Duties and Responsibilities of Agricultural Commodity Commissioners

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DUTIES AND RESPONSIBILITIES OF
AGRICULTURAL COMMODITY COMMISSIONERS

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FOREWORD

This report has been prepared as a basis for a training program to help commissioners to better understand their duties, functions, and responsibilities in relation to commission activities, performance, and success. It can also be used by the administrator of a commission to assist him in better understanding his duties and responsibilities and to protect him from encroaching beyond the line of distinction between the commissioners and executive areas of responsibility.

Much of the material presented in this publication has been adapted from a manual that is used at Oregon State University in its training program for directors of agricultural marketing firms. Relationships between a commission and a board of directors are so nearly alike as far as duties and responsibilities of the individual board member and commissioner are concerned, that it is possible to use this information with a minimum of change or revision. In fact, any commissioner desiring more complete information or more detailed explanation of the material contained herein, may wish to purchase a copy of The Board of Directors in Agricultural Marketing Businesses by Garoian and Haseley. This manual can be purchased from the Cooperative Extension Service, Oregon State University, Corvallis, Oregon, 97331.

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Introduction:

Oregon has 15 commodity commissions. These commissions have been formed for the purpose of raising money from all producers of a commodity to perform stated things for the welfare of those producers. The commission is a unit of state government set up to act on behalf of all growers of the specified farm commodity. The commission is made up of growers who are elected by referendum or appointed by the Governor to conduct the affairs of the commission in accordance with state law, regulations, and provisions set forth in the initial petition or referendum.

Most growers appointed to serve as commissioners on the various commissions are usually successful farm operators who have spent most of their lives in learning how to be successful farmers rather than being trained as commissioners or public servants.

The commissioner is a representative of all producers within a commodity industry, and as such he has certain responsibilities, duties, and functions that he cannot abdicate. It is hoped the following paragraphs will help you as a commissioner to better understand your duties and responsibilities.

Commodity Commissions:

Commodity Commissions are established by law. Each commission has from 5 to 11 commissioners (ORS 576.205) appointed by the Governor. The law states "A majority of the commissioners shall be producers, and at least one member may be a handler. All members other than handlers shall be producers." Each member of the commission shall have the following qualifications which shall continue during his term of office:

A. Each shall be a citizen of the United States.
B. Each shall be a bona fide resident of the State.
C. Each shall have demonstrated an active interest in the development of the commodity industry in Oregon.
D. The producer members shall be and have been actively engaged in producing, and the handler members in the handling of, the commodity represented for a period of at least five years and shall derive a substantial proportion of his income from the sale of the commodity represented.

Commissioners are normally appointed for a period of three years. Thus, under normal operations, one-third of the commissioners are appointed or reappointed each year. (ORS 576.235) Commissioners may be removed from office by the Governor for inefficiency, neglect of
duty, or misconduct in office. However, a commissioner must be informed of the charges against him and he must be given a public hearing. The Governor may declare a position vacant when he finds that a commissioner has ceased to be an active producer or handler in this state, has become a resident of another state, or is unable to perform the duties of his office.

The commission shall meet regularly once each six months, and at other times as called by the chairman. The chairman may call a special meeting at any time and shall call a special meeting when requested to do so by two or more commissioners.

When a commission is first formed, it shall elect a chairman and a secretary-treasurer from among its members. It shall adopt a general statement of policy for guidance and shall transact such other business as is necessary.

Authority:

Generally speaking and unless otherwise restricted in the initial petition or referendum, the authority invested in the commission is as follows: (ORS 576.305)

A. Conduct scientific research.
B. Disseminate reliable information.
C. Study legislation that affects the commodity industry and protect or represent the best interests of the industry.
D. Sue and be sued as a commission without individual liability.
E. Enter into contracts which it deems appropriate.
F. Borrow money within limits of expected income.
G. Make grants for research, special studies, or for the purchase of facilities or equipment to accomplish the purpose of the commission.
H. Appoint subordinate officers and employees of the commission and fix their compensation.
I. Cooperate with other agencies or organizations and carry out joint programs.
J. Prosecute in the name of the state.
K. Adopt, rescind, and modify regulations.
L. Contract for advertising and promotion.
M. Establish per diem rates for commissioners.
N. Furnish facilities, services, and materials to other commodity commissions.
O. May receive gifts and grants.
P. Make assessments on commodity sales. (575.325)
Q. Cancellation of uncollectible assessments.

Under the Commission Act, the above authority is granted to the commission, but along with this authority goes certain responsibilities and liabilities. Violation of these responsibilities is punishable by law. (576.991)
In addition to the Commission Act and Oregon law, commissioners, through mutual agreement, are guided by the Uniform Administrative Procedures for Commodity Commissions. Therefore, each commissioner should acquaint himself with the provisions of these documents and act accordingly.

Duties and Responsibilities:

The commissioners are faced with two major responsibilities:

1. They represent growers.
2. They are vested by law to conduct the affairs of the commission.

The commissioners have legal, social, and ethical responsibilities in representing growers and handlers. They are appointed representatives of the growers and serve as a trusteeship for the growers.

While the commissioners are charged by law with the duty of managing the affairs of the commission, this responsibility should not be interpreted as meaning the commissioners should manage the day to day operations of the commission. This type of managing is delegated to the top executive who is held accountable to the commissioners for his decisions and performance. With a commission the top executive is the administrator, executive secretary, or the manager.

Basically, commissioners have a legal obligation which is recognized as being personal and individual. They are expected to exercise good faith, undivided loyalty, reasonable care and complete integrity in the performance of their trust. They are held accountable to the growers and handlers within the commodity industry and to a lesser extent to the public for their performance.

Some of the more specific legal responsibilities of the commissioners are as follows:

1. Commissioners cannot abdicate their responsibility to direct the affairs of the commission.
2. They must manage the affairs of the commission along the lines imposed by law and other promulgated regulations.
3. They are responsible for appointing officers and delegating authority to these officers for carrying out the functions of the commission.
4. Commissioners must be knowledgeable of the commission's affairs, to enable them to perform their duties effectively.
5. They must attend commission meetings on a regular basis. Absence from meetings does not constitute freedom of a commissioner from a responsibility of decisions made by the commission.
6. Absence from two consecutive meetings could result in dismissal from the commission.
7. Commissioners may be held responsible for their acts of commission or omission. Refer to ORS 576.991, sec. 2 which states, "Violation of any provision of ORS 576.051
576.575 is punishable, upon conviction, by a fine of not more than $500, or by imprisonment in the county jail for not more than 90 days or both."

Although legal liabilities exist, commissioners are not often subjected to any great legal hazards except in cases of fraud or negligence.

In addition to the legal responsibilities, traditional, generalized responsibilities are as follows:

1. Establishing basic objectives and broad policies.
3. Electing commission officers to provide leadership and organization.
4. Approving appointment of key personnel.
5. Approving important financial matters.
6. Perpetuating a sound commission by proper orientation and education of new members.
7. Providing for sound planning which is based on objectives, goals, and policies.
8. Communicating with growers and handlers through personal visits, letters and conferences, or newsletters, minutes of meetings, or some other form of commission publication.
10. Government relations - Commissioners must be active in the political-economic field to safeguard the interests of their commodity.
   A. Be aware of legislation that will curb certain industry activities, as well as
   B. Legislation that benefits the industry.
11. The commissioner's responsibilities are in a constant state of transition and individual commissioners must accept change accordingly. The commissioners are responsible to the growers and responsible for management.

Functions:

Let's turn now to the functions of the commission. These functions are:

1. Top decision center
2. Advisory
3. Trustee
4. Perpetuating
5. Symbolic

These broad classifications of special purposes or functions of the commission establishes the general field for commission action. The following pages introduce the concepts connected with each function.
Top Decision Center Function

The concept of the commission as the top decision center recognizes the fact that an industry composed of several firms must have one decision center for coordinating industry-sponsored programs. Thus, with a commodity industry we assume the commodity commission should play this role and act as coordinator for industry-wide programs. The commission is primarily concerned with decisions on the broad course of action to be followed rather than decisions concerning the means for carrying out a course of action.

The commission functions as the top decision center by: establishing objectives; formulating and adopting policies; approving goals, programs, and plans; and by selecting the top executive and approving and controlling his actions. The commission must also determine and establish priorities on the expenditure of commission funds.

Advisory Function

The commissioners perform an advisory function for executives, growers, and handlers.

The commission advises growers and handlers of changes requiring their action or sanction. There may be changes that will enable the commission to perform more effectively in a changing environment or changes required by law or statute.

The commission's role in advising the top executive is more difficult to specify. In areas where the broad course of action is being determined, the commissioners have a definite responsibility to advise, and sometimes to take the initiative. Alert executives will seek the advice of the commission when formulating operating policies and when implementing broad policies and programs. Executives will also often seek the advice of commissioners on possible solutions to operating problems.

Commissioners must remember that in the area of operations or on any responsibility delegated to the executive, it is the executive who initiates the action seeking advice or counsel. It is also the executive's prerogative to accept or reject advice on these matters.

Commissioners can render extremely valuable advice on a vast variety of problems confronting executives. It is important that both commissioners and executives recognize their specific responsibilities for rendering advice and how each can work most effectively in an advisory role.

Trustee Function

The commissioners function as a trustee for growers, handlers, creditors, contractors, and the general public by assuming responsibility for the effective management of the commission.
The commissioners carry out the trustee function by auditing and appraising the executives' stewardship over resources committed to the commission.

**Perpetuating Function**

The fundamental task of each commissioner is to provide for the continuity of the commission. The commissioners accomplish this by:

1. Making certain that capable executives are continually available to the commission.
2. Selecting effective executives.
3. Guiding these executives.
4. Making certain capable, effective, and qualified commissioners always exist to conduct the affairs of the commission.

In essence, the commission's ability to provide for continuity boils down to its own ability to remain a vital force over time. Its vitality must transcend the lines of growers, handlers, executives, and commissioners.

The board has two primary tasks in this regard: 1. to specify an ideal for the functioning of the commission, and 2. to maintain a commission at this ideal level of performance by transferring knowledge, skills, and attitudes to new commissioners.

The commission keeps the industry tuned to its current and future environment.

Perpetuation does not mean that commissioners perpetuate their own continuance on the commission, but rather, does require a critical periodic appraisal of the commission's performance and outlining requirements for improvement.

**Symbolic Function**

An inescapable and difficult function of the commissioners and a commission is the symbolic one of leadership. Leadership maintains the power system through which an individual or an organization promotes the power to act. By the very nature of the position, commissioners are considered symbols of strength and leadership and capable of motivating people toward the achievement of goals. An important aspect of communication between the commission and executive is the extent to which symbolic behavior can be substituted for force in maintaining the power system. Persuasion takes the place of coercion, even though the commission has authority to take a more drastic action.

The symbolic function goes beyond the commission. It permeates the community, industry, and institutions with which the commission deals. A commissionership is truly a position of honor, responsibility, and trust. It is a position reserved for leaders. Commissioners cannot escape the symbolic function associated with their position and must learn to perform it effectively.
Objectives, Goals, and Policies:

The foundation for any successful organization should be current and well defined objectives, goals, and policies. These should be to the commission what the compass is to the navigator--A basis for charting a course and a means of determining when the commission is off course.

The commissioners have a key role in determining that objectives, goals, and policies are established. This is most often accomplished through team effort with executive management. This is a responsibility that cannot be delegated to others and the ultimate responsibility is directly that of the commission.

New commissioners being assigned to a commission should receive or ask for a copy of the commissioner's handbook which should contain the established objectives, goals, and policies of the commission.

The commission would do well to review and revise the handbook each time a new commissioner is appointed to the commission. In this way, the new commissioner would receive an orientation and start his on-the-job training.

Objectives

Objectives are statements of purpose which define the mission of the commission. Why does the commission exist, and what is it trying to accomplish for the industry.

Objectives are required in every area where performance and results directly and vitally affect the survival and prosperity of the commission.

Objectives in key areas should help to:

1. Record the direction the commission should take.
2. Predict behavior of each unit. (committee)
3. Appraise soundness of decisions when they are being made.
5. Provide a basis for internal control.

Goals

Every business needs attainable goals toward which the resources of the business are directed. A commission is a business, a legal entity, and an organization within an industry. Therefore, it must have objectives and goals. Goals are benchmarks of progress desired. They represent steps in reaching established objectives. Goals are time oriented, and thus one method of exercising control. Objectives, however, are not time oriented.

Goals are derived after objectives have been formulated, and are based on courses of action to be taken in a specific period of time.
For instance, a commission may have or support a labor camp program. This commission could have as one of its objectives the following: Provide enough housing to attract migrant workers to supplement the labor supply for the industry. Goals being time oriented and steps toward the objective could be stated as follows: We will build 25 percent of the needed cabins this year, 35 percent the next and 40 percent the next.

Objectives and goals are an inseparable part of the whole planning process. Plans are sequences of related activities. A group of integrated plans comprise a program. A program, in turn, is used to reach a goal, and goals are steps toward achieving objectives.

### Policies

Every commission needs "line-fences" which serve as guides for decisions. Policies serve as "line-fences" because they give direction to plans, and set up a framework for decision making. We view policies primarily as statements of intent or promises about the commission's philosophy or beliefs on vital issues.

Policies and objectives are closely related. Policies are an effective way of defining boundaries for acceptable action in pursuit of objectives.

The commission may adopt a policy which states, "We believe in truthful, informative, and helpful advertising." This provides a framework for developing an effective and sound advertising program. It alerts those involved in developing advertisements that inaccurate or misleading ads are contrary to commission policy.

Thus, a policy aids in decision making by automatically eliminating any ads which are not within the framework of the commission's policy. An established policy makes it easy for commissioners to say NO to certain pressure programs that may confront them from time to time.

Practices are different from policies. They represent what is actually done, whether or not it is related to long range objectives. Every commission has practices whether or not it has policies. Practices originate from a history of events or a repetition of happenings over time. For instance, the commission may hold its meetings in a different town or city each time it meets or it may hold its meeting in the same town each time it meets. This is a practice rather than a policy because it has nothing to do with the pursuit of objectives. From the commission's viewpoint then, this is a practice and not a policy. However, from the public's viewpoint this commission practice may be viewed as a policy of the commission. So it is well to have all policy statements down in writing to guide the commission and its employees.

### Criteria for Identifying Policies

1. A policy is a statement of the commission's beliefs that is useful in guiding individual and group action to progress toward the desired objectives.
2. Policies are in writing to prevent misinterpretation.
3. Policies are stated broadly. That is, in broad enough terms to prevent the commission from becoming bogged down with details.
4. Policies are inviolate. Policy statements are strong intentions or beliefs of the commission. To be effective, they must be used as line-fences or guides and should not be ignored or disregarded. However, an inviolate policy is not inflexible.
5. Policy formulation takes time and careful thought. Policy should not be based on the present or past, but instead it should be forward looking toward goals and objectives.
6. Policies are long range and long term in duration. They tend to be predictive in nature because they attempt to carry into the future the basic beliefs and intentions of the commission at the time of policy formulation.
7. Policies are adopted by the commissioners. Policies may be formulated and suggested by anyone in the industry, but the approval and adoption of policies rest with the commissioners.

Usefulness of Policies

1. Policies promote continuity in management.
2. Policies facilitate orderly and long-range planning.
3. Policies provide guidelines for applying control measures.
4. Policies assist in coordination.
5. Policies stimulate action.
6. Policies lead to more efficient productivity.
7. Policy formulation is a useful educational process.
8. Policies are a management tool.

Criteria for Separating Commissioners and Executive Decision Areas:

Problems sometimes arise in the management and operation of a commission because a clearcut understanding on areas of responsibility has not been reached between the top executive (administrator or manager) and the commissioners. This section will attempt to point out some of the more common areas in which confusion may exist. An attempt is made to list the more common areas of responsibility and to designate with whom the responsibility for decision or action lies.

The commission is expected to serve as the nerve center from which major decisions are transferred through the executive management to the various operating units (committees, task forces, agencies, or other sub-units of the commission.) This is in contrast to a commissioner's activities in his personal business affairs where he is also the operator or doer.

A commissioner has no executive function in the business organization (commission). Legally, a commissioner has not power except at properly convened commission meetings.
In essence, there is no fine line of distinction between the executive's and the commission's authority for specific action. Cooperation between the executive and the commissioners in working toward common objectives and goals is necessary. The following criteria will help you in separating commissioner and executive decision areas:

Criterion 1

Ultimate accountability to members of the industry is invested in the commissioners, who may subsequently grant certain authority to officers, agents, and employees as permitted by the original petition or referendum for the establishment of the commission and, of course, by the Commission Act itself. The executive, administrator, or manager in turn is accountable to the commission and initiates action within the boundaries of authority granted by the commission.

Criterion 2

The commissioners are primarily concerned with idea decisions while the executive is primarily concerned with action decisions. Idea decisions have to do with goals, objectives, and policies which motivate action.

Criterion 3

Decisions on overall objectives, policies, and goals of the commission are the responsibility of the commissioners.

Criterion 4

Decisions related to how and when objectives, goals, and policies are to be attained are the responsibility of the executive.

Criterion 5

Decisions involving long-range and consequential commitment of resources, which include facilities, finances, or manpower are the commissioner's responsibility.

Criterion 6

Decisions involving intermediate and short-range commitment of resources and the organization and control of these resources are the responsibility of the executive.

Criterion 7

Decisions related to the assurance of capable executive succession by providing for executive depth and training are the commissioner's responsibility.
Criterion 8

Decisions specifying the ideal pattern or model of commission behavior and performance, and for the review of and perpetuation of this ideal through indoctrination and training of commissioners are the commission's responsibility.

Criterion 9

Control over the executive, long-range and substantial financial commitments and financial structure, objectives, policies, public and member relations, and overall performance are decisions for the commission.

Criterion 10

Control over budgets, employees, and office operation is the responsibility of the executive.

Maintaining Effective Commission-Executive Relations:

Commission-executive relationships are often the keys to success or failure. If the commissioners perform their functions well, a coordinated operation should evolve. To achieve this, there must be mutual respect and an adequate basis of evaluating executive performance.

There are four major sources of difficulty in maintaining effective commission-executive team relationships. These are:

1. Inadequate definition of commission and executive roles.
2. Inadequate training and indoctrination of new commissioners, due in part to the lack of an organizational ideal.
3. The tendency of some commissioners to manage operation.
4. Conflicts inherent in the positions held by commissioners and the executive.

Not all conflicts can be avoided, but to understand the specific function and responsibility assigned to each will help some. Developing job descriptions for the commissioners and the executive will help to outline lines of distinction by pointing out the functions and responsibilities of each and, thus, serve to ease future conflicts.

Ex-Officio Members:

The Director of the State Department of Agriculture and the Dean of the School of Agriculture of Oregon State University, or their respective official representatives, shall be members of the commission, without voting rights. In the case of a seafoods commission, the chairman of the Fish Commission of the State of Oregon or his official representative shall also be an ex-officio member of the commission.
without the right to vote. However, ex-officio members have certain responsibilities to the commission; and because of this, commissioners should make use of the ex-officio members when the need arises.

Ex-officio members can be used as technical advisors, consultants on various programs, and in some instances to perform a liaison function between the commission and other state agencies. It is also proper to consider an ex-officio member as a third party who may be called upon to express an unbiased opinion of a professional nature.

Ex-officio members have a moral obligation to offer guidance and counsel on matters of importance in their respective fields, but the responsibility for decisions rests with the commissioners.