much change in the percentages of the professionals and social workers as chief promoters. The percentage of service category to the total members was nearly half of that under pioneers.

A look to the present composition of the Board of Directors was taken. Its vocational classification is given in Table 3.3 (on the following pages). We can conclude that nearly half of the present members of the Board of Directors are belonging to the business class. They have an outstanding position both in the list of pioneers as well as promoters. Agriculturists acquire second position in the present Board of Directors. There is not much change in the contribution of professionals and service class. Compared with that of Table 3.2, the

## Vocational classification of the present Board of Directors of the UCBs in Kolhapur district

55

**Contd. on next page.**

Table 3.3 (contd.)

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
<u>Group B : Outside the City</u>									
16. Ichalkaranji Urban	9	-	9	9	-	-	-	-	-
17. The Gadhinglaj Urban	11	-	11	10	1	-	-	-	--
18. Kurundwad Urban	14	-	14	2	12	-	-	--	--
19. The Vadgaon Urban	15	-	15	10	5	-	-	-	-
20. Ajra Urban	13	-	13	7	4	1	-	1	-
21. Nagari Sahakari	14	-	14	8	4	1	-	1	-
22. People's Cooperative	11	-	11	7	4	-	-	-	--
23. Ichalakaranji Janata	15	-	15	12	3	-	-	-	-
24. Janata Sahakari	13	-	13	2	11	-	-	-	--
25. Randal Cooperative	12	1	13	8	2	-	1	2	-
26. Shree Warana Urban	17	-	17	2	10	-	3	2	-
27. Ichalkaranji Kamgar	11	-	11	5	3	-	-	3	-
28. Nutan Nagari Sahakari	11	-	11	10	-	-	1	-	-
29. Ichalkaranji Mahila	-	11	11	3	-	-	6	-	2
30. Shivaneri Urban	12	1	13	9	3	-	-	1	-
31. Yashwant Cooperative	15	-	15	-	14	-	-	1	-
32. The Chandgad Urban	10	-	10	6	2	1	-	1	-
33. Chaundeshwari Urban	13	-	13	-	-	-	-	-	-
<b>Total:</b>	<b>386</b>	<b>29</b>	<b>415</b>	<b>194</b>	<b>106</b>	<b>22</b>	<b>24</b>	<b>56</b>	<b>13</b>
<b>Percentages :</b>	<b>93</b>	<b>.7</b>	<b>100</b>	<b>47</b>	<b>25</b>	<b>5</b>	<b>6</b>	<b>14</b>	<b>3</b>

Source: Field survey.

percentage of social workers has declined from 13 to 6, if compared with Table 3.2. Persons in the service category occupy the third position. The significant position of the businessmen in all the three classifications, that is, pioneers, promoters and present Board of Directors is due to the following reasons:

- (1) Urban cooperative banks are meant for non-agricultural activities' financing. The needs of the business class can well be met by them.
- (2) Consequently, the business community has come forward for floating and nurturing the banks.

It is to be noted that the role of women is insignificant not only in the present Board of Directors but also among the pioneers and promoters of the banks. Presently, there are only 29 woman-members, out of 415. It means, it just constitute 7 per cent of the total. Therefore, to improve the position of the woman-membership in the managing committee, the Government of Maharashtra has enacted a new law in March 1992. Accordingly, minimum two seats should be reserved for women in the Board of Directors if the number of the Board members exceeds 7. This is a healthy change, which would, in the course of time, help in bringing forth leadership from amongst the women-folk.

## REFERENCES

1. Tannenbaum, Robert; Irving, Weschler; Fred Massil. Definition quoted by Punekar, S.D. and Madhuri, S. in: Trade Union Leadership in India : A Survey, Lalvani Publication, Bombay, 1967, p.1
2. Lindgren, Henry Clay, An Introduction to Social Psychology, Second Edition, Wiley Eastern, New Delhi, 1973, pp.405-6.
3. Bogardus, Emory, S., Definition quoted by Punekar, S.D. and Madhuri, S., op.cit., p.2.
4. James, MacGregor, Burns, Leadership, Harper and Row Publishers, New York, 1978, p.18.
5. Kirloskar, M.S., in 'Foreword' to The Nature of Leadership -- A Practical Approach (Ed.) Airm, J.W., pp.XII-XIV.
6. Thekkamalai, S.S., Rural Development and Social Change in India, D.K.Publications, Delhi, 1983, p.9.
7. Ibid., p.15.
8. Stogdill, Ralph, M., for example, has surveyed the studies in which some attempt has been made to determine the traits and characteristics of leaders. See: 'Personal Factors Associated with Leadership', in: The Journal of Psychology, Vol.25, January 1948, pp.35-71.
9. Gibb, Cecil A., 'Leadership', in: The Handbook of Social Psychology (Ed.) Gardiner Lindzey G. and Elliot Aronson, Vol.IV, Addison Wesley Publishing Co., 1969, p.268.
10. Ibid., p.273.



11. Nehru, Jawaharlal, 'Cooperation and the Mind of the Villager', Cooperative Leadership in South-East Asia, International Cooperative Alliance, New Delhi, 1963, pp.2-3.
12. Reserve Bank of India, Report of the All-India Rural Credit Review Committee, Bombay, 1969, pp.193-5.
13. Gadgil, D.R., 'Socio-economic Factors Underlying Pattern of Leadership', Cooperative Leadership in South-East Asia, International Cooperative Alliance, New Delhi, 1963, pp.69 and 77.
14. Reserve Bank of India, Report of the All-India Rural Credit Committee, Bombay, 1969, pp.193-5.
15. Gokhale Institute of Politics and Economics, Pune; Writings and Speeches of Professor D.R.Gadgil on Cooperation, Orient Longman Limited Publication, New Delhi, 1975, p.87.

† † †