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# R: RESILIENCE

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## Introduction

It is argued that cooperative enterprises displayed a degree of resilience during the most recent economic crises. There are many examples where cooperatives from different sectors have proven to be more resilient than conventional companies. Anchored in local communities and guided by their core values and principles, cooperatives have continued to provide livelihoods for communities around the world (Roelants, 2013).

Despite challenges and limitations, co-operatives around the world are gradually growing in number and serving individuals and communities in need of basic services (Francesconi and Ruben, 2008; Francesconi and Wouterse, 2011). Some co-operatives perform better than others and those that do could provide key insights for co-operative resilience. They can also shed light on what might be needed to develop a resilient organizational structure.

It must be noted that the co-operative literature has largely focused on co-operatives in developed countries. In this discussion of resilience, we draw on a systematic review of literature on both developed and developing countries (Borda-Rodriguez and Vicari, 2013) The factors found to be conducive to co-operative resilience were the basis of subsequent research carried out in Malawi.

## Meaning of resilience

At a general level, resilience is the capacity to absorb stresses and shocks and maintain core functions. More specifically it is the ability of actors and organisations to cope with shocks and crises and adapt to new circumstances (Innes and Booher, 2010: 205) while simultaneously taking advantage of opportunities that emerge from shocks and crises (Mamouni Limnios and Mazzarol, 2011; McManus, 2008; Seville, 2009; Seville *et al.*, 2006). Resilience is largely rooted in adaptive capacity, which is the organisation's ability to learn and respond to shocks and crises.



## A framework for resilience

Co-operatives in developing countries are generally more exposed to economic, political, and environmental crises than their counterparts in the developed world (Birchall, 2004). They also face a number of challenges including access to financial capital, national and international commodity markets, and training and capacity building. In these circumstances co-operatives require a resilient organizational structure in order to cope with such challenges while continuing to deliver key services to their members.

Five overlapping and interconnected factors or dimensions have been identified as the most conducive to co-operative resilience: membership rooted in co-operative values, networks, collective skills, innovation, and government support. These factors or dimensions may be present in different degrees and they do not exclude other aspects which might enhance resilience in particular circumstances. However, together they are seen to enhance co-operatives' adaptive capacities.

### Membership

Trained membership inspired by co-operative values is crucial for co-operative resilience because a co-operative organizational structure depends on members' sense of identity, commitment, and cohesion (Birchall, 2011; Mazzarol *et al.*, 2011; Munkner, 2012). In turn, members' loyalty and commitment depend on co-operatives' ability to meet members' needs and demands; for instance, satisfied members tend to be loyal and committed to their respective co-operatives (Birchall, 2012; Munkner, 2012). Trust and reciprocity between members are also conducive to loyalty. Trust is particularly needed when co-operatives experience financial instability (i.e. insufficient market demand, low prices). Trust also reinforces norms of generalised reciprocity, which is important in monitoring and sanctioning members who do not participate or do not willingly contribute to the development of the co-operative (Pelling and High, 2005).

### Collective skills

Collective skills are the abilities and capacities developed by members who learn from each other through participation in the activities of the co-operative and from external actors (Busemeyer and Trampusch, 2012).



Lack of skills and education has been identified as undermining co-operative performance (Bernard *et al.*, 2008; Francesconi and Heerink, 2010). Social learning and collective skills are seen as necessary for co-operative resilience because they provide members with a common background with respect to processes and activities within the co-operative. This common background can be the ability to use tools or the capacity to perform a production process. When members share a background, information and knowledge can be effectively communicated and translated into action which in turn contributes to the development of a resilient structure. Reflection and questioning is critical for an effective learning process as it enables co-operative members to improve their actions by envisaging innovative ways to address and deal with challenges and limitations (Busemeyer and Trampusch, 2012). In some instances in low income countries such collective skills can be facilitated by development-aid agencies and international organisations that provide capacity building services, as well as by co-operative Unions and Apex organisations.

## Networks

The ability to establish networks both among co-operatives themselves and with external actors is a crucial factor for co-operatives' success (Gouet and Van Paassen, 2012; Hartley, 2012; Menzani and Zamagni, 2010). Here, the proactive agency of co-operative leaders is important as they are the agents who can facilitate access to resources and knowledge (Munkner, 2012; Simmons and Birchall, 2008).

Support of external agents (such as NGOs, private extension firms, etc.) also provides vital support. As Berdegué and Sacristan (2001: vii) argue, external agents 'provide road maps for collective action, access to information, expertise and financial resources'. In the same way, Munkner (2012: 54) stresses the importance of 'knowledge sharing' among local co-operators and external actors in order to spread new knowledge and enable members 'to have a better understanding of the causes and effects of change, of the ways and means to cope with changes, of better use of available resources and how to mobilise additional resources'. Co-operative networks can help to minimise risks and improve co-operatives' marketing and bargaining power, their capacity to offer services to their members, as well as to more effectively lobby with governments (Simmons and Birchall, 2008; Gouet and Van Paassen, 2012).



## Innovation

Resilient co-operatives are innovative enterprises, able to improve their technological and economic performance. They are equally able to develop social innovations which are based on new combinations or new configurations of social practices that aim to better satisfy and meet the needs and problems co-operative members (Howaldt *et al.*, 2010). In a nutshell, co-operative innovation relies on the organisations' ability to develop adaptive capacities. Innovation in the co-operative context also involves a continual matching process between technological and organizational practices of the innovator, and is generally driven by market forces (Garcia and Calantone, 2002), institutional incentives (Pavitt, 2003), scientific knowledge, and technological opportunities (Nathan, 1982). However, it must be noted that co-operative innovation is different from innovation in a private enterprise in so far as the former form of innovation is rooted and embedded in co-operative values and principles whereas the latter is not.

Innovation can be developed as a result of participation in value chains and access to credit (i.e. loans) and competitive commodity prices in the market (Elliot, 2008; Haggblade, Reardon and Hyman, 2007). Co-operatives that participate in value chains are able to generate profit and upgrade different parts of their production process and marketing (Kaplinsky and Morris, 2001, 2008). By actively participating in value chains, co-operatives have the opportunity to interact with experienced and successful actors in national and international markets. However, the extent to which co-operatives benefit also depends on the role they play within a value chain. Innovation therefore requires the interaction of a number of actors (i.e. government, private companies, and development agents). Many co-operatives and co-operative unions in countries such as Uganda, Kenya, Ghana, and South Africa have operated in similar terms by improving product standards and inserting themselves into supply chains that have enhanced their levels of profitability as well as promoting further product innovation (*ibid.*).

## Role of the government

Co-operatives require adequate government support in order to flourish. Government support can assume the form of small grants, enabling policy frameworks, and policy regulation. It is broadly acknowledged (Birchall, 2003, 2004; FAO, 1996) that governments in developing



countries have struggled to empower co-operative members and support co-operative enterprises. The current literature highlights the need for governments to provide and foster an ‘enabling environment’ and comply with ILO recommendation 193 that provides a policy and organizational framework for co-operatives. According to Munkner (2012: 44), some of the factors that can trigger an enabling environment include: an economic, political and legal system that recognizes co-operatives as autonomous private member-owned forms of business; a co-operative development policy, drawn up in the spirit of internationally identified guidelines (ILO, 2002; UN, 2001); an infrastructure environment which facilitates co-operative activities (i.e. communications, transport and logistics, and information and extension services).

### **A general application of resilience**

These five dimensions are interdependent in so far as they build upon each other. For example, from research in Uganda and Malawi (see Borda-Rodríguez and Vicari 2013, 2014) we found that co-operative resilience in both countries does not only mean the development of capacities to cope with risks and shocks, but also to use crises as opportunities to enact innovation. On the one hand, the Ugandan co-operative movement has learnt from its past mistakes and failures and developed an innovative co-operative movement rooted in the five dimensions discussed above. On the other hand, the Malawian co-operative movement was also able to develop a resilient structure on the basis of the five dimensions discussed above. In particular, the Malawian co-operative unions have embraced a reflective attitude towards their own performance and limitations. This process is a fundamental factor as it enables co-operatives to identify key weaknesses and develop strategies and social and technological forms of innovation to deal with them. Reflective behaviour is a fundamental block of resilience and yet it is not sufficient. It needs to be complemented by factors that are conducive to resilience and some have been discussed here.

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