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## BOOK REVIEW

**CO-OPERATIVE ORGANISATIONS FOR RURAL DEVELOPMENT:  
ORGANISATIONAL AND MANAGEMENT ASPECTS; JOHANNES KUHN.  
MARBURG CONSULT FOR SELF-HELP PROMOTION, BAHNHOFSTR. 1, D-3550  
MARBURG, 1990. ISBN 3-927489-04-2. 142 PP**

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### ABSTRACT

*Rural development has recently gained extensive attention mainly in developing countries where the substantial majority of the people live in rural areas and they essentially depend on farm activities. The nexus between Rural and Co-operatives development is increasingly becoming important as most rural inhabitants are engaged in agricultural sector which is anchored in co-operative associations. This work gives a review of the book titled "Co-operative organisations for rural development: organisational and management aspects" by Johannes Kuhn. The text gives the developmental aspects of co-operative organisations and their implications in rural settings. The book is reviewed with the intention to address the linkage between co-operatives and rural development. While the two concepts have been widely studied as separate ideas, the nexus between them still needs a further examination. The review identified the main weaknesses, strengths, ideas, concepts, gaps and future research areas which might be of interest to policy makers, co-operators, researchers, university students and lecturers in the field of co-operative business management, rural development, rural financial inclusions, agricultural marketing co-operatives. Nonetheless, the inclusion of practical cases from rural settings makes this book is an old wine which keeps on getting stronger as it continues to serve as one of the most useful resource to students, researchers and rural development experts in developing countries.*

**Key words:** *Co-operative organizations, Rural Development, Organizational, and Management Aspects*

### 1.0 INTRODUCTION

In recent decades, rural development has gained worldwide considerable attention, particularly in developing countries where the majority of the population lives in rural areas and their livelihoods depends largely on agricultural sector. The main goal of rural development is to improve the quality of life in rural societies through the mechanism of self and wage employment programmes, provision of community health and infrastructure facilities, quality education, safe water, electricity, roads and rural housing and thereby eradicating poverty (Divya, 2014). Co-operative organisations are vital for rural development. These organisations have become fulcrum for rural development and they are well



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known as exceptional and attractive instrument which serve as a potential mechanism in developing wellbeing of co-operators in both rural and urban areas. Co-operative organisations assist millions of poor-rural households to access financial services in form of micro savings and credits, micro insurance and money transfers (Levine, 1997). They also increase economies of scale via lowering a per unit cost of production, processing and distribution and thereby improve production and marketing capabilities among rural farmers (Saunders & Bromwich, 2012). Despite these benefits, rural co-operatives are still facing a number of challenges (i.e. competing in the world market, leadership competencies, weak coordination systems, corrupt acts and adoption to information communication technology) which requires to be transformed into sustainable co-operative organisations.

To support the transformation of rural co-operatives into sustainable organisations a book by Johannes Kuhn gives the developmental aspects of co-operative organisations and their implications in rural settings. The book comprises of twelve chapters (p. 1-129) and bibliography (131-142). It is a reference text which seeks to inform readers essentially University students, members of co-operative organisations, managers of co-operative associations, actors in the co-operative sector and rural communities on the relevance of the co-operative organisations in rural development. Equally, despite being published over the past three decades the text is still a very useful resource as it serves as a guide to relations between rural member enterprises and their co-operative organisations.

## **2.0 PLOT SUMMARY OF THE BOOK**

The preface written by Johannes Kuhn, sets the stage by indicating the purpose of writing this book as a collaborative initiative between professors from Philipps-Universität in Marburg and Padjadjaran State University in Bandung. The co-operation between the two institutions was aiming at fostering research and training in the field of co-operative economics and thereby establishing a postgraduate course in co-operative economics. As Kuhn notes, the book is intended to serve both as a textbook for advanced learning in agricultural economics and for continuing education for specialists and leaders in the context of developing countries (p. i).

Co-operative organisations for rural development: organisational and management aspects consists of 12 chapters, namely; chapter 1: Goals and Strategies of Rural Development in Developing countries; Chapter 2: Self-Help Co-operative Organizations in Rural Areas; Chapter 3: The instrumental character of rural cooperative organisations; Chapter 4: Operational characteristics of farms to be promoted by cooperative organisations; Chapter 5: Conditions in member farms relevant for co-operative operations; Chapter 6: Selected features of co-operative groups which are relevant for common operations; Chapter 7: Suitable fields for common operations; Chapter 8: operational goals for rural co-operative organisations; Chapter 9: External conditions of rural co-operative organisations; Chapter 10: Different structures of operational relations between farmers and their cooperative organisations; Chapter 11: Operational structures of rural co-operative organisations; and Chapter 12: Effects of co-operative organisations on rural society. There is no general format for all the chapters, however the key strengths noted are: Tight editing; diverse contents, well documented and easy to follow chapters; together with brilliant and extensive in text and list of references.

The first Chapter covers the goals and strategies of rural development in developing countries. The chapter acknowledges the role of agricultural sector as the dominant sector in rural areas and the economies of developing countries. Agriculture is famously known for its contribution to Gross



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National Product (GNP), employment, and social economic development. The author also gives the details of production of food stuffs for the population, capital accumulation for social economic development, the role of agriculture in employment creation and balance of payments and the essence of agriculture as a leading sector in future development of developing countries. The chapter is also explaining the strategies for rural development in terms of rural development approaches and classifications, along with integrated approaches to rural development (p.1-22).

The second Chapter discusses the essence of self-help in rural areas. Self-help organisations are crucial in the socio-economic development of rural dwellers. They are defined by Brody, et al., (2014) as informal associations constituting of 10 to 20 members and are created through self-selection into a financial group that decides on amount and recurrence of savings both for mutual aid and joint responsibilities. Kuhn suggests that self-help is widely accepted philosophy that contributes to ones livelihoods. It is an indispensable means to expand both physical and human personality. The chapter further gives details of tradition and modern forms of rural self-help organisations. The chapter winds up with details of the characteristics of rural co-operative organisations and basic requirements of members (p.23-29).

Chapter three (3) of the book gives an emphasis on the instrumental character of rural co-operative organisations. The essence of co-operative enterprise as opposed to business units of private traders in instrumenting members' wellbeing has been a critical issue in this chapter. Author contends that in co-operative enterprise farmers organise themselves in joint business units and become the holders and customers of such enterprises. This among other things strengthens permanent co-operation with its own common enterprise to maintain its operational efficiency for members own advantages (p. 32). The chapter winds up with detailed discussion of rural co-operative organisations as instruments of government development policy whereby both direct and indirect approaches for smallholder agriculture development. Chapter four (4) gives the operational characteristics of farms to be promoted by co-operative organisations. The discussion is based on the four principle characteristics of farms run by the co-operative organisations as stipulated by Ruthenberg (1980) (i.e. objectives and decisions, boundaries, external relations, and interrelations of internal and external factors) and how they improve environmental conditions for co-operative operations. Further, the subsystems of farms relevant to co-operative are discussed in terms of supply, production, marketing, financing and management.

Chapter five (5) and six (6) are on conditions in member farms and features of co-operative groups relevant for co-operative common operations. The former talks about the relations between subsistence and market production among agricultural producers, land tenure, socio-cultural customs, obligations and relational behaviour of farm families and farming systems and their relevance for operational co-operative capability of farmers. The later chapter gives details of members' acceptance of promoters and group leaders in modern forms of rural co-operatives; cohesion of co-operative group; and readiness and capability of co-operative members for innovations.

In recognition of the need for co-operators to have common operational goals and their conditions of success, author in chapter seven (7) (p.79-84) give details of five considerations which are anchored on both internal and external factors. These are considerations which stress that fields of common operations should: (i) allow regular demands of members, (ii) allow lowering of costs per unit, (iii) not be too sophisticated, (iv) not be too risky or capital intensive and (v) not be too speculative.



Furthermore, Chapters' eight (8) to 10 are on operational goals for rural co-operative organisations, external conditions of rural co-operative organisations and structures of operational relations between farmers and their co-operative organisations. In Chapter 11 author shows the various operational structures of rural co-operative organisations. Three main arguments herein are: members' operational needs for various co-operative operations, classification of rural co-operative organisations according to their operational structures and the essence of the multi-purpose as opposed to single-purpose co-operatives. Lastly, it is widely acknowledged that co-operative and rural development nexus is of supreme importance. In chapter 12 author discuss the effects of co-operative organisations on rural society. The discussion in this chapter is clustered into two: Co-operative organisations with heterogeneous membership and promotional opportunities for members of agricultural co-operative organisations and their influence on social structures. Moreover, Kuhn windups by endorsing that promotion of rural co-operatives in terms of their economic-technical facilities (i.e., access to land, technical, natural factors, qualifications of members and management) promotes rural-farmers' innovativeness and thereby brings about changes in rural incomes and societal structures.

### **3.0 CONTRIBUTIONS AND REVIEWERS' CONCERNS**

Among other things, the author has contributed to the co-operative model by demonstrating how the self-help philosophy is an imperative element in influencing socio-economic changes in rural areas. The author argues that when people in rural settings acts collectively; such acts provide potentials for higher level of efficiency in their activities (pg.24). The author continues urging that cultural orientations through self-help groups determine functionality of the rural co-operatives (pg. 25-26). However, it is important for the author to note that with the information communication technology advancement, rural areas are susceptible to change and the self-help acts to a large extent are digital and therefore physical contact and location is limited. Co-operatives should be flexible in determining their common bonds and when co-operators setting their objectives and plans.

The book well acknowledges co-operative approach as an instrument for rural development and has the ability to collectively sustain livelihood of rural community members. In order to realise this, the approach observes common interest of members; members practice their autonomy through a well set administrative and legal framework (pg.31-35). This is commendable. It is important for both rural and urban co-operatives to operate in that set up.

The book explained how integrated co-operative model work and its significance on facilitating production and marketing of rural produce. Linkages from production to market is well narrated in pg. 113-122, however, the book little linked the two aspects of integration with the financing part in chapter 10. The three could have formed a complete cycle of integration if are linked. It is argued so because financing agriculture in rural setting is still a challenge in developing countries. The book talked on the role of co-operative organisation in ensuring financial inclusion among rural co-operators in developing countries in chapter four (pg. 42) which proves that the author is aware on the necessity of financing the agriculture sector.

The book consists of well summarised features of co-operative groups and among other factors, readiness and capability of co-operative members for innovation is acknowledged to have influence on achieving co-operative and members set goals (pg.75-76). This entails that co-operative at different



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lifecycle stages of development require different institutional frameworks and support (Bijman *et al.*, 2012).

#### **4.0 CONCLUSION, REFLECTIONS AND WAY FORWARD**

The notable weakness of this book is its failure to include outstanding and exceptional practical case studies, illustrations, review questions, and synopsis which guarantees continuity and strengthening of the concepts and ideas covered in each respective chapter. Despite being published over the past three decades, it is still valid and a good resource book for co-operators, leaders in co-operative organisations, researchers, university students and lecturers majoring in the field of co-operative business management and policy makers. It is also an important resource book for those with interest and expertise in rural development, rural financial inclusions, agricultural marketing co-operatives, self-help co-operative organisations and members of co-operative enterprises in sectors like agriculture, mining, diary, housing, and transport. Scholars in areas related to co-operative organisations and management might also benefit from the ideas, concepts and gaps herein identified that may have opened up future research areas. Inclusion of practical rural cases from various parts of the world is critical to readers especially students, junior researchers and rural development practitioners in developing countries.

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