

The Organization of Cooperation

- some lessons -

Presentation for

“Harnessing the Cooperative Advantage to Build a Better World”

Global Forum and Workshop on Cooperatives

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The Organization of Cooperation

*Assignment: Borrow from a neighboring research area
Point out activities necessary for harnessing the c.a.*

*Structure: Cooperative advantage
Results from the research area of “the organization of cooperation“
Lessons for cooperators and decision makers*



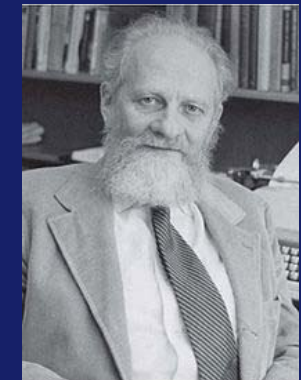
I. Problems- *a power view*

Resource access: Game theorists as well as experimental economists demonstrate that the awareness of dealing with an – in terms of resources – ‘access-stronger’ actor leads to a lack of trust and reduction of actors’ individual claims in bargaining (Knight 1992). *-CP, the weak and vulnerable achieve comparatively less when using the same market mechanism than the better off (static)...-*



Marginalization: Social structures influence the way people learn, raise claims against others and adjust own expectations in a way that does not harm (their) personal self-esteem (Blau 1964: 204-205).

*Structural differences affect the way people learn and adjust (dynamic)
-people compare themselves with people like themselves-*



Blau, Peter 1964 . "Exchange and Power in Social Life". 1st. 1. New York: John Wiley and Sons.

Knight, Jack 1992: Property Rights and Social Conflict



II. Claims to Cooperative Advantages

Access to services and social inclusion: Access for their members to important services and counteract social exclusion

Vertical integration: Elimination of unbalanced market exchange (hold-up) and substitution within the boundaries of the firm. Democratic organization of the take over of the middle man, the processor, the coffee board, etc) by member patrons.

Scale economies, yardstick competition, countervailing power. Sizeable cooperatives manage to pursue cost leadership and signal fair producer prices to other actors (IoFs) in the sector which follow.

Risk and uncertainty: Buffer against fluctuations, warehouse systems, access to information and services

and the list is much longer than this, coops f.e., enable learning, network with coops, protect minorities, are gender mainstreamed, etc.

BUT what are the prerequisites to make these claims a reality?



...and pot-holes in the process

Mismanagement/ management shirking

Free riding, horizon, portfolio problems of members over time

Donor finance and the Samaritan`s dilemma

Instability and armed conflicts

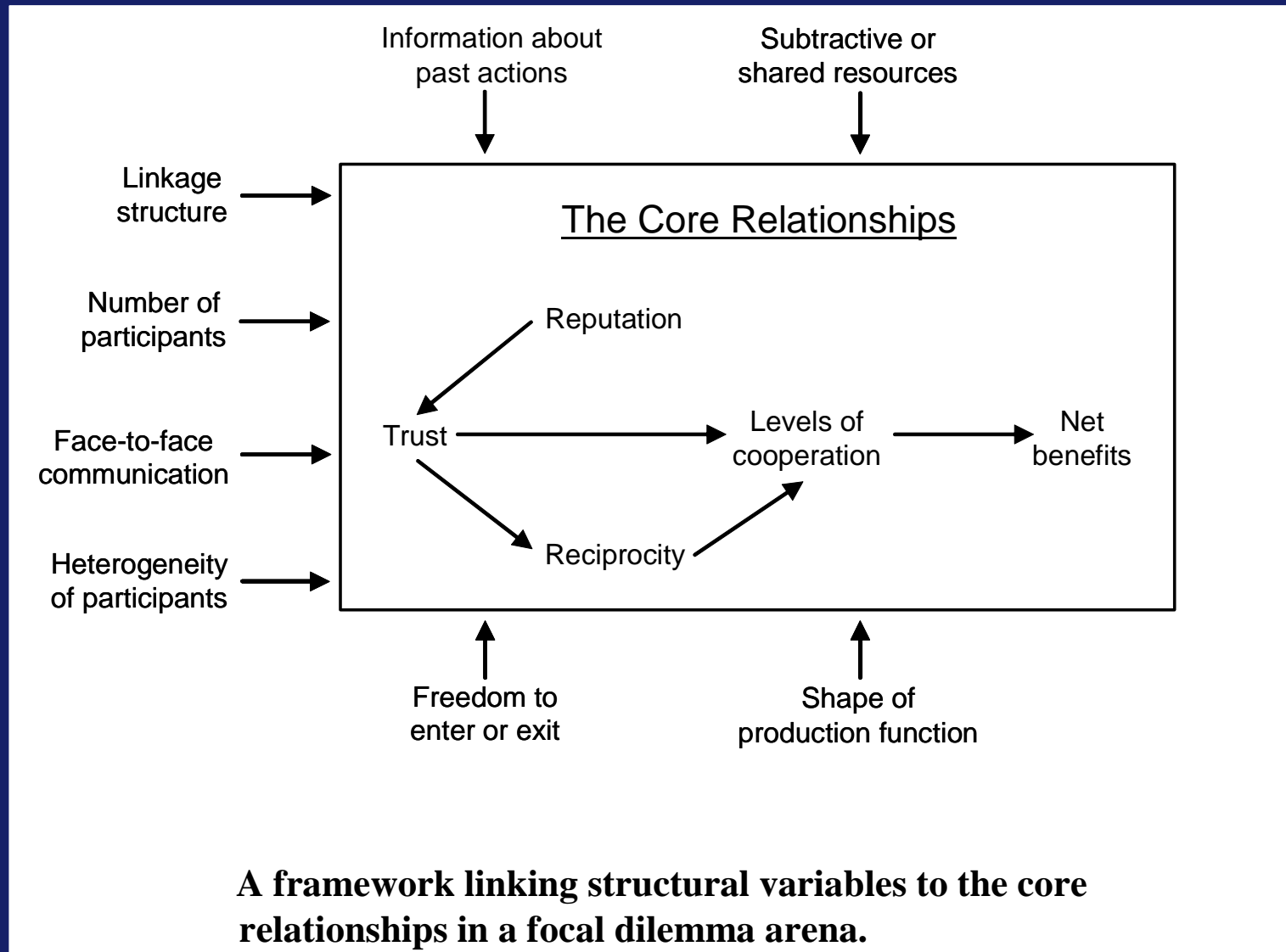
Elite capture

Political intervention/interference

So what is the core mechanism of the cooperative and what are effective variables?



II. The Organization of Cooperation



Analyzing cooperative action (Ostrom 2006)

III. Rules from the field (Ostrom 2008)

Define clear group boundaries.

Match rules governing use of common goods to local needs and conditions.

Ensure that those affected by the rules can participate in modifying the rules.

Make sure the rulemaking rights of community members are respected by outside authorities.

Develop a system, carried out by community members, for monitoring members' behavior.

Use graduated sanctions for rule violators.

Provide accessible, low-cost means for dispute resolution.

Build responsibility for governing the common resource in nested tiers from the lowest level up to the entire interconnected system.



IV. Some lessons from “The Organization of Cooperation”

Collaboration is the result of balancing contextual and individual attributes.

Whether people collaborate or not depends on how well they can establish a mutual relationship of trust and reciprocity.

Interestingly, Ostrom’s rules by large mirror established cooperative values like self-help, member participation, independence, self-responsibility, care for the community and multi-tier governance.

But harnessing the cooperative advantage may also require:

- A clear local commitment of policy makers and authorities
- Responsibility from several different levels for the cooperative outcomes
- A monitoring system
- A low cost conflict resolution mechanism in times of dispute
- A clearly defined system of sanctions for violators
- That members make and can change their rules



Finally...

Cooperatives may provide answers to marginalization and problems of social structure by pooling people with similar endowments and origin and providing the grounds for the establishment of relations of trust and mutuality.

However, the realization of cooperative advantage depends on many different contextual variables.

Lessons from the organization of cooperation remind us that there is no magic recipe. Though this may frustrate decision makers, policies in support of cooperatives have to be individually designed and applied. Meanwhile there remains an important interdisciplinary task for researchers and fieldworkers to be done. They have to methodologically bring forward the impact analysis of cooperative organizations.



Thank you!

