



ORIGINAL RESEARCH ARTICLE

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## APPLICATION OF ADMINISTRATION CONCEPTS TO A PROJECT OF ATER FOR COOPERATIVES OF FAMILY FARMERS

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### ABSTRACT

This article approaches the main demands and results of the execution of the Agrarian Development Ministry's Project, Mais Gestão, which was carried out from 2012 to 2016 and assisted 471 cooperatives of family farmers in Brazil. The article makes a parallel between the planning of the actions in the three management areas most demanded in the Project and the management school's referentials. As methodology it is used bibliographical research, document analyses, interviews and participative observation. It is concluded that actions were prioritized and classified according to the importance of their execution as well as the distribution of responsibilities between the associates of the cooperative.

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### INTRODUCTION

This work uses Mais Gestão to designate a set of actions of Technical Assistance and Rural Extension (ATER)<sup>1</sup> designed for the strengthening of family farming cooperativism. The term was first used by the Brazilian Ministry of Agrarian Development (MDA) and its methodology is based on the offering of services, tools and consulting for systemic

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<sup>1</sup>The present work will use for all the Brazilian expressions that it contains the sequence as follows: the expression in English at first and the initials of the Brazilian project/program in parentheses.

intervention and improvement on areas such as organization, management and marketing. According to Brasil (2016), the Project of Technical Assistance and Rural Extension Mais Gestão was the first governmental initiative developed to legal entities of family farming. An amount of 471 cooperative enterprises were given assistance from 2012 to 2016 in 18 federative units of Brazil. During this period of time the project made four public callings and counted on a staff of more than 170 professionals. On the whole, were invested more than R\$57,7 millions in ATER services destined to cooperatives of family farming. To apply for and to be given the technical assistance of the project the cooperatives must

have had a valid juridical DAP<sup>2</sup> (Aptitude Declaration to the Brazilian National Program for Strengthening Family Farming- PRONAF). By the time this policy reached about 50% of the cooperatives holding a juridical DAP in the country. Mais Gestão and its services had as objective to amplify the socioeconomic conditions of enterprises, especially through measures as the ones that follow: i) amplification of the knowledge and access to policies and financial resources provided by the government; ii) qualification of the cooperative's products supply to the institutional markets, primarily Brazilian School Nutrition Program (PNAE) and Food Acquisition Program (PAA); iii) Technic-managerial and technological improvements; iv) enhancement of the management performance of the enterprise v) Support to the formation of enterprises' network; vi) promotion of initiatives of capacitation and innovation in productive, organizational and marketing processes. According to MDA (2015), the cooperatives represent an opportunity for family farmers because they offer a series of competitive advantages. Some of the main advantages are: collective negotiation and scale formation; formalization of the activities and improvement of marketing relations; aggregation of value to the products; qualification in the areas of mandatory enrolment, brands, packages and standardization of the production; sharing or decreasing of operational costs; optimization/rationalization of the use of investments/property; represent ability and governance, administrative control, reduction of the dependence to the intermediaries.

On the other hand, the constitution of a cooperative involves human resources, financial investments and other scarce resources such as time. If it is taken into account the reality of Brazilian family farmers, the organization of a cooperative represents an additional effort because creating and keeping such an organization requires additional time to obtain the knowledge needed, to organize and to share information with other family farmers. On the whole, farmers who engage in cooperative activities need to divide their time into their own productive activities and the social organization of the cooperative (OLIVEIRA, 2015). This additional journey of work demands from cooperative's direction members time, dedication and a set of specific knowledge, without which the management of this collective enterprise becomes hard to be held with adequate standard. In this context, Mais Gestão suits family farmers' activities giving them support to conduct and overcome organizational, marketing and management challenges. The service delivery of ATER Mais Gestão was based on the methodology of execution of diagnosis, elaboration of a pluri-annual plan, supply and application of management technics, having in mind the qualification of internal administrative processes and the evaluation and the adjustment of the work. All the steps executed were an outcome of a pact and made valid by the consent of the delegates of the cooperatives that were given support. The management areas approached during the execution of the project were: Organizational management; human resources; finance and cost management; commercialization and

marketing; industrial management; and environmental management. It is important to say that the work focuses on the analysis of the planned actions of the project and not in the results of its execution. The objectives of this article are to discuss the three most demanded management areas during the execution of Mais Gestão as well as to point out the main demands and actions planned in such areas. In addition, taking into account the diagnosis of the project, in this article we approach the management concepts making a correlation of it to the management practices applied to the execution of the project. Finally, some considerations are made based on the empirical results.

## MATERIALS AND METHODS

This article is based on the following bibliographic references: Assaf Neto (2007), Balcão (1965), Bialoskorski Neto (2006), Cançado (2013), Chiavenato (2003), Churchill Júnior and Peter (2000), Crúzio (2003), Desroche (2006), Dias (2002), Dowbor (2013), Freeman (1984), Gregolin, Patzlaff and Patzlaff (2011), Heinzmann et al (2008), Jabbour (2012), Kotler (1991; 2000), Maximiano (2000), McCarthy and Perreault Junior (1997), Patzlaff and Patzlaff (2009), Safanelli et al (2011), Santos e Marion (1996), Singer (2008), Siqueira et al (2013), Vargas and Junquilha (2013) and Vasconcelos, Kruglianskas and Sbragia (1981). Besides, it employs exploratory research in public and institutional documents of the Ministry of Agrarian Development (MDA), of the United Nations Development Programme (UNDP) and other documents produced during the provision of services by ATER. The work also applied interviews to delegates of the benefitted cooperatives and direct observation as a complement for accessing the needed information. Cooperatives' individual data is not revealed in order to keep confidentiality, only results, systematizations and collective generalizations are showed. The documental analysis was carried out being based on the diagnosis of cooperatives and on the improvement plans designed to conduct the actions of extension agents. In Mais Gestão project, the improvement plan registers actions from which is sought to solve problems identified during the diagnosis process. In this context, it is important to stress that what was concluded in this article is based on the analysis of the project's planning of the actions. According to Oliveira (2015), Mais Gestão's data shows that more than 270 types of services and activities were demanded by cooperatives in its action plans. Being based on those numbers, this article approaches management concepts connecting them to the conceptualization and practice of the management applied during the execution of the project. It also makes some considerations about the empirical results published/produced by MDA.

## RESULTS

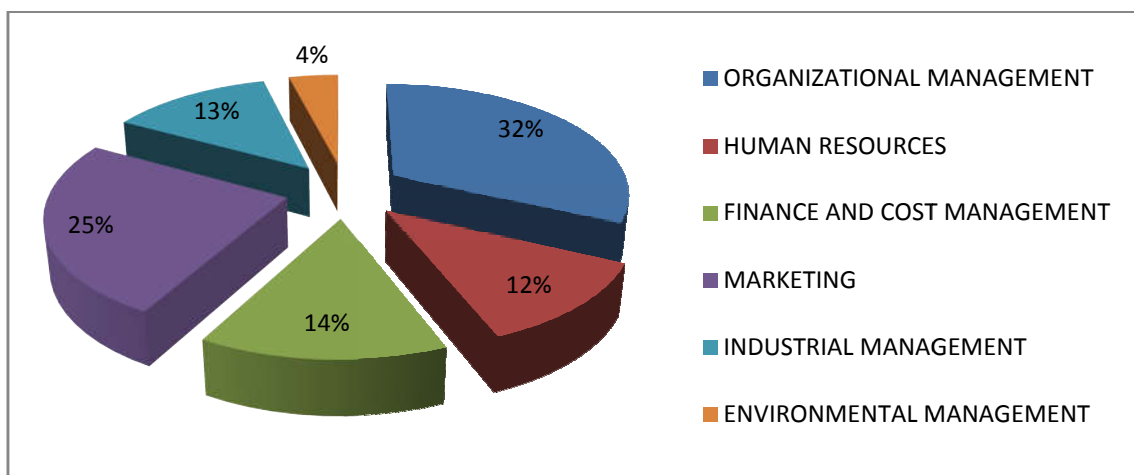
The use of the term management has increased lately and its meaning is associated with many other issues like environment, production, risks and human resources (DIAS, 2002). According to the author's understanding, its utilization turned out to overshadow a classic term, "administration", a denomination taken as superior. Chiavenato (2003) affirms that while in the United States, under the perspective of Taylor and his followers, emerged the "Scientific Administration", in France and, later on in Europe, promoting Fayol's ideas, was disseminated the "classic theory of administration". Chiavenato (2003) thinks that "if the Scientific Administration

<sup>2</sup>Aptitude Declaration to the Brazilian National Program for Strengthening Family Farming (DAP) is the general register of family farmers and their economic organizations. This document is the first step to access the Brazilian public policies designed for farmers. The DAP can be for individuals (farmers) or legal entities (cooperatives, associations and small family agroindustries). To obtain the legal DAP the criteria is to have at least 60% of associates with the individual DAP for associations and cooperatives. For small family agroindustries this percentage should be 100%.

is characterized by the emphasis on the task executed by the worker, the Classic Theory is characterized by the emphasis on the structure that the organization should have to be efficient". The classic theory of administration tells us that every organization is composed by six departments named after the functions they are responsible for: technical functions; commercial functions; financial functions; safety functions; accounting and administrative functions. Furthermore, the five first functions are subordinated to the last, which is oriented to "formulate a program for the general action of the enterprise, to build a social body, to coordinate the efforts and harmonize the [administrative] acts" (CHIAVENATO, 2003). Those functions that were formulated by Fayol around 1916 might be named and characterized differently nowadays. We propose that this theory shouldn't be thrown away but, on the contrary, to serve as a comparative to the terms and conceptualization currently used. On the one hand, the Classic Theory of Administration employs a nomenclature such as "commercial functions", on the other hand, currently, this area of the enterprise is called marketing. The same terminology comparison can be made about safety functions and the current use to designate this area: human resources management, workplace health and safety, and equipment maintenance (CHIAVENATO, 2003). One additional interpretation the Classic Theory of Administration brought was the concern about human resources management, a specific area that has been strengthened by the valorization of people's role in organizations. An example of this movement is the effort made by some scholars and companies to promote mechanisms to assign the value of human resources for the good performance of the enterprises in general.

another. Further explanation on both definitions is showed as follows:

Administrate is to plan, organize, conduct and control people to achieve organizational goals in efficient and effective ways. Management is to make use of all functions (technical, of accounting, financial, commercial, of safety and administrative) and knowledge (psychological, anthropological, statistical, marketing, environmental, etc) necessary to, by the working people, achieve the goals of an organization in an effective and efficient way (DIAS, 2002, p.11, our translation). The verbs "administrate" and "manage" are not understood as synonyms but as complementary concepts. It is the administration's duty to have an agglutinating role on the many issues it takes care. The interaction of managers and the changeable and dynamic scenario is challenging for cooperative enterprises, because in part it is constituted by, on the one hand, a formalized system, and, on the other hand, by informal interactions, negotiations and speculations. Thereby, the idea of management contemplates sociocultural dilemmas that managers deal with in the complex and dynamic context that organizations are inserted in, in which they interact with other subjects with whom they build improvised and contingent practices, even contradictory ones that result in the management itself (VARGAS; JUNQUILHO, 2013). According to Oliveira (2015), Mais gestão's data reveal that more than 270 types of services and demanded activities benefitted cooperatives in its action plan, what shows the situation of need of those enterprises in regard to the six areas of the project. Graphic 1 shows the 270 services grouped in six areas of the project.



Source: Oliveira, 2015.

**Graphic 1 – Percentage of services and activities demanded by cooperatives regarding the areas of Mais Gestão**

According to Heinzmann et al (2008), human resources management can enhance the performance of the organization and its lack can make it difficult to have a desirable performance. Fayol's theoretical approach states that the sixth function in an organization, to administrate, is composed by the following attributes: to predict, to organize and to command and control. Those attributions "in traditional companies are allocated in higher positions regarding the hierarchy" (CHIAVENATO, 2003, p. 82, our translation). We point out that the separation between the terms of administration and management are based on similar phenomena that reflect distinctions in the understanding of the processes they name but what should be paid attention is that both concepts are interdependent and that they intersect one

Graphic 1 shows the systematization of actions and services described in the action plans of cooperatives. According to the empirical data, a concentration of services and actions demanded by cooperatives is found, in first place, on the Organizational management area, which is responsible for 32% of the services and activities demanded. The area of commercialization and marketing as responsible for 25% and it is the second most demanded area. In third place are found demands related to the area of finance and cost management, which are responsible for 14% of all actions demanded. Those three most demanded areas indicate that cooperatives' major needs are on organizational management, commercialization and marketing and finance and cost management. Those three areas are responsible for 71% of the actions services

demand. On the other hand, environmental management was the area least requested, what might show that cooperatives are most worried on how to keep up their activities regarding financial, marketing and organizational challenges instead of worrying about environmental issues. Another possible interpretation but least likely is that cooperatives think that they have already mastered techniques related to environmental issues and it no longer is an area that they need consult and advisory. From now on the article approaches and make correlation among the management areas being based on the concepts of Administration, but still oriented to the reality of cooperatives. It is also taken into account the data results, the reports and evaluation of Mais Gestão for systematization of information and the presentation of each area.

### Organizational management

Planning is taken as having major importance in Organizational management and it is presented as the first administrative function, which “determines beforehand which are the goals to be achieve and how to do it” (CHIAVENATO, 2003, p. 94; 167; 180; 183, our translation). Mission, vision and values are important to organizations because they give orientation to managers about the path to be taken and which decisions are best to succeed, not only in financial aspects but also about the organizational culture and world view. Another groundwork of this area is the organizational structure, which is a tool used by the authority to distribute functions in all the departments and hierarchy levels. For Maximiano (2000), one of the most difficult tasks of Administration is to define an organizational structure and, on the contrary, the absence of such tool leads to difficulties to establish responsibilities and authority. Jabbour (2012) thinks that the organizational structure should be in synchrony with the strategic planning. Responsibilities are the obligations, functions, roles, duties and tasks of people and work groups. Authority is the power to decide invested in a person or a group that make possible to conduct other’s behavior to the accomplishment of tasks (MAXIMIANO, 2000). An available tool to make the organizational structure known is the organizational chart. According to Vasconcelos, Kruglianskas and Sbragia (1981), when authority and responsibility are not adequately defined the organization may face conflicts, what might weaken it. The creation of an organizational chart and its assimilation constitute an important tool for keeping organizational climate, strategy and performance. It is worthy considering that the existence of an organizational chart doesn’t keep the problems away from happening, although the process of its construction, the assimilation of its functions and the operationalization constitute a great differential since the organizational chart is a graphic representation of the organization structure itself (BALCÃO, 1965). Another very important tool of the organizational structure is communication. According to Maximiano (2000), it is by this such tool that work units interact with each other, that the necessary information flows and the actions are coordinated. Furthermore, Desroche (2006) states that the secret to be successful at managing cooperatives is to establish an efficient communication process between the associates, administrators, managers and employees. As important as the internal communication of an organization are the processes of education and capacitation. Even though those processes are usually dealt when it comes to human resources management, regarding cooperativism and enterprises self-managed, it is an issue worth discussing connected to the area of organizational management. While the participation of

employees and stockholders in the traditional companies is dependent on the manager’s will toward it, the constant participation in cooperatives is a requisite of the enterprise. For Safanelli *et al* (2011), participation is required in a cooperativist model, it is the root of enterprises that associates are not only providers, but owners and customers of the cooperative. Besides, assuring the participation requires it to be a conscious and responsible practice, and the most effective way of pursuing this goal is to have a constant process of education and capacitation.

Besides the communication and capacitation, it is stressed the importance of personal motivation to take part in democratic decision-making processes. Some scholars emitted suppositions and executed studies to understand the motivational processes and its influence on people in their workplace. According to cognitive theories, people behave according to his/her world view. As stated by Maslow, human beings get motivated to satisfy their needs as far as they are important according to a previously established hierarchy. Tolman argues that getting to know the benefits of an action may determine a great motivational role on its execution. Whereas Gooch e McDowell state that motivation is directly connected to one’s desire, it also may be awoken by an action or stimulus. Thus “the reason a person follows or not a direction given by someone depends on the intensity of the desire the personhas” (GREGOLIN; PATZLAFF; PATZLAFF, 2011, p. 68, our translation). By its own nature, cooperatives are environments of participation and, therefore, where conflicts and disputes driven by private interests take part. Then, organizational management acquires a fundamental importance due to its contribution to determine behaviors and attitudes collectively acceptable, which must be known in formal aspects (statutes, regiment, for example) and in the practice of *Stakeholders*<sup>3</sup>. From the list of the main activities of the area, in the context of family farming cooperativism, it is observable that qualification activities in the organizational management processes are connected to adjustments and formulations of conditions that allow the economic development of the cooperative in association with processes of social promotion of the associate. The majority of activities of this area have focus on promotion of collective interaction, to make pacts and make valid administrative measures in the middle and long term, definition of management responsibilities, as well as aspects of institutional governance and the maintenance of the accreditation of cooperatives under the aspects advocated by the law n°. 11.326/2006 (National Policy of Family Farming and Rural Family Enterprises). According to Graphic 1, it was in this area that the greatest part of demands presented in the action plans of cooperatives provided with services were verified, representing 32% of the set of demanded activities from the technicians. In this set the following activities stand out:

- Discussion and formulation of a strategic plan;
- Drafting or updating of the cooperative organization chart;
- Revision or formulation of the mission, vision and values of the enterprise;

<sup>3</sup>Any group or individual who can affect or is affected by the achievement of the firm's objectives. Stakeholders include employees, customers, suppliers, stockholders, banks, environmentalists, government and other groups who can help or hurt the corporation. The stakeholder concept provjdes a new way of thinking about strategic management – that is, how a corporation can and should set and implement direction (FREEMAN, 1984, p. 25).

- Fiscal and administrative council
- Elaboration of standards, bylaws and revision of statute; and
- Cooperative training activities for associates.

It is thought that actions of this magnitude tend to enhance important features of cooperatives, which are essential to the performance of their activities and keeping the democratic and participatory character, like the training for associates, fiscal and administrative council. Also noteworthy is that investments in organizational management area contribute to affirm the fundamental differences between cooperatives and other types of economic organization.

### Commercialization and marketing

Another area of great importance to the management of companies, whether urban or rural, capitalist or solidarity based ones, is *Marketing*. As stated by Maximiano (2000), the main role of marketing is to manage the relationship of the institution with the market. Moreover, marketing is more than a specific business function. Its effects on society are deep and has attracted much compliment and criticism. Marketing is a tool able to exert important influence on social, cultural and international matters. (KOTLER, 1991). Maximiano (2000) thinks that the main functions of *Marketing* are to analyze and select markets in order to identify their needs, analyzing which products represent opportunity for the company, studying the competition, managing sales and managing advertising and propaganda. With regard to *Marketing* of products, the sale might be taken as the result of good planning and a proper application of *Marketing Mix* tools. It can be considered that some of the most important decisions for a company are related to the *Marketing Mix*, which is well known in the academic and professional world as the 4P's: Product, Price, Promotion and Point of sale. Those categories give rise to this widely used expression that is the core of *Marketing* jobs. It is not without reason that the first item that composes *Marketingmix* is the Product, but due to the fact that this is the center of the whole process. It is because of the Product that a Price needs to be set, provided the best Point of ale, promotion is made and, if doesn't arise interest, all actions have been unsuccessful. Patzlaff and Patzlaff (2009, our translation) claim that the product "is what the company produces or develops, and then offer the customer." It is thought that price is set based on a few factors, especially supply and demand. However, It must be taken into account competition, the interests of customers, manpower, resources used and the ability to produce profit (Maximiano, 2000). In this respect, taking into account that "the price of the planning should be coordinated with the financial planning" (Maximiano, 2000, p. 242, our translation), efforts should be made to ensure that the marketing has a close relationship with the areas of cost control and management. If the product is overpriced it might derail its permanence in the market, on the other hand, if it is low priced it might derail its production. Churchill Junior and Peter (2000, our translation), price determines whether the purchase is made, the amount that is purchased and also if it is profitable for those who produce the products. Following the description of 4P's, point of sale means the access of the client to the product. A good selling point can make the difference in awakening the customer's desire, causing him/her to purchase the product even if the person doesn't have a predisposition to do it at first. In addition, planning the point of sale is directly related to logistic

decisions of transportation, storage, target audience and costs (MAXIMIANO, 2000) related to these structures. In this regard, a detailed study of point of sale and distribution is necessary and determinant for the feasibility of the marketing process of products as it affects the determination of the final price and advertising actions. To understand the position of advertisement as a branch of *Marketing* one can make use of three definitions. To Kotler (2000) and McCarthy and Perreault Junior (1997), advertising is a paid presentation of ideas, goods or services, in other words, advertising involves a financier, who has interests in running your product. As for Churchill Junior and Peter (2000), an important feature of advertising is its persuasive content, and to Patzlaff and Patzlaff (2009), advertising is the last task of the *Marketing Mix* and it comes to communicate the existence of a product, its qualities, its price and where it is.

In some cooperatives *Marketing* appears as a well used tool, in others it doesn't consolidate itself efficiently. For large cooperatives, it denotes that the achievement of broader markets in the domestic environment and significant shares in foreign markets are a result of an efficient application of the compound of *Marketing*. However, it is emphasized that the market efficiency should not be advocated by these cooperatives if it promotes environmental degradation, exploitation of people and establishment of vertical and hierarchical relations<sup>4</sup>. In accordance with this perspective, the major challenge for cooperatives is:

[...] to direct, manage and execute the marketing mix and at the same time promote the social, political and economic development of the associates, employees, family and local community members. It means, moreover, appreciate honesty (truthfulness, integrity and reliability) in the productive relations, commercial or service inside and outside the cooperative and equity (fairness and impartiality) in financial transactions with associates, employees, suppliers, consumers, financial agents, local community members and the general public. And finally, to honor the statutory regulations, the laws governing cooperatives and other civil laws and those related to organizations. (CRÚZIO, 2003).

On the marketing of family farming products, it is concluded that family farmers were always subordinate to the buyers, and this conditioning is a major bottleneck for sustainable development of the segment (SIQUEIRA *et al.*, 2013). What aggravates this situation is the fact that, in the main production chains, the domain is exercised by an oligopoly of companies or organizations, which dominate the market, many times crushing small business and making a barrier for those which attempt to get in the sector. As discussed previously, the institutional market consists of a great marketing opportunity for family farmers, taking into account the elimination of the middleman and also the wider applicability of solidarity premises in marketing. In this sense, the cooperatives are essential in supporting access of family farmers to these and other markets, providing real tools for personal freedom, especially when it comes to marketing, which need not necessarily be colossal, as "alternative development is focused on people and their environment, rather than in production and profits" (DOWBOR, 2013,). According to Oliveira (2015), this area of management is assigned by cooperatives as important,

<sup>4</sup>A deeper debate about this and other cooperativism disfunctions can be found in Singer (2008).

and this centrality is reassured by the percentage of types of actions demanded in the plans. From the total of 25% (the second highest percentage) the following actions demanded from the technicians stand out:

- Development of register of product and of trademarks;
- Organization or structuring of specific marketing sector;
- Formulating business partnerships with other cooperatives, encouraging the setting up of marketing networks;
- Formulating projects of request or use of equipment and public infrastructure for trade between cooperatives;
- Promotion and marketing of the products of family farming at the regional level;
- Expansion of participation in institutional markets;
- Legal and tax compliances for marketing;
- Value-adding actions to the products and services of family farming;
- Preparation of materials and of media of divulgation; and
- Promoting internal marketing routines.

Furthermore, it appears that with respect to sales and marketing cooperatives provided with ATER services are characterized as dependent on the institutional market in large part and in many cases the proposed actions had as objective the insertion or the qualification of the operating process in other markets.

### **Finance and cost management**

According to Assaf Neto (2007), the finance is a field, theoretical and practical, which aims to provide an efficient collection and allocation of resources, in other words, it is concerned with the search and best application of resources in order to make a more efficient organization. According to the author's conception, this area within the organization is concerned with financial planning, financial control, asset management and administration of liabilities. Doctrinally and legally cooperatives are organizations that do not seek profits or dividends, however, its operations must be sustainable from an economic point of view and should be developed aiming to adequately remunerate the services or products carried out by its members. Bialoskorski Neto (2006) discusses three primary issues on the economy of cooperatives, considering them essential for the survival of the organization. The first is primarily related to the cooperative management in a competitive economic environment; the second refers to the self-management, oriented to the achievement of social objectives; and the third is linked to accessing financing and the capitalization of the enterprise. The author makes reference to the work of the audit committee as a body that heavily contributes to the self-management of the enterprise and thinks that the expansion of such advice and its responsibilities may improve the performance of the enterprise. He adds that from the Constitution of 1988 on the audit committee of cooperatives became more sovereign and empowered on issues related to internal management, including financial matters. Access to financing is a great opportunity for cooperatives, especially for those which aim to promote processing or transformation of raw materials, since the individual producers do not have the resources to do it. Any financing operation needs a previous plan and an economic feasibility study for the activity that is to be installed. Cooperative of family farmers,

especially those linked to the solidarity based economy, have a social function very present in their daily routine. This such function comes before than the capitalistic function, in other words, the economic, social and cultural well-being of the associates is an objective that should be sought before the financial gain of the cooperative. Bialoskorski Neto (2006, p. 191, our traslation) affirms that it is common to be denied growth and economic efficiency in those enterprises "under the allegation that this growth might lead to the concentration of income and to a capitalistic logic". The main matter that needs to be dealt is to reject antagonism and seek a middle ground between economic efficiency and the social function of cooperatives.

However, there is another aspect to consider, the daily financial management, administration and cost control. This challenge for cooperatives of solidarity based economy is not only to focus its operations on solidarity and political representation, but also focus on attention to the market and efficient management since the organizational structure generates costs, which need to be supplied by surplus (the results of cooperatives)<sup>5</sup>. In other words, cooperatives of solidarity based economy need to understand that promoting social action and solidarity does not necessarily put aside professional behavior and a conscious attitude toward the management of the enterprise. Agricultural activities, whether production, processing or transformation, will be more promising from the moment professionalization overcome the limits of production and get to the administration on (SANTOS; MARION, 1996). The diagnoses applied to cooperatives describe three interesting facts about finance and costs. First, many costs are not accounted because some resources are easily accessible by cooperatives or made available freely, such as space for administrative or agroindustrial setting that is usually given by public agency or public entity or a loan made by associates; voluntary work or payment according to the cash flow; self-financing production and circulating capital - when the associated gets his/her share after deal is done - among other expenses and costs. It is likely that if these costs were measured the balance of these cooperatives would be impractical under the competitive point of view. A second fact is that public policies, chiefly PNAE and PAA, represent a market reserve for cooperatives of family farming. They operate defining prices (price-givers), demand and, consequently, commercial strategies that adjust the costs, investments and minimum profit levels of these enterprises. Finally, cooperatives provided with ATER programs fear to open and maintain their finance and costs formal data because they believe they will be taxed if they expose the formal and informal reality of their accounts. During the execution of Mais Gestão it was noticed that this area is very little developed within organizations of family farming. The weakness or absence of data is an obstacle or at least a limiting factor for making more assertive analysis of the financial and economic performance of enterprises. As an examination in improvement plans, most of cooperatives have limited technical resources, tools and trained human resources on the area of finance and costs, a situation that might be related to both organizational management and human resources management. Activities asked by the set of cooperatives in this management area are equivalent to 14% of

<sup>5</sup>For checking the difference between surplus and profit, see Cançado et. al (2013).

all the different types of actions agreed in the action plans, and among them are:

- Implementation of administrative and financial routines, with periodic controls and notes;
- Formation of manufactured products prices, cost calculations and investment needs;
- balance study of operations on cash flow;
- Acquisition and implementation of software of finance and costs; and
- Adequacy or orientation of accounting records;

According to Oliveira (2015), in this area, even though the percentage of types of actions is not the highest, documents that evaluate the project record a few cases where the appropriateness of documents and accounting practices resulted in significant savings in annual turnover of the enterprise. In several cases was found that inefficiency was generated by inadequate presentation of tax documents, a fact that resulted in cooperatives registering and paying taxes wrongly. Therefore, the decision of creating a cooperative, be it large and competitive or small and linked to the solidarity based economy, it should be subsidized by the knowledge that the management of finance and costs is essential and may constitute a differential aspect in the success or failure of the enterprise and consequently the group of associates.

## DISCUSSION

From the analysis of the final documents of Mais Gestão, developed from 2012 to 2016, it is possible to assert that this method caused significant changes in knowledge and conception of management processes for the benefitted cooperatives. However, the evaluation of developments in the management processes in cooperatives depends directly on the use and intensity of the available tools and techniques provided by the extension agents for solving administrative problems. One of the most assertive criticism for Mais Gestão methodology is the lack of management common indicators for all areas, being limited by quantitative measures, but mainly descriptive, without allowing measuring the degree of effectiveness of ATER action. The Mais Gestão started the execution of an unprecedented and innovative policy for those enterprises, although such vanguard doesn't allow evaluation of results compared to other policies or previous public performances. We conclude that cooperatives were satisfied by the service provided, what was externalized (and formalized to the MDA) through feedback of beneficiaries and also observed by inspectors and project evaluators. Feedback from managers of cooperatives, reports of managers and the program's reports signaled improvements from the interventions of extension agents, contributing to solve technical and managerial problems and expanding the conditions of competitiveness and social and economic sustainability of the projects enterprises. Among the areas that most demanded actions Organizational Management got first place, followed by Sales and Marketing Management and the area indicated as the one that had more testimonials of real change: Finance and Cost Management. The administrative organization of an enterprise, with a methodology as Mais Gestão has, seems to be adequate to the peculiarities of a cooperative of family farmers because it makes easier to conduct without withdrawing the focus on efficiency, prioritizing, modulating and classifying actions according to the attention deserved as well as paying attention

to the distribution of responsibilities between associates. However, in this sense, the challenge for these cooperatives is to mobilize staff, whether hired or membership to perform the functions and orientations originated in the project, impacting positively on the economic and social outcomes of these enterprises.

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