

## **Current state of co-operative research in Asia and future strategies**

Akira Kurimoto  
Director, CCIJ

### **1. Current state of co-operative research in Asian Region**

#### **1-1. State of co-operative research at national and local levels**

The co-operative researches have been conducted in universities, institutes and co-op organizations. Generally researchers had been isolated and sporadic in each country and in the region while collaboration between co-operative organizations and researchers had been weak. In such countries such as India, Japan and Korea national societies for co-operative studies were organized to coordinate research efforts but their focus had been mostly domestic and there is little exchange among them except for Japan and Korea. The agricultural economics had been the predominant discipline since most of the region had been relied on agriculture, but the industrialization needed to involve other disciplines such as management and marketing, sociology, history, finance and so on in co-operative research.

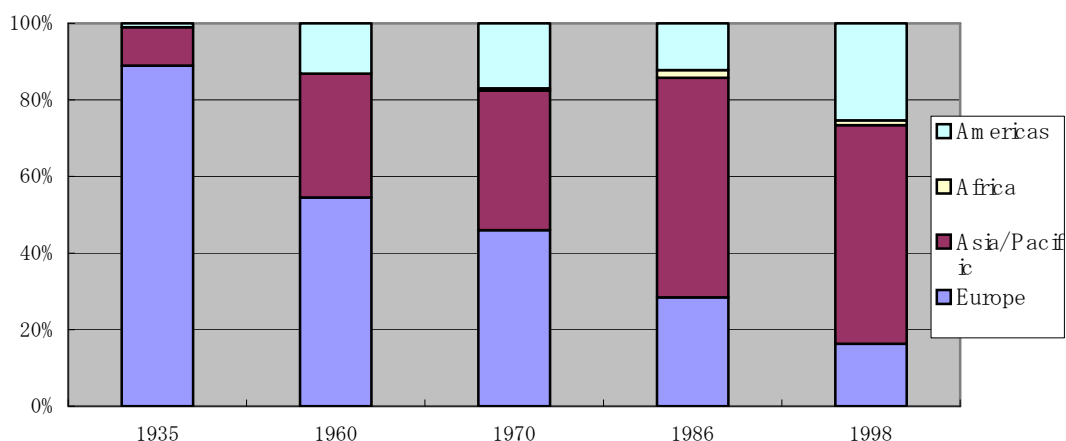
In Japan, there are co-operative institutes established and funded by co-operative federations and primary co-ops; 11 at national level and dozens at local level. There is little coordination among them except for among some sectoral organizations. There are no co-operative contents in school education while co-operative courses at universities are shrinking mainly due to the downsizing agriculture. The Japanese Society for Co-operative Studies (JSCS) was set up in 1980 to promote interdisciplinary and transversal researches on co-operatives, involving both co-operators and researchers. But its membership has declined from 800 to 600 since it could not attract younger generation in comparison with the newly born nonprofit studies.

In Korea, co-operative institutes were set up by sectoral organizations but their horizontal co-operation is rather weak. The Korean Society of Co-operative Studies (KSCS) was set up following the Japanese counterpart, but its membership is predominantly agricultural co-operatives and related researchers. There is a growing interests in credit and consumer co-ops, social enterprises.

## 1-2. Asian co-op's development models to be researched

The ICA Asia and Pacific serves 71 national level member organizations and one international organization in 25 countries in this vast and diverse region. Asian co-ops' proportion in the ICA membership has increased from 10% in 1935 to 57% in 1998 (See Figure 1). Among the individual members of the ICA (800 million), India and China have the largest membership; 183 and 160 million respectively.

**Figure 1. Co-operatives and continents (% of ICA Membership)**



In the colonial period, the Asian co-ops had been created by imperial regimes through top-down legislations such as the Indian Co-operative Credit Societies Act of 1904 and promoted as an engine for socio-economic development by newly independent states. But since then they have evolved and developed unique development models that can be emulated in this and other regions.

Multipurpose agricultural co-ops (Japan and Korea) provide members with functions that cover all aspects of farmer's life; from supply and marketing to credit and insurance, from hospitals and clinics to nursing homes and funeral services, from housing and property management to filling stations and propane gas supply etc. This is in contrast to the single function co-ops prevalent elsewhere. This model has been conducive to promote rural development through providing infrastructure for agriculture and farmer's daily life, but could not solve the structural problems of increasing deficits in economic functions offset by surpluses in financial ones. Now this model is being challenged by the

regulatory bodies and competitors; the financial and economic functions were separated in Korea.

Dairy co-ops present the most successful model with varied structures. Fonterra in New Zealand is the largest exporter of dairy products in the world, and consists of entrepreneurial large farms with hundreds of cattle. On the other hand, Amul dairy co-ops in India represent a model to the development program termed the 'white revolution' since 1965 that accomplished the economy of scale by collecting milk from hundreds of thousand small farmers breeding a few cattle and thus contributing to the enhanced living standard. Highly integrated in village, district and state levels, and under the members' control, they have proved the worth of a system, which offers every necessary service to small farmers.

Consumer co-ops had been hampered by bureaucratic control but created a model of co-operative development. The joint buying or home delivery to Han groups (consisting of 5-6 members in the neighborhood) had been established as a successful business model in Japan and Korea combining business efficiency and member participation. It introduced a number of innovations such as computer-read order sheets and settlement through member's bank accounts to reduce chores. It is successfully evolving to the delivery to each household to cope with the increasing individualism. Fair Price Co-op in Singapore has been successful in development of supermarkets and secured a dominant position in food retailing. This model is being emulated by Saigon Co-op in Vietnam.

Credit unions and co-op banks are also proliferating in Korea, Philippines, Malaysia, Thailand, India, Sri Lanka, Australia etc. serving to the population who are otherwise financially excluded. They are providing workers, farmers and SMEs with low interest loans to help them to undertake economic activities based on "common bonds". They are operating micro credit in much larger scale than the famous Grameen Bank.

University co-ops in Asia present a unique model of development. They are prevalent in Japan, Korea, Philippines, Vietnam, Thailand, Malaysia, Singapore, India etc. They provide both faculty members and students with meals, appliances, books and credit/insurance while students are not allowed membership in many countries. They are playing a part in supporting campus communities while they are encouraged to involve students as full-fledged members as in case of Japan. In addition, their role of supplying leaders to many types of co-ops is being highlighted.

Health co-ops are organized by consumers (Japan, Korea, the Philippines, and Singapore) and/or professionals (Mongolia, Malaysia, India, Sri Lanka and Nepal) . They are playing a vital role in delivering health services at hospitals and clinics and related social services in the different socio-economic and institutional settings. They proved to be the effective providers of the indispensable health services, which were otherwise not accessible to the local residents. They place greater emphasis on health promotion by combining consumer's learning activities and professional's help.

Women's co-ops are often organized exclusively by women to empower female leaders in Korea, Malaysia, India, Iran etc. The reasons to form women's only co-ops are varied; to avoid male domination in the mixed membership, to conform to the religious norm of gender segregation or to promote feminist cause. Youth co-ops are the latest development in the Philippines etc.

### **1-3. International development policies and needs of researches**

The Co-operative Development Programs had been coordinated by the ICA AP since the 1960's with the generous financial assistance from the SIDA. Later other international aid was added by ILO, CIDA, CCA, DID, JICA and others. The Japanese co-operative organizations also promoted the international development; IDACA had been engaged in the development of agricultural sector using the Japanese ODAs since 1963 while the Asian Co-operation Fund was set up by the JCCU to assist consumer sector as well as women and youth participation using its own fund since 1987. Recently the NACF (Korea), SNCF (Singapore) and IFFCO (India) joined the international co-operative development programs as donors while other countries remained to be recipients of foreign aids.

The international development policies have hitherto focused on some fundamental topics; co-operative law reforms, improved governance and management, women and youth participation in co-operatives and so on. But they are not necessarily connected with results of co-operative researches, which are not well organized.

The globalization and deregulation has given unprecedented impact to the development policies for agricultural co-ops since the late 1980s that have been placed under pressure from the lowering trade barriers and increased competition from foreign food imports. They have been exposed to the

competition in the domestic markets as well and lost monopoly or dominant position through a number of deregulation measures. They have faced government's structural adjustment policy (SAP) urging the withdrawal of public subsidies and preferential treatment for them although governments did not necessarily give up control on co-ops. To cope with such situation and facilitate the necessary changes in the co-operative legislation and policy, the ICA Asia & Pacific convened biennial Co-operative Ministers Conferences (CMC) since 1990 while the UN's Co-operative Guidelines in 2001 and ILO's new Recommendation 193 on Promotion of Co-operatives in 2002 set out for the government's co-operative policy to promote the co-operative autonomy and forge equal partnership. But the state withdrawal from control is occurring at different rates in different places. The ICA's critical studies on co-operative legislation and policy reforms revealed that the progress on implementation of the CMC resolutions was rather slow and needed to gather momentum in many countries while government's control over co-ops continued and are still prevalent in some countries and place them at a disadvantageous position in comparison with the private sector.

In contrast the governments have shown much smaller attention to urban consumer co-ops or financial co-ops although the registrars had exercised their dictating powers on them. In consumer sector the development has been very slow except for Japan and Singapore. It has been attributable to their small size, weak member participation, shortage of capital, lack of managerial capacity and effective federative system. In some countries the shift from regulation to market economy brought both threats and chances; the Indian consumer co-ops faced stiff competition after losing monopoly in trading basic commodities while Saigon Co-op established itself as a major supermarket chains in the last decade. In financial sector, co-operative banks and credit unions in many countries provide financial services to members ranging from micro credit at grassroots to full-fledged banking services through regional and national networks.

There is strong need to make an in-depth studies to analyze what the impediments are placing obstacles to the co-operative development, what factors are attributable to the success in one place or failure in another, how to improve the institutional framework and help capacity building and so on. It is also necessary to connect with results of co-operative researches with the international development policies.

#### **1-4. Asian network of co-op researchers**

In view of the state of research in Asian region, there was an urgent need to strengthen a regional and international network among co-op researchers. Together with Mr. Madhav Madane, then Chairperson of the Indian Society for Co-op Studies, I took an initiative to create the Asian Co-op Research Network in 1998. Mr. Madane took the chairmanship for a decade. Since 2000, we have convened the biennial Asian Co-op Research Conferences on the occasion of the ICA AP Regional Assemblies. Some scholarships were provided to the authors of distinguished papers by CCIJ, and then by IFFCO. The accepted papers were presented by researchers while there are many co-op leaders among audience. In 2008, the Constitution of the ICA AP Research Committee was officially endorsed as a thematic committee with Dr. G.K Saxena of IFFCO elected as a new chair.

The following is the year, venue and main themes of conferences;

1st conference (2000 in Singapore): “How to operationalize the Co-operative Principles”, “Co-operative response to the present and future challenges in the changing environment”

2nd conference (2003 in Cebu, Philippines): “Impact of globalization to co-op development”, “Gender integration in co-op activities”

3rd conference (2004 in Chiang Mai, Thailand): “Widening the areas and scope of co-operative action”, “Co-operative governance and globalization”, “Role and dynamics of women’s co-ops”

4th conference (2006 in Colombo): “Natural disasters and rehabilitation in community through co-op initiatives”, “The role of co-op leadership in preservation of co-operative identity”

5th conference (2008 in Hanoi): “Strengthening co-operative advantage under the competitive environment”

Seminar (2009 in Gurgaon, India): “A better business model: Emerging opportunities”

6th conference (2010 in Beijing): “Innovation and expansion: the opportunity for co-operatives to grow”

As easily seen, the conference reflected upon the most pressing issues of the time. For example, 4th Conference discussed on co-operative efforts to rehabilitate people’s life and communities after the Indian Ocean quake and

tsunami in 2004. The papers were exhibited on the website or published in booklets. Now we plan to hold its 7th conference in Kobe in November 2012 to dedicate to the cause of the IYC and to reflect upon co-op's efforts to cope with the economic crisis and natural disasters.

The Asian network of co-operative researchers is conducted in English and so far dominated by the Indian researchers while other nations tend to hesitate participation due to language barrier. In addition, its impact to regional as well as global co-operative movement seems to be limited. It is imperative to develop national/regional networks to contribute to the global co-operative movement

## **2. Strategies to promote effective co-operative research for IYC and beyond**

### **2-1. Research on institutional framework**

Creating institutional framework supportive to the co-operative development is of urgent necessity. The ICA AP published recommendations to improve legal/administrative frameworks in biennial ministerial conferences and conducted "Critical Studies on Co-operative Legislation and Policy Reforms" in 1997, 2002 and 2004. In order to make the effective comparative research we need comprehensive database. In this field, we need to learn from the European co-op's efforts to compile data (e.g. French Higher Council for Co-operation's "Co-operative movements in the European Union" in 2000 and EURICSE's "Study on the implementation of Regulation on the Statute for European Co-operative Society" in 2010).

### **2-2. Measurement of the economic impact of co-ops**

To measure the economic impact of co-ops, it is necessary for each country to compile comprehensive national statistics. Then we can move to the Satellite Accounts of Co-operatives in the SNA. In this field we have to learn the precedence of UN Handbook for Non-profit Institutions in 2003. The European Union sponsored a research to create a Satellite Account of co-ops/mutual and published a Manual in 2006. The USDA funded a research to compile statistical data of all types of co-ops and the Wisconsin University published the report titled "Economic Impact of Cooperatives" in 2008. The Canadian

Government allocated CAD 16 million for the Canadian Social Economy Research Partnership (CSERP) during 2006-2010 in which 300 researchers, co-operative and community development leaders had joined in the collaborative efforts to promote the idea of social economy in which co-ops should play a leading role..

### **2-3. Assessment of the social impact of co-ops**

To make the proper assessment on the social impact of co-ops, we need to develop methodologies to gauge both quantitative and qualitative aspects of co-operative activities. Social/environmental audit is to be applied to evaluate co-op's performance. Case studies of best practices in co-ops from economic/social/environmental aspects should be collected and compiled in the database that is easily accessible by all concerned.

### **2-4 Infrastructures for co-op information and education**

There is of urgent necessity to build the infrastructures for co-op information and education. In this regard, the ILO's MATCOM project provided materials for co-op education and training in the 1970's but then discontinued. The ICA HRD Committee called to establish the International Learning Center (ILC) but after trials at the UK Co-op College and then the University of Victoria (Canada) there are no follow-up actions due to the lack of financial support from co-operative movement. Today the master courses on co-operative management for distance learning are conducted by Leicester University (UK) and St. Mary University (Canada). Given the importance of co-op information and education, co-operative colleges and training facilities operating in many Asian countries need to strengthen collaboration among them.

### **Conclusion**

As shown, the current state of co-operative researches lags behind the advanced researches in Europe and North America and we are still to learn from outside the region. But we need to strengthen the co-operative research as a whole since we are facing same kinds of challenges in the new environment. For instance, we have to solve questions on how to cope with globalization



(completion with multinationals, liberalization and deregulation, financial crisis etc), degraded environment (global warming, deforestation, desertification, food/energy security), natural disasters (earthquake, tsunami, hurricane etc.), ethnic and religious conflicts, ageing population, isolated communities and so on. We are also requested to solve the perpetual questions on how to strengthen co-operative identity, improve governance and professional management, promote member participation and co-op education, and so on. Co-operative research is expected to make tangible contribution to sustainable development of co-operatives and communities.

## References

- Alagappa, M. ed., *Civil Society and Political Change in Asia*, Stanford University Press, Stanford, 2004
- Birchall, J. *The International Co-operative Movement*, Manchester University Press, Manchester, 1997
- Hasan, S. and Lyons, M. eds., *Social Capital in Asian Sustainable Development Management*, Nova Science Publishers, Inc. New York, 2004
- Kurimoto, A. "The Social Economy in Communities: an Asian View", a paper presented at the 1st CIRIEC Conference on Social Economy, Victoria, 2007
- \_\_\_\_\_ "Co-operatives in Asia-Pacific - an Introspective View", a paper to the 2<sup>nd</sup> ICA AP Co-operative Forum on Co-operatives: Past 10 years and 10 years ahead, Cebu, 2003
- Prabhu, P.V. *Third Critical Studies on Co-operative Legislation and Policy Reforms*, ICA ROAP, New Delhi, 2004
- Prestowitz, C. *Three Billion New Capitalist: The Great Shift of Wealth and Power to the East*, Basic Books, 2005
- Schwarz, F.J.. and Pharr, S.J.. (ed.), *The State of Civil Society in Japan*, Cambridge University Press, Cambridge, 2003
- Schak, D.C. and Hudson, W. (ed.), *Civil Society in Asia*, Ashgate, Hampshire, 2003
- Taimuni, K.K., *Cooperatives in Asia*, ILO, Geneva, 2001