

## Main socioeconomic factors limiting the management of the "La Croqueta" non-agro livestock cooperative

Principales factores socioeconómicos que limitan la gestión de la Cooperativa no Agropecuaria "La Croqueta"

Principais fatores socioeconômicos que limitam a gestão da Cooperativa Não Agropecuária "La Croqueta"

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### ABSTRACT

In 2011, with the approval of the Economic and Social Policy Guidelines at the VI Congress of the Communist Party of Cuba, the creation of non-agro livestock cooperatives was promoted. In the province of Granma, in 2014, the first non-agro livestock cooperative "La Croqueta" was founded with the social purpose of providing gastronomic services. The cooperative sector in the province plays a fundamental role in satisfying the needs of the population. However, there are limitations that hinder and slow down the integral development of the cooperatives; for this reason, the objective of the research is to diagnose the main factors that limit the socioeconomic management



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of the non-agro livestock cooperative "La Croqueta". The theoretical method of high generalization used is the dialectical-materialistic one. As for the empirical methods, participant observation, survey and interview were used; the cooperative mirror instrument of the World Food Program was also used. As general results of the research, it was found that, among the factors limiting cooperative management, there is the lack of knowledge of cooperative principles, organizational problems and deficiency in contracts.

**Keywords:** non-agro livestock cooperative; cooperative management; cooperative principles; socioeconomic factors

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## RESUMEN

En el año 2011, con la aprobación de los Lineamientos de la Política Económica y Social en el VI Congreso del Partido Comunista de Cuba, se promueve la creación de cooperativas no agropecuarias. En la provincia de Granma, en el 2014, se funda la primera Cooperativa no Agropecuaria "La Croqueta" que tiene como objeto social la prestación de servicios gastronómicos. El sector cooperativo en la provincia juega un rol fundamental en la satisfacción de las necesidades de la población. Sin embargo, existen limitaciones que obstaculizan y frenan el desarrollo integral de las cooperativas; por esta razón, el objetivo de la investigación es diagnosticar los principales factores que limitan la gestión socioeconómica de la Cooperativa no Agropecuaria "La Croqueta". El método teórico de alta generalización utilizado es el dialéctico-materialista. En cuanto a los métodos empíricos, fueron utilizados la observación participante, la encuesta y la entrevista; se utilizó, además, el instrumento espejo cooperativo del Programa Mundial de Alimento. Como resultados generales de la investigación, se constató que, entre los factores que limitan la gestión cooperativa, está el desconocimiento de los principios cooperativos, problemas de organización y deficiencia en los contratos.

**Palabras clave:** cooperativa no agropecuaria; gestión cooperativa; principios cooperativos; factores socioeconómicos

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## RESUMO

Em 2011, com a aprovação das Diretrizes de Política Econômica e Social no VI Congresso do Partido Comunista de Cuba, foi promovida a criação de cooperativas não agrícolas. Na província do Granma, em 2014, foi fundada a primeira Cooperativa Não Agrícola "La Croqueta", cujo objeto social é a prestação de serviços gastronômicos. O setor cooperativo da província desempenha um papel fundamental na satisfação das necessidades da população. No entanto, existem limitações que dificultam e retardam o desenvolvimento integral das cooperativas; por isso, o objetivo da pesquisa é diagnosticar os principais fatores que limitam a gestão socioeconômica da Cooperativa Não Agropecuária "La Croqueta". O método teórico altamente generalizado utilizado é o dialético-materialista. Quanto aos métodos empíricos, utilizou-se observação participante, inquérito e entrevista; além disso, foi utilizado o instrumento espelho cooperativo do Programa Mundial de Alimentos. Como resultados gerais da investigação, constatou-se que, entre os fatores que limitam a gestão cooperativa, está o desconhecimento dos princípios cooperativos, problemas organizacionais e deficiências nos contratos.

**Palavras-chave:** cooperativa não agrícola; gestão cooperativa; princípios cooperativos; fatores socioeconômicos

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## INTRODUCTION

In Cuba, from the first years of the Revolution triumph, the incipient forms of cooperatives were created, starting with the sugarcane cooperatives, the mutual aid brigades and the FMC-Anap brigades (Federation of Cuban Women-National Association of Small Farmers); then the Credit and Service Cooperatives emerged and branched out throughout the country, then the Agricultural Production Cooperatives, 34 years later the Basic Cooperative Production Units were created and in 2013 the first Non-Agro livestock Cooperatives (CAN in Spanish) began to be formed.

Cuban non-agro livestock cooperatives, like many others around the world, are based on the work of their members, that is, they respond to the structure of the so-called associated work cooperatives (Campos Pérez et al., 2019).

As a development factor, cooperatives are able to contribute to overcoming the limit of the small scale of production and services, through the cooperative ties they establish (Donestévez, 2017).

At present, Cuba is undergoing a process of economic reorganization, where cooperatives play an important role in the economic and social development of the country. The strengthening of the economic and social management of non-agro livestock cooperatives will contribute to the increase and quality of the provision of services in economic sectors of vital importance.

At the National Seminar on Non-Ago Livestock Cooperatives, held in September 2019, the main socioeconomic factors that limit the development of cooperatives were analyzed, including: misappropriation of resources, inadequacies in accounting records, differences in advances received by members and the board of directors, and limited transformation in the image of cooperatives in the gastronomic activity. The non-agro livestock cooperative "La Croqueta", in the municipality of Bayamo, is not exempt from these and other problems.

Management is a process in which all its phases or activities are interrelated, thus enabling the achievement of the proposed objectives. This demonstrates the role played by management within an entity, used as an instrument for planning, organization, execution and control. In order to evaluate the management of the cooperative, it is necessary to take into account the fulfillment of each of these aspects mentioned above based on the analysis of the cooperative principles.

There is a reciprocal relationship between the materialization of the cooperative principles and the socio-economic management of cooperatives: the cooperative principles express the "should be" of the cooperative, the degree of socialization of production and the level of realization of cooperative ownership.

The cooperative management model (the organizational methods of democratic management that characterizes or should characterize any cooperative) is not a gift that someone gives to members, but a right that they have by law, according to the law or general cooperative regulations or, at least, their internal regulations (Piñeiro Harnecker, 2011).

If in the management process of any enterprise, all its activities are related, in cooperatives it is necessary to relate each of these activities plus the application of cooperative principles and values.

The process of creation, organization and implementation of the CNAs has not been a process devoid of difficulties, a set of limitations still persist that prevent reaching the levels of socioeconomic efficiency and efficacy expected of them; in this sense, the different State organisms are in the process of improvement, which requires a deeper approach to the systemic nature of the indicators, which serves not only to value the results (Labrador Machín & Rivera Rodríguez, 2016).

From the evaluation of the experiment, more than 5 years after its inception, problems were detected in the operation of the NACs, which led to the improvement of the existing resolutions. As one of the measures adopted by the State is the approval of Decree-Law 366, which came into force in November 2019, where it is stated that the general objective of the Non-Agro Livestock Cooperatives is: the production of goods and the provision of services through collective management for the satisfaction of the social interest and that of the members; it constitutes an alternative to relieve the State from the administration of those economic, productive or service activities that are not considered main.

In Cuba, the cooperative movement is strong, constitutionally recognized, but there is a gap between agro livestock and non-agro livestock cooperatives, due to the disarticulation of their legal foundations, sometimes due to lack of knowledge, lack of economic-financial vision, mainly of the board of directors; another cause is the lack of a single legal framework that integrates the cooperative movement on the Island, nor a body that represents them before the State, from the formation-constitution processes.

Camila Piñeiro states the following when referring to the subject "the supervision of compliance with the rules of cooperatives should be entrusted to an entity that specializes in it, that understands the particularities of this organizational form and that does it in a pedagogical way: seeking to alert in time, help to correct and not "kill"" (Piñeiro Harnecker, 2020).

The scientific novelty of this research is that the proposal contains specific elements for the analysis of the main socioeconomic factors that hinder the management of the non-agro livestock cooperative "La Croqueta" and a set of actions are given to contribute to an efficient and sustainable economic and social development of the entity under study.

## **MATERIALS AND METHODS**

To address this problem, the dialectical-materialist method and its specific features were used: analysis and synthesis, ascent from the abstract to the concrete, induction and deduction, unity of the logical and the historical, and quantitative and qualitative analysis. The research was complemented with empirical methods such as document analysis, survey, interview and the cooperative mirror tool was used.

The survey was applied to 18 members of the cooperative, which represents 62% of the total number of members of the cooperative. An economic analysis of the last 5 years was made, of the indicators salary, expenses and profits to visualize the effectiveness of the economic management of the cooperative.

## **RESULTS AND DISCUSSION**

The Non-Agro livestock Cooperative "La Croqueta" was established on June 14, 2014. This entity was the first non-agro livestock cooperative established on an experimental basis in the gastronomic sector in the province of Granma. In its beginnings, it had the participation of 34 associates and one hired worker; of them, 23 were women, representing 67.6% of the total. At present, it has 29 associates, 20 of whom are women, representing 68.9% of the total.

It is important to note that the members of the cooperative have only reached the upper secondary level, with the exception of the economist, who is an intermediate technician. The cooperative's organizational structure is made up of the assembly, made up of all the members; the board of directors, represented by the president, the substitute and the economist; and an inspection and control commission, represented by one of the members. The cooperative receives its supplies from Gastronomy Municipal Enterprise Bayamo, which is the unique supplier.

In the survey applied to the cooperative members, 100% of them indicated as cooperative principles: voluntariness, cooperation and mutual aid, contribution to the development of the national economy, cooperative discipline, collaboration between cooperatives, human solidarity, collective decision and the welfare of cooperative members and family members, however, they do not recognize the principle of education, training and information of members, a principle of vital importance to achieve the full operation of the cooperative.

In the question referring to the degree of compliance with the principles and values in the cooperative, one interviewed stated that it is regular, which represents 5.5 %, and the rest, representing 94.4 % of the interviewed people, stated that the cooperative principles are not fully complied with, which weakens the economic-social management of the cooperative. The cooperative members state that the factor that most influences this situation is that the cooperative is without resources, due to the organizational problems that are present.

Cooperative principles and values make up, together with the concept of cooperative, the core of what has been called cooperative identity; therefore, it is not only important to analyze the principles that apply in each case, but also to know what is the concept of what is the "should be" of a cooperative (Villegas Chádez, 2017).

The economic and social realization of the cooperative is closely linked to the materialization in practice of the principles (Arias Guevara & Leyva Remón, 2019).

In the essentiality of the cooperative principles is the foundation to achieve the desired cooperative development, which is the guide, the polar star to follow in a sea without limits. The economic complexities faced by Cuban society have affected the fulfillment

of the cooperative principles, which negatively influences the economic-social management of the Non-Agro livestock Cooperative "La Croqueta".

The essence of cooperativism focuses on the values of cooperation and solidarity, as opposed to the current values of individualism and competition, characteristic of neoliberal globalization (Ruiz Guerra & Quesada Rubio, 2014).

In economic and financial management, respondents stated that the economic and financial situation of the cooperative is regular, but none of them answered what the factors that influence this situation are or the actions that can be taken to overcome them.

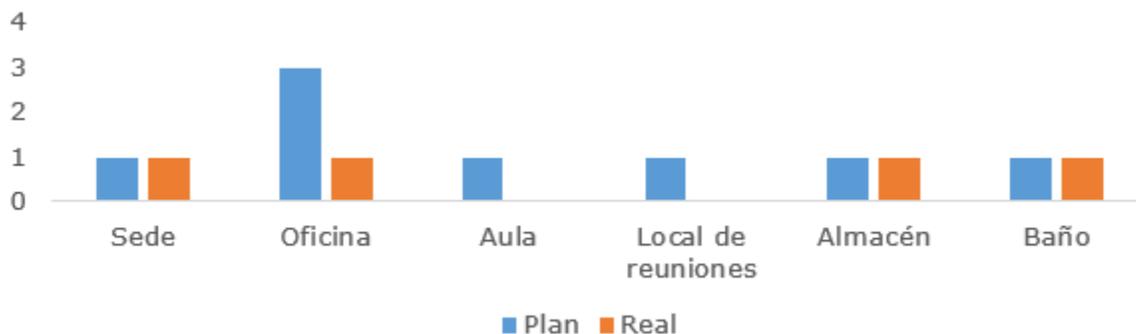
The interviewed members pointed out that there are weaknesses in indicators such as the satisfaction of housing needs, the development of social and cultural activities, training activities, attention to people and working conditions, attendance and participation of members in assemblies; all of these weaknesses hinder the cooperative's management process and hinder its development.

According to the contractual ties that "La Croqueta" currently maintains, they valued as good the aspect of legal advice for the preparation and negotiation of contracts; but not so for the demand for compliance with them, because there are economic-productive, financial and social effects.

After presenting the results of the application of the survey to the members of the cooperative, it is proceed to analyze the results of the application of the cooperative mirror tool.

### **Results of the application of the cooperative mirror in the "La Croqueta" CNA**

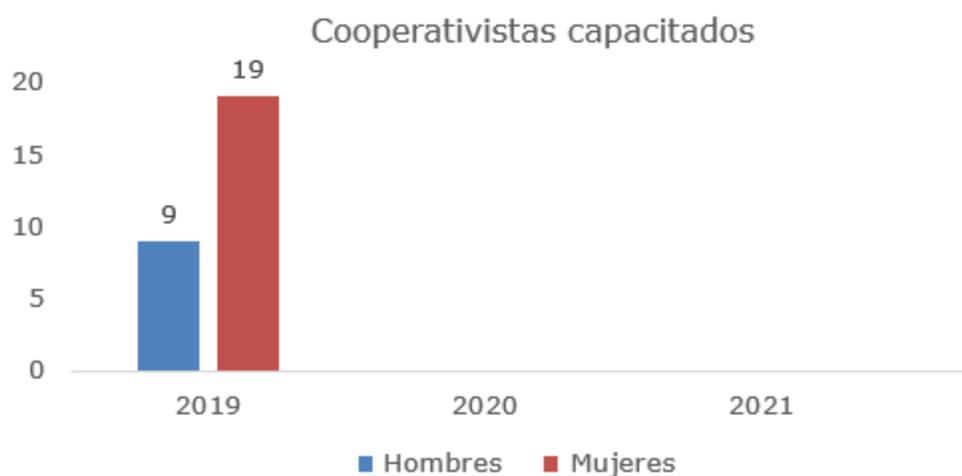
As can be seen in graph 1, the cooperative has a head office, which has an office for management, a storage room and a bathroom. It would need, at least, another office for the economic work, a meeting room and a classroom. At the present time, the cooperative has to stop providing services in order to hold member meetings or other activities.

**Graph 1** - Cooperative infrastructure

Source: prepared by the authors, based on the data obtained in the interview.

The cooperative does not have the necessary technical equipment, which hinders the socioeconomic management of the cooperative. In addition, the economic information is only recorded in the computer of the cooperative's economist, at her home, a situation that makes it difficult to deliver the information immediately.

Training activities in the cooperative are insufficient, only one in 2019, even though it achieved massiveness in that year, which shows a lack of upgrading activities in the cooperative and negatively influences the motivation of members to work and participate in cooperative-community development. Of the 28 members who participated in the training, 19 were women, representing 67.8% (Graph 2).

**Graph 2** - Training actions in the years 2018-2020

Source: prepared by the authors based on the data obtained from the interview.

As can be seen in graph 3, the cooperative does not have a planned budget for social management in 2020; this is detrimental to the cooperative and its members because, if they do not allocate a budget for their activities and actions, the members cannot obtain help or benefits from the cooperative.

Presupuesto planificado para la gestión social en el último año	CUP	0
Gastos en actividades propias de los socios	CUP	0
Gastos en atención a personas jubiladas	CUP	0
Gastos en actividades de apoyo a la comunidad	CUP	0
Desglose de gastos en actividades sociales		
Apoyo a instituciones comunitarias	CUP	0
Apoyo a la construcción y reparación de viviendas	CUP	0
Actividades de capacitación	CUP	0
Actividades socioculturales y deportivas	CUP	0

**Graph 3** - Planned budget for social management 2020

Source: prepared by the authors based on the data obtained in the interview

### Economic indicators analyzed in the cooperative from 2015-2020

The profits of the cooperative under study from 2015 to 2020 have had a gradual decrease until reaching a critical point in 2019, with a decrease of 19% compared to 2015, in 2020 due to the problems of covid-19 and the economic situation experienced by the country was below 25%. In net sales, there is a decrease of 30 % in the last 5 years. During this period, the cooperative has experienced the problem of non-compliance with the contracts of the supplying enterprise Mincin (Ministry of domestic trade). To cope with this situation, the cooperative has purchased supplies from the retail network at high prices, which did not allow it to make a profit.

In the advances received by the members of the cooperative in the last 5 years, there is a notorious difference since in 2015 it is paid in one year 1 626 888.81 pesos and year after year it was decreasing so that for 2019 only 487 585.87 was paid, which is

equivalent to \$300 monthly per member. This was the basic salary paid in the entity before being a Non-Agricultural Cooperative. Currently, the cooperative pays the minimum salary advance (2100.00) for the bridge loan received.

One of the causes that originated the decrease in advances in the cooperative, in the period 2015-2019, is the sales management, which is decreasing due to the lack of initiatives and management, both from the members and the administrative board. Another problem that has influenced this situation is that the cooperative did not prepare itself economically to maintain such high advances; the investment reserve item for 2015 was 106 pesos and by 2019 it was zero.

Based on the results of the surveys, interviews, the application of the cooperative mirror tool and the analysis of economic indicators in the cooperative "La Croqueta", it is possible to identify the socioeconomic factors that limit the management of the cooperative:

- Limitations in the materialization of the principle of cooperation between cooperatives; no contracts have been signed with agricultural cooperatives, a condition that limits the services provided by the "La Croqueta" cooperative, since it is only subject to what is provided by the Gastronomy Enterprise
- The contracts established are not always respected by the Mincin Enterprise, mainly due to the non-recognition of the cooperative as an entity with legal autonomy
- Assemblies are only to discuss economic results and are not held with the frequency established in Decree Law 366 (2019), (none were held during the research period)
- They do not have a secure wholesale market (although current legislation states that enterprises can sell their surplus production after fulfilling their state mandate, but this does not guarantee security of purchase). This makes it difficult to plan the supply of new products, so the cooperative generally sells bread with croquette and soft drinks
- There is a lack of motivation among the cooperative's members, as there has been a 27% decrease in their monthly advances for 2020

- The work carried out by the cooperative, both for its members and the community, is insufficient in terms of social responsibility
- The cooperative's initiatives to attract clients are insufficient, a situation that affects the socioeconomic management process and has a negative impact on the achievement of its objectives
- Insufficient application of cooperative principles and values
- Poor management of the countable accounts, since the income obtained is distributed in advances and does not guarantee capital to make investments that contribute to sustainable socioeconomic development in the cooperative
- There is no planned budget for the activities to be carried out by the cooperative
- Insufficient preparation of managers to design the development plan to gradually increase their productions
- Insufficient level of training in topics related to cooperativism, which negatively influences the social and economic development of members and the cooperative

A major challenge is to promote systematic education on cooperativism for all cooperative members, including hired workers. The education should be not only about economic and legal issues, but also about cooperative management and specifically about democratic participation in management. Education would also make it possible for members to conceive the cooperative as a whole and to develop their sense of belonging to the organization.

In order to contribute to the solution of the socioeconomic factors that limit the development of cooperative management, proposals were made that may be more viable based on the theoretical framework and the opinions of the cooperative members interviewed. The starting point was the criterion that the initiatives that contribute to raise the level of efficiency in the economic and social management of the cooperative imply the correct materialization of the cooperative principles. A set of actions are proposed:

1. Establish contracts with agro livestock cooperatives
2. Design and propose to the Municipal Administration Council at least one Territorial Development project (Decree 33/2021), with the objective of guaranteeing the

volume of investments necessary to achieve a successful economic-social management of the cooperative

3. Improve the cooperative's development program, including the social balance sheet and the new regulations of Decree 33 (2021) and Resolution 29 (2021)
4. Implement cooperative principles, emphasizing social responsibility
5. Coordinate training or advisory actions in accordance with the provisions of Decree Law No. 366 (2019) and Decree No. 356 (2019)
6. Plan in the economic budget of the cooperative the activities to be carried out in terms of training, social responsibility and other activities

From the research conducted, it can be concluded that the cooperative has shortcomings in socioeconomic management, that there are limitations in the management processes, there is no budget planned for training activities or for activities of the cooperative with the members or with the community, there is ignorance of the duties and rights of the cooperative members and the cooperative principles are not fully complied with. It is presented the cooperative a proposal with actions to improve socioeconomic management, including presenting an investment project and to improve the cooperative's development plan.

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**Conflict of interest:**

Authors declare not to have any conflict of interest.

**Authors' contribution:**

All authors reviewed the writing of the manuscript and approve the version finally submitted.



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