TOTAL ECONOMIC RECOVERY THROUGH CO-OPERATIVE SUSTAINABILITY

[1]Agbasi Obianuju Emmanuela Ph.D and [2]Onoh, Felix, Ph.D
Department of Cooperative Economics & Management,
Nnamdi Azikiwe University, Awka.
2 oe.agbasi@unizik.edu.ng
Department of Cooperative Economics and Management, Institute of Management and Technology, IMT, Enugu

Abstract
This paper evaluates total economic recovery through cooperative sustainability. The aim is to investigate the ways in which cooperatives can act as agents towards sustainable community development. The paper is a descriptive survey, which involves the collection of data for the purpose of describing the role of cooperative societies in economic development. The paper posits that for over 160 years now cooperatives have been an effective way for people to exert control over their economic livelihoods as they play an increasingly important role in facilitating job creation, economic growth and social development. The paper concludes that to be effective and successful, cooperatives must continuously achieve two inter-related goals: enhance viability and improve ability to service its members; and remain an economically viable, innovative and competitive enterprise. The study recommends that government should give maximum financial and non-financial supports to cooperative societies to enhance sustainability.
Keywords: *Cooperative, Sustainability, Economic, Recovery, Development.*

Introduction

Currently, in this era when many people feel incapable to change their lives, cooperatives represent a strong, vibrant, and viable economic alternative. Cooperatives are enterprises created by and for people to serve their members' economic and social needs. Based on values such as self-help, democracy, equality, and solidarity, and guided by principles inspired by those values, cooperatives focus on long-term goals for the greater good, rather than short-term profits for a few. Through a cooperative, disadvantaged people can create their own economic opportunities, participate in decision-making processes that concern them, and turn individual risk into collective risk (Abell, 2021).

As governments around the world cut services and withdraw from regulating markets, cooperatives are being considered useful mechanisms to manage risk for members in Agricultural or other similar cooperatives, help salary/wage earners save for the future through a soft-felt monthly contribution that is deducted from source, own what might be difficult for individuals to own by their efforts, strengthen the communities in which they operate through job provision and payment of local taxes. Cooperatives generally provide an economic boost to the community as well.
Incidentally, cooperative despite its old age is not very popular in Nigeria. Only recently worker cooperatives started gaining ground among working class citizens, most of who find it difficult to save part of their salaries/wages for the rainy day.

Hitherto, cooperative societies were thought to be associations meant only for farmers, small traders and other very low-income earners. This explains why quite a number of cooperative farmers are found, particularly in southern Nigeria (Encarta, 2015).
The problem is that many people do not know much about cooperative, its mechanisms and role in economic development, and how it is considered in the world as a *Third Force*, an alternative and countervailing power to both big business and big government.

Cooperatives operate very much like other businesses. They must serve a market efficiently and effectively, they must be well managed, and they must survive financially. However, there are important distinctions that make cooperatives unique. Birchall (2021) examines the difference between cooperatives and other businesses in relation to three main groups of people responsible for bringing them into existence and keeping them in operation. The three groups are: the persons who own them (the shareholders, the investors), the persons who control them (the effective decision makers) and the persons who use them (the customers). According to him, in typical capitalist business, especially large enterprise and multinational corporations, these three are separate and distinct groups. In small private business the situation is generally much better because of the close connection between shareholders (investors) and control. In a small retail business, for example, the first two components are often identical. But still the users, the customers, are a separate group. In a cooperative, all three come together to form a unity; those who own, those who control, and those who use are one.

Concept of Cooperative and Economic Recovery
Birchall (2020) defines co-operatives as "an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically-controlled enterprise". They are governed by a set of principles including voluntary and open membership, democratic member control, economic participation on the basis of membership rather than size of investment, autonomy and independence, a commitment to the education and training of their members, a commitment to co-operative with other co-operatives and a responsibility for the wider community. Behind these principles are values such as self-help, equity, democracy, equality among members, and solidarity (Birchall, 2020).
Co-operatives are not a panacea to solve all the ill-effects of global capitalism; however, co-operative model offers a structure of governance that is better suited to an economy that aims for sustainable wellbeing and prosperity rather than growth for growth's sake.

The market economy model implies that society is best off when firms maximise profits, thus contributing to economic growth. As we have already seen, there are plenty of reasons why we should not expect the pursuit of economic growth to lead in any straightforward way to greater human wellbeing. We need to move towards an economy in which broader measures of social progress and benefit are considered, and co-operatives enable exactly this.

The Role of Cooperatives in Economic Development
Cooperatives are community-based, rooted in democracy, flexible, and have participatory involvement, which makes them well suited for economic development

(Gertler, 2014). The process of developing and sustaining a cooperative involves the processes of developing and promoting community spirit, identity and social organisation as cooperatives play an increasingly important role worldwide in poverty reduction, facilitating job creation, economic growth and social development (Gibson, 2015).
Cooperatives are viewed as important tools for improving the living and working conditions of both women and men. Since the users of the services they provide owned them, cooperatives make decisions that balance the need for profitability with the welfare of their members and the community, which they serve. As cooperatives foster economies of scope and scale, they increase the bargaining power of their members providing them, among others benefits, higher income and social protection.

Hence, cooperatives accord members opportunity, protection and empowerment - essential elements in uplifting them from degradation and poverty (Somavia, 2002).
As governments around the world cut services and withdraw from regulating markets, cooperatives are being considered useful mechanisms to manage risk for members and keep markets efficient (Henehan, 1997).

In a number of ways, cooperatives play important role in global and national economic and social development. With regard to economic and social development, cooperatives promote the "fullest participation of all people" and facilitate a more equitable distribution of the benefits of globalization. They contribute to sustainable human development and have an important role to play in combating social exclusion.

Thus the promotion of cooperatives should be considered as one of the pillars of national and international economic and social development (Crane and Matten, 2017).
In addition to the direct benefits they provide to members, cooperatives strengthen the communities in which they operate. According to Somavia (2002) cooperatives are specifically seen as significant tools for the creation of decent jobs and for the mobilization of resources for income generation. Many cooperatives provide jobs and pay local taxes because they operate in specific geographical regions. According to Wikipedia (2006) and Levin (2002) it is estimated that cooperatives employ more than 100 million men and women worldwide.

In Nigeria, cooperatives can provide locally needed services, employment, circulate money locally and contribute to a sense of community or social cohesion. They can provide their employees with the opportunities to upgrade their skills through workshops and courses and offer youth in their base communities short and long-term employment positions. Students could also be employed on casual-appointment basis during long vacations. Through these, cooperatives will contribute to economic development.

Cooperative Sustainability

Sustainability means meeting our needs without compromising the ability of future generations to respond to their needs (Kuhlman and Farrington, 2010). The concept of cooperative sustainable includes narrowing the gaps between rich and developing countries because of these deficiencies or weaknesses if not reduced or closed will cause more problems in the society instead of leading to economic development in a country. Achieving cooperative sustainability in Nigeria is to establish an economy that is viable,

environmentally sound and socially responsible. The concept of cooperative sustainability has been there for years, and it was initially seen as an operational concern, consisting of mostly defensive efforts to reduce poverty and cut waste (Yvonet al., 2011).

Effect of Cooperative on Poverty Alleviation

Co-operatives are structured so as to serve the needs of their members, not just to return profits to them. In effect, the economic relationship between a consumer co-op and its members is different from that of are tailer and a consumer; and the relationship between a worker co-op and a worker-member is different from that of a firm to its employees. As Arild Vatn and others have shown (Vatn, 2006), the contexts with which one engages people affects their preferences -we are only self-interested rational economic profit maximises if we are engaged in contexts where that is the expected behaviour. In a co-operative, the motivations are often broader.

Co-operatives exist to benefit their members, with 'benefit' being widely defined. In some cases, it may mean providing work; in others it may be providing a service or good that doesn't otherwise exist and in others it may be providing the best possible price for its members needs or goods. This broad definition stands in stark contrast to publicly traded corporations; the purpose of co-operatives cannot be distilled into a single end (i.e. the maximisation profit). Crane and Matten (2017) provide concrete examples of different purposes of co-operatives:

- Retail co-operatives are set up to meet retailing needs: e.g. in remote parts of Nigeria consumers founded the multipurpose cooperative societies to provide them with shopping facilities. Also most banks were initially founded to supply its members with capital.
- Producer co-operatives are set up to meet production need: e.g. many agricultural co-operatives were founded to share tools, supplies, and know how.
- Purchasing co-operatives were set up to meet buying needs: e.g. These are co-operative of small companies in the roof-laying industry that use co-operation to increase purchasing power.

Theoretical Framework

This study is anchored on the "Collective Action Theory".

Marshall (1988) defined collective action as an action taken by a group (either directly or on its behalf through an organization) in pursuit of members' perceived shared interests. Members can contribute in various ways to achieve the shared goal: money, labour or in-kind contributions (food, wood). The action can take place directly by members of a group, or on their behalf by a representative or even employee. The coordination can take place through a formal organization, through an informal organization, or, in some cases, through spontaneous action. Thus, an organization may contribute to collective action, but the two concepts are not the same. In the context of natural resource management, the collective action of deciding on and observing rules for use or non-use of a resource can take place through common property regimes or by coordinating activities across individual farms. Three major tenets of collection action are that (1) It requires the involvement of a group of people; (2) it requires a shared

interest within the group; and (3) it involves some kind of common action which works in pursuit of that shared interest.

- The nature of cooperative society is easily explained by the social action theory. Cooperatives are made up of individual who through a combination of resources are able to confront and overcome several socio-economic challenges confronting them. Putnam's (2016) three components of social action as explained above appears to be the essential values on which cooperative societies thrive on and which to a large extent determine their success. Clearly, the collective action theory is relevant to this study since it enhances our understanding of the cooperative as a self-help organization that depends on member contribution, commitment and participation for its success.

Empirical Review

Effiom 2014 investigated the Impact of Cooperative Societies in National Development and the Nigerian Economy with the aim of examining the social and economic impact of cooperative societies in Nigeria and to investigate into their origin, history, formation and development. Also to be examined is their impact in our rural communities, especially in the grass root, urban and national development. It has been argued that commercial financial institutions such as banks and insurance companies could play greater roles in the advancement of rural development than the cooperative societies. This is so because of the enormous contribution of these financial houses to the rapid, social and economic development of the people, and urbanization. The paper further reviews the various obstacles and challenges confronting the effective performance of cooperative societies in Nigeria, and proffer ways of forestalling these problems. The paper is of the view that as many as these societies may be in form, formation and groups, with their various tags, aims and objectives, government should aid and encourage these organizations to enable them stand and perform effectively since they are all contributed to factors in the economic development and growth of Nigeria.

Stephen and IZA 2013 investigated Cooperatives in a Global Economy: Key Economic Issues, Recent Trends, and Potential for Development. In their paper, they examine major trends and potential for cooperatives in the context of four prominent socio-economic issues: the lack of jobs, economic and social inequality, educational mobility, and the priority need for innovations. We present recent data on the amount and types of job creation in cooperatives. We consider co-ops in light of the recent financial and economic crises. Finally, we offer some observations on cooperatives and innovation, and some perspectives on the outlook going forward.

Gap in literature

The review concludes that the existing knowledge on the Total Economic Recovery Through Co-Operative Sustainability are more of detailed information when referring to regions like the core North, and other country etc. On the other hand, activities of Cooperative in Nigeria does not offer detailed information to the grassroots level at which greater understanding is required to help increase the proficiency of Cooperative and its sustainability when referring to economic recovery. This gap needs to be filled to make progress in enhancing activities of Cooperative and their influence to the grassroots level.

There is dire need to understand and appreciate influence of cooperative and their contribution to the various aspect of the economy and its appropriate integration in all the facets of the society in Nigeria. However, there are limited studies to the best of the researchers' knowledge on total Economic recovery through Co-Operative sustainability. As such, this creates a vacuum that needs to be filled, hence this careful study and research. Emphatically, the result of this study will be able to fill the vacuum hence, making this a more appreciated field and a worthy venture for both rural and urban dwellers.

Methodology

The method consisted of four Phases. The first step was to identify the key concepts underpinning economic recovery and cooperative sustainability. Second, these concepts were compared with the co-operative principles to evaluate whether the co-operative principles could be used as a proxy for sustainability. Third, samples of co-operatives were compiled. Fourth, the websites and annual reports were analyzed for the key sustainability concepts. This effort was supplemented by 'crowd-sourcing' examples of co-operatives that are leaders on sustainability.

Table 1. Spread in poverty Levels in Nigeria

Urban	Rural	No Education	Primary Education	Secondary Education	Tertiary Education
43.7	56.3	68.7	48.7	44.3	26.3

Source: NBS, 2022

COOPERATIVES PRINCIPLE	SUSTAINABILITY			ECONOMIC RECOVERY		
	Count	Slope	Sources	Count	Slope	Sources
Cooperation	**87**	**<0.05**	**48%**	**55**	**<0.05**	**30%**
Working together	**5**	**<0.05**	**6%**	**4**	**<0.05**	**4%**
Coordination	**28**	**<0.05**	**32%**	**8**	**<0.05**	**30%**
Partnership	**88**	**<0.09**	**42%**	**59**	**<0.09**	**50%**
Levels (of government)	**8**	**<0.05**	**12%**	**6**	**<0.05**	**15%**
Networks	**270**	**1.00**	**60%**	**136**	**1.00**	**40%**

Table 2. Sustainability and Economic recovery

Source: ICA, Cooperative Work for Sustainable Development, 2022

Conclusion

A cooperative is a unique form of business used by people and businesses for their mutual benefit. Regardless of its purpose or membership, starting a cooperative requires considerable time, energy, commitment, and technical resources. Recognition of a common need is fundamental to the formation and successful operation of a cooperative. Potential members must devote much time and energy to developing their new business. A cooperative requires member commitment to finance and use the business and select knowledgeable directors who hire a competent manager. A strategic business plan is important to harmonize all of the elements for the cooperative's success.

In order to achieve their maximum strength and effectiveness, cooperatives of various kinds must regard themselves and, as far as possible, act as a distinct sector within the national economy of any country. As business organizations, cooperatives are partly private, partly public, but essentially different from both private enterprise and public enterprise. They are a "middle way", an economic sector in their own right.

Cooperatives must play the role of a Third Force, an alternative and countervailing power to both Big Business and Big Government. A cooperative is a business enterprise in which the elements of ownership, control and use of service are united in one group of persons. The distinguishing feature of cooperative business is its dual nature as economic enterprise and social organization. An economy based on one form of business organization alone is neither desirable nor possible in modern times. The best economic order is achieved through a mixed economy. To justify their existence and fulfil their purpose, cooperatives must make a significant and unique contribution to solving some of the massive problems facing mankind today.

Governments are expected to provide a supportive policy, legal and institutional framework, provide support measures based on activities, provide oversight on terms equivalent to other forms of enterprise and social organization, adopt measures to improve access to finance for disadvantaged groups, and topically, to promote the formalization of the informal economy. Government can contribute significantly to improving cooperative performance by facilitating access of cooperatives to support services, particularly support to cooperative human resource development.

Hence, this paper concludes that to be effective and successful, cooperatives must continuously achieve two inter-related goals: enhance viability and improve ability to service its members; and remain an economically viable, innovative and competitive enterprise. The study therefore recommends that government should give maximum financial and non-financial supports to cooperative societies to enhance sustainability.

Reference

Abell, P. (2021). *Cooperative Movement*, Encyclopedia Encarta 2021 Edition

Birchall, J. (2020). Rediscovering the cooperative advantage. Poverty reduction through self-help. Cooperative Brance, International Labour Organisation. Geneva, Switzerland

Birchall, J. (2021). *Cooperatives: The People's Business*, Manchester UK: Manchester University Press

Crane, A. And Matten, D. (2017). Business ethics: managing corporate citizenship and sustainability in the age of globalization. Oxford University Press. Oxford, UK

Effiom R. A. (2014): Impact of Cooperative Societies in National Development and the Nigerian Economy. Global Journal of Social Sciences VOL 13, 2014: 19-29 http://dx.doi.org/10.4314/gjss.v13i1.2

Encarta (2015): *Cooperative Movement*, Encyclopedia Encarta 2015 Edition

Gertler, M. (2014). *Rural Co-operatives and Sustainable Development*, Saskatoon SK: Centre for the Study of Cooperatives, University of Saskatchewan

Gertler, M. (2017). Synergy and Strategic Advantage: Cooperatives and Sustainable
Development. *Journal of Cooperatives.*

Gibson, R (2015). *The Role of Cooperatives in Community Economic Development*, RDI, 3.

Grove, F (1985). *What is Cooperation? The Philosophy of Cooperation and It's Relationship to Cooperative Structure and Operations*, Madison: UWCC Occasional Paper No. 6

Henehan, B (1997). *Cooperating for Sustainability*, USA: Cornell University

International Co-operative Alliance (2003). *Welcome to the International Cooperative Alliance*, at www.coop.org

Levi, Y. (2005). *How Nonprofit and Economy can Co-exist: A Cooperative Perspective*, Ireland: International Cooperative Research Institute

Schaars, M.A. (1978): *Cooperatives: Principles and Practice*, Madison: University of Wisconsin Centre for Cooperative

Stephen C. S. & IZA J.R. (2013): Cooperatives in a Global Economy: Key Economic Issues, Recent Trends, and Potential for Development George Washington University George Washington University Policy Paper No. 68 September 2013

Wikipedia (2006): *Cooperative*, at www.en.wikipedia.org/wiki/cooperative