Members' Democratic Control and Leadership Accountability in Primary Co-operative Societies

By

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Abstract

Co-operative enterprises are based on democratic principles where members delegate authority to elected boards to maximize collective benefits. However, evidence suggests these boards sometimes prioritize personal gains over member welfare. This study aimed to examine how members of primary co-operative societies exercise democratic control to ensure leadership accountability. Using a cross-sectional design with a mixed-methods approach, the study focused on six primary co-operative societies in Meru and Rombo districts. The study covered 101 randomly selected respondents. Data were collected through interviews and surveys. The study findings revealed that more than a three quarter (77.2%) of respondents recognised democratic control as an important strategy in enhancing leadership accountability in primary co-operative societies. The study findings on members perspectives varied on the extent to which democratic control impact leadership accountability: 47.5% high, 37.6% moderate, and 14.9% low. The study findings revealed that, voicing concerns at Annual General meetings (91.1%), demanding co-operative information (78.2%), and active participation in elections (90.1%) as the commonly used mechanisms in enhancing leadership accountability. However, it was revealed that majority of members possess limited knowledge on the effective application of accountability mechanisms. The study concludes that, despite recognizing the positive influence of members' democratic control on leadership accountability, there is a gap among members in understanding and applying the accountability mechanisms. This lack of clarity poses challenges to co-operative growth in the study area. The study recommends for the co-operative development stakeholders to initiate Members' Democratic Control Empowerment Program (MDCEP) to primary co-operative societies. This program should focus on educating members comprehensively on democratic control mechanisms and their applications and enhancing their ability to hold leaders accountable. Additionally, to promote leadership accountability, primary co-operatives should ensure open communication, inclusive decision-making, accessible feedback mechanisms, enforceable accountability policies, and regular independent audits with shared results and responsive actions.

Keywords: Members' democratic control, leadership accountability, Control mechanisms, Primary Co-operative societies

Introduction

Co-operative societies are democratically owned and governed organizations that play a significant role in their members' social and economic development (Rwekaza *et al.*, 2018). The International Co-operative Alliance (ICA, 1995) defines a co-operative as an autonomous association of people joining voluntarily to achieve their common economic, social, and cultural needs and goals through a jointly owned and democratically controlled enterprise. According to the ICA, members' shared ownership demonstrates communal efforts in the development and governance of co-operatives, which constitutes co-operative democracy. The strength of the owners' control, as developed in agency theory's "Principal-Agent Relationship," determines accountability in co-operatives as well as in other organizations (Richard *et al.,* 1998).

Based on the co-operative governance practices, members manage their co-operatives through an elected board by employing a system of representative democracy, rather than through a stock market as in investor-owned businesses (Barraud-Didier *et al.,* 2012; Bijman *et al.,* 2014, 2013; Chaddad and Iliopoulos, 2013; Liang and Hendrikse, 2013). Research indicates that strong owner control improves leadership accountability and

performance (Drona and John, 2018). Owners' democratic control refers to the practice of owners exercising their power in decision-making that determines the leaders' accountability and the organization's long-term viability (Kimario, 2018). Consequently, leadership accountability refers to how leaders are held answerable for their actions, behaviors, performances, and decisions (Malvi, 2020).

In an ideal situation, the role of the board of co-operatives is to act as a representative for the members, governing the co-operative to meet members' expectations (Borgen, 2001). Additionally, the board must maintain regular contact with members, listening to their requests and wants, as well as explaining the co-operative board's choices to members. Thus, boards serve two purposes: working in the members' interests and administering the co-operative's economic affairs. However, there are instances where members believe the boards do not consider their interests (Rwekaza *et al.,* 2018; Hakelius and Hansson, 2016; Sizya, 2001). The study hypothesizes that such situations might lead to conflicts of interest between members and the board, implying weak members' control and lowered leadership accountability.

Principally, co-operative members have the rights and power to control their co-operative enterprises under the co-operative identity (ICA, 2015). They are required to oversee how the board executes its power and responsibilities (Rwekaza *et al*., 2018). As a result, the board is in charge of running operations, reporting relationships, and authorization standards. Instead of acting as agents for the members, practices show that boards sometimes transform themselves into co-operative owners, controlling the firm for their gain rather than for the benefit of the members (Masuku *et al.,* 2016).

In Tanzania, the Member Empowerment Co-operative Program (MEMCOP), implemented from 2000 to 2005, was one of the government's initiatives to rectify this diversion to enhance members' control in co-operative affairs (Seimu, 2015). Despite these efforts, there is still inadequate democratic members' control in primary co-operative societies (Kimario, 2018). Those entrusted with growing co-operatives and bringing advantages to members have often hijacked them, leaving members as mere beneficiaries of services rather than active controllers. This has made it difficult to trace the power of members' control and leadership accountability. Similarly, board members have been deaf and silent on the issue of accountability.

The aforementioned literature reveals several knowledge gaps regarding the democratic control and accountability of leaders in co-operatives. For instance, the extent to which members understand and exercise their democratic rights remains unclear, and empirical data on the effectiveness of current accountability mechanisms is sparse. Additionally, there is limited research on the impact of specific interventions, such as MEMCOP, on improving democratic control and accountability in co-operative societies. Based on the foregoing explanations, this study aims to analyze how members in primary co-operative societies exercise democratic control to hold leaders accountable. By addressing these gaps, the study seeks to contribute to the existing body of knowledge and provide practical recommendations for enhancing democratic governance and accountability in co-operative societies.

Methods

A cross-sectional descriptive research design was selected based on the study's objectives. This design allowed for using a wide range of analytical methods, incorporating both qualitative and quantitative investigations. The cross-sectional approach facilitated the use of mixed data collection methods, which helped to mitigate the limitations of individual methods when used alone. Additionally, this design provided a comprehensive understanding of the study subject by enabling an in-depth exploration of critical viewpoints and practical ideas on the impact of member control on leadership accountability.

The study employed a multi-pronged data collection approach that incorporated both primary and secondary sources. Primary data were gathered through a combination of surveys, focus group discussions, and key informant interviews. This enabled the study to obtain firsthand information, in-depth insights, and expert perspectives directly from the study participants and knowledgeable individuals. Complementing the primary

data, the study also utilized relevant secondary sources, including existing records on the social demographic profiles of respondents, cooperative details, and data related to leadership accountability status. By blending primary and secondary data, the study was able to develop a rich, comprehensive, and well-rounded understanding of the research problem, drawing on a diverse range of information to inform the analysis and findings.

Structured questionnaires were administered to members and board members of the co-operatives to collect quantitative data on their perceptions and experiences regarding democratic control and leadership accountability. This survey-based approach enabled the study to gather numerical data and statistical insights on the participants' views and practices in these areas. In addition, FGDs were conducted with co-operative members to obtain qualitative data on the dynamics of member control and leadership accountability. These group discussions provided a platform for members to express their perspectives and share their experiences in a collective setting, adding contextual depth to the research findings.

Complementing the surveys and FGDs, the study also carried out in-depth interviews with co-operative officials and board members. These one-on-one interviews allowed the study to gather detailed information on the specific mechanisms of democratic control and their impact on leadership accountability. The insights gained from these interviews helped to triangulate and corroborate the data collected through the questionnaires and focus group discussions. Through employing this mixed-methods approach, the study was able to leverage the strengths of quantitative and qualitative techniques to develop a comprehensive understanding of the research problem. The survey data provided numerical and statistical evidence, while the FGDs and interviews added contextualized, in-depth perspectives from the various stakeholders involved. The combination of these methods allowed the study to gain a multi-faceted and robust understanding of the dynamics of democratic control and leadership accountability within cooperative organizations.

Study Area and Sampling Frame

The study was conducted in the Meru and Rombo districts of Tanzania. These locations were chosen due to the significant involvement of members in co-operative organizations, particularly within the coffee industry through Agricultural Marketing Co-operative Societies (AMCOS). Both Meru and Rombo districts have a long-standing history of co-operative movements, with a strong cultural foundation of collective action and mutual support. This historical context made these districts particularly suitable for examining how traditional practices of democratic control are maintained or challenged within modern cooperative societies.

The prevalence of AMCOS in the coffee industry in these districts provided an ideal setting to investigate the dynamics of member engagement, leadership accountability, and the impact of democratic control mechanisms. The study recognized that the well-established co-operative traditions in Meru and Rombo would offer valuable insights into how these traditional practices have evolved or been upheld in the contemporary co-operative landscape.

From each district, three AMCOS were randomly selected (through a lottery approach) to establish a sampling frame. The selected AMCOS were representative of the various co-operative societies operating within these districts. A sample size of 101 respondents was determined using the table by Israel (2008) for ±3%, ±5%, ±7%, and ±10% precision levels, with a confidence level of 95% and P=0.5. Israel (2008) suggests that for populations below 100,000, a sample size of between 51 and 100 respondents is adequate. Simple random sampling (lottery) was employed to select the study respondents, minimizing bias in the selection process. The list of members was taken from the member's registers then their names were written on the piece of paper and placed in the box whereas their names were picked without replacement. Additionally, board members of the selected AMCOS were purposively included in the study to provide detailed information on how and to what extent member control influences their level of accountability.

Data Analysis

To analyze how members, exercise their democratic control to hold leaders accountable within the primary cooperative societies, the study employed a multi-pronged data analysis approach.

For the quantitative data gathered through the structured surveys, statistical methods were used to describe the study variables. Descriptive statistics such as frequencies and percentages were calculated to summarize the data and provide an overview of the participant's responses. To handle the complexity of the survey responses and capture the nuances of the democratic control mechanisms, the researchers applied a multiple-response analysis technique. This allowed them to effectively analyze the multifaceted nature of the data and gain deeper insights into the various ways in which members exercise their democratic rights. Complementing the quantitative analysis, the qualitative data from the focus group discussions (FGDs) and key informant interviews were examined using content analysis. This involved coding the data into relevant themes and categories, which were then interpreted to generate logical conclusions and provide additional context to the study.

Findings and Discussions

This section presents and discusses the results of the study, which aimed to analyze how members in primary co-operative societies exercise democratic control to hold leaders accountable. The findings are crucial for understanding the dynamics of democratic governance within primary co-operatives and identifying areas where improvements are needed to enhance leadership accountability for enhanced co-operative development. The analysis draws on both quantitative and qualitative data, including responses from members and insights from key informants, to provide a comprehensive overview of the current state of democratic control in primary co-operative societies.

The study's findings indicate a strong recognition among members of the importance of democratic control in ensuring leader accountability, with 77.2% of respondents affirming its effectiveness. However, despite this recognition, there are significant challenges and knowledge gaps that hinder the full realization of democratic control in practice.

The discussions of the findings are structured into several key areas: the general impact of democratic control on leadership accountability, specific mechanisms used by members to exercise their democratic control, knowledge gaps, and challenges faced by members. Each section provides detailed perspectives on the current practices and issues, supported by both statistical data and qualitative quotes from respondents. The results highlight the critical need for educational programs and cultural shifts within co-operatives to foster a more robust and effective democratic governance system.

Democratic Control and Leadership Accountability in Primary Co-operative Societies

The objective of this section was to analyze how members in primary co-operative societies exercise democratic control to hold leaders accountable. The findings indicate that more than three-quarters (77.2%) of respondents agreed that effectively exercising democratic control held leaders accountable in their roles. The study findings were supported by one of the key informants who stated, "Members' democratic control is a crucial engine in holding leaders accountable since it deeply affects leaders' behaviors, practices, and abuse of power, yet members' emphasis in primary co-operatives is very minimal" (October 2021; Rombo). The study findings emphasize the necessity of the use of democratic control mechanisms by members to ensure leader accountability.

To affirm the importance and extent to which members' democratic control practices enhance leadership accountability, the study respondents were asked to rate the success of democratic control in improving leadership accountability. Figure 1 shows that 47.5% and 37.6% of respondents agreed that effective practices of members' democratic control can greatly and substantially boost leadership accountability, respectively, while

14.9% felt it would have a minor impact. These findings align with the broader literature, which supports the idea that effective democratic control practices by members are a powerful tool for ensuring leadership accountability in primary co-operative societies (Birchall, 2014).

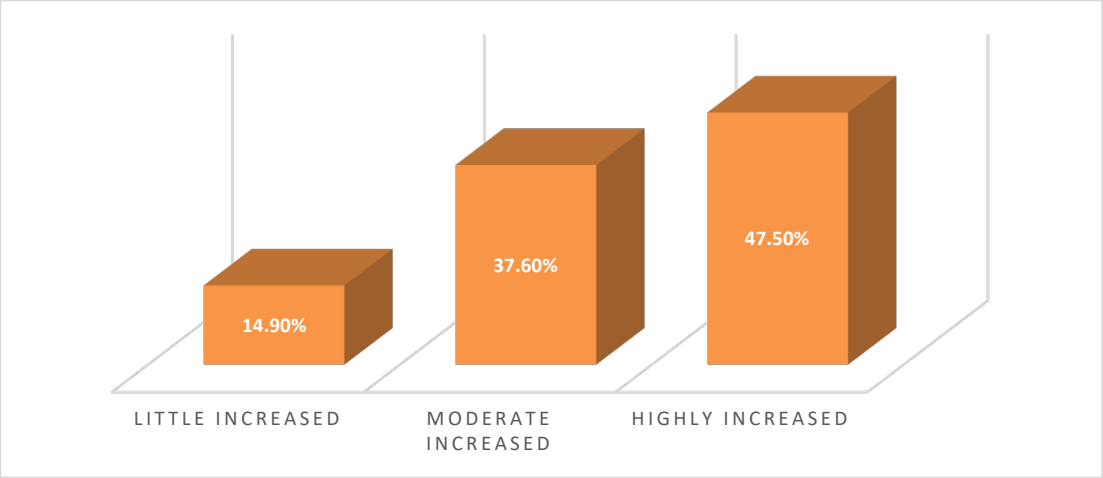

Figure 1: The extent of the increase in leadership accountability

Despite the significance of members' democratic control practices towards enhancing leadership accountability, the study findings revealed that members often lack a clear understanding of how, why, and when to use democratic control, leading to conflicts within the co-operative society. It was confirmed during focus group discussions that "Some leaders have quarreled with members because they exercised their democratic power to ask them about the misuse of power in primary co-operative societies (October 2021; Rombo and Meru). The study findings suggest that leaders do not respect members' democratic control, hindering the development of primary co-operative societies and leadership accountability. This was supported by one respondent and agreed by the majority that, "The lack of respect for members' democratic control by some leaders is a significant obstacle to co-operative success" (October, 2021; Meru).

The study findings revealed that a clear understanding and respect for democratic control are essential for co-operative development and accountability. One respondent noted, "Without a clear knowledge and appreciation of the usage of democratic control, members are trapped, and the co-operative begins to dissolve" (October 2021; Rombo). Another respondent added, "Lack of clear understanding on how, why, and when to utilize democratic control, as well as respecting members' democratic control, may silence members to ask issues when leaders misuse their power or underperform" (October, 2021; Meru). The study findings highlight how a lack of awareness and disregard for democratic control can undermine leadership accountability and the development of primary co-operative societies. As Mertz (2016) argues, this scenario in primary co-operative societies may lead to "Peril for Many," where co-operative goals become self-centered, leading to financial meltdowns, extensive layoffs, perplexed customers, and a loss of market share.

How Members use their Democratic Control to hold Leaders Accountable

Table 1: How members use their democratic control to hold their leaders accountable

Activities	Responses		
	n	**Percent (%)**	**Percent of cases (%)**
Members' voice	92	21.1	91.1

Demanding various co-operative information	79	18.1	78.2
Take legal action where necessary	50	11.4	49.5
Taking disciplinary action against an accountable leader	54	12.4	53.5
Participation in the election of leader	91	20.8	90.1
Managing various co-operatives guidelines	71	16.2	70.3
Total	**437**	**100**	**433**

The most prevalent strategy for exercising democratic control was through members' voices (91.1%). Members speak up during annual general meetings (AGMs) to ask questions and get answers on issues presented by leaders. It was revealed that over three-quarters (80.02%) of members agreed to have attended AGMs in the past five years. However, one of the participants in FGD at Meru pointed out, "*Some members are hesitant to raise issues, and some leaders form their groups to defend themselves when they know difficult questions will be raised. Also, other members attend AGMs not to raise their voices to discuss various agenda items, but to receive meeting allowance, which weakens efforts to hold leaders accountable*" (October 2021; Rombo). The study findings emphasize the need for member education on speaking up and holding leaders accountable, particularly in the AGMs.

Voting in elections was the second most common method (90.1%). During the FGD both in Rombo and Meru, respondents supported the following statement from one of the key informants, "Most Leaders fear being unaccountable to members because they want to be re-elected" (October 2021; Meru). However, it was explained by one of the FGD participants in Meru that "antagonistic factions can emerge post-election, demoralizing leaders (October 2021; Meru). The study findings are further supported by the explanations by Hoyt, (2017) that, this situation highlights the complex dynamics of electoral processes in co-operative societies. The study findings revealed that, demanding co-operative reports was the third method (78.2%) applied by members towards holding their leaders accountable. The findings revealed that co-operative regulations and by-laws require leaders to prepare and provide reports to members seven days before the AGM, but in practice, reports are often delivered during the meeting, making member involvement passive (this was revealed by the FGD in October 2021; Meru and Rombo). Literature indicates that the passive involvement of members hinders the effective exercise of democratic control (Cornforth, 2015).

The study findings revealed that managing operational guidelines was another strategy (70.3%) applied by members towards holding their leaders accountable. It was noted from the literature (Mertz, 2016) that, members have the legal right to convene ad-hoc meetings to examine violations of co-operative laws and take necessary actions to minimize abuse of power. However, one of the key informants in Rombo noted that this mechanism depends heavily on the knowledge, education, and confidence of the members.

The study findings further revealed that legal and disciplinary measures were the least used methods (49.5% and 53.5%, respectively), with members having minimal experience in leadership wrongdoing necessitating such measures. This situation raises concerns about members' ability to handle such difficulties effectively. According to one focus group discussion participant, "Members are often unfamiliar with the legal and disciplinary procedures required to address leadership misconduct, which limits their effectiveness in holding leaders accountable" (October 2021; Rombo).

Conclusions, recommendations and policy implication

Conclusions

The statistical data presented in this study support the assertion that democratic control is underutilized in primary co-operative societies. With 77.2% of respondents acknowledging the importance of democratic

control, the gap between recognition and practice becomes evident. The 80.02% attendance rate at AGMs compared with the hesitation to raise issues highlights the need for proactive measures to encourage active participation. Additionally, the low percentages of members engaging in legal and disciplinary actions (49.5% and 53.5%, respectively) indicate a critical area for improvement in member empowerment and procedural knowledge.

The findings reveal significant knowledge gaps and challenges in the effective exercise of democratic control. Members often lack a clear understanding of their rights and responsibilities, leading to underutilization of democratic mechanisms. There is a need for targeted educational programs to enhance members' knowledge and confidence in exercising their democratic rights. Furthermore, the study highlights the complex interplay between democratic control and leadership dynamics, suggesting that mere structural provisions are insufficient without fostering a culture of accountability and transparency.

Last but not least, the study concluded that members' democratic control has a limited influence in holding leaders accountable, which could jeopardize the growth of co-operative societies in the study area.

Recommendations

The study recommended the development and implementation of the Members' Democratic Control Empowerment Program (MDCEP) to provide a comprehensive understanding of democratic control mechanisms and their application in holding leaders accountable in primary co-operative societies. This program should focus on enhancing members' knowledge, confidence, and active participation in democratic processes. Additionally, for the primary co-operative societies to enhance leadership accountability they are recommended to take the following actions;

i. To ensure consistent and open communication channels between the leadership and members. Regularly update members on the co-operative's activities, financial status, and decisions through meetings, newsletters, and online platforms.
ii. To implement transparent decision-making processes which allow members to participate in meetings where important decisions are made and ensure that meeting minutes and records are easily accessible to all members.
iii. To establish clear and accessible feedback mechanisms where members can voice their concerns, suggestions, and feedback without fear of reprisal. This can include suggestion boxes, anonymous surveys, and regular feedback sessions.
iv. To develop and enforce policies that hold leaders accountable for their actions. This includes regular performance reviews, setting clear expectations and responsibilities, and establishing consequences for misconduct or poor performance.
v. To conduct regular financial and operational audits by independent parties to ensure transparency and accountability. This will be effective when the results report of these audits will be shared to all members and actions should be taken if there is an issue to be addressed.

Policy Implication

The policy implications of the study present a comprehensive strategy for strengthening cooperative governance and empowering co-operative members. Firstly, the findings inform the development of policies and regulations that reinforce the principles of democratic member control and leadership accountability within co-operative societies. This can involve enhancing the legal and institutional mechanisms that empower members to actively participate in decision-making, monitor the performance of their elected leaders, and hold their representatives accountable. Additionally, policy responses can focus on designing initiatives that encourage greater member engagement and capacity building. This includes providing training and resources to cooperative members to enhance their understanding of their rights, responsibilities, and the democratic processes within their organizations.

These efforts and policies aimed at improving the transparency, integrity, and responsiveness of cooperative leadership and management can be introduced, such as robust accountability measures like regular audits, performance evaluations, and mechanisms for members to voice their concerns. Moreover, the study's insights can guide the creation of a supportive ecosystem for co-operatives, including access to financial resources, technical assistance, and market linkages, to foster an enabling environment for member-driven, accountable co-operative governance. Finally, the identification and dissemination of best practices in democratic member control and successful co-operative governance models could facilitate the scaling up of these proven approaches, contributing to the overall strengthening and sustainability of the co-operative movement.

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