



Rural co-operative resilience: The case of Malawi[☆]

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ABSTRACT

Underexplored and barely known, the Malawian co-operative movement has experienced serious challenges since its inception in 1946. Rural co-operatives in the country have endured crises and yet they are thriving in adverse circumstances. In this article we asked to what extent and in what ways rural Malawian co-operatives are resilient social and economic organisations? In the absence of a consolidated body of literature on 'co-operative resilience' we address this question by (1) reviewing the existing literature on co-operatives and identifying key factors that appear to be conducive to resilience and (2) by analysing extensive field data on four of the biggest co-operatives Unions in Malawi and establishing how they have coped with challenges. The field-based data and our literature findings shed new insights into the nature of resilience. Co-operative resilience is a long term processes, one based on reflexivity and interactions between members, leaders and national and international organisations. Resilient strategies developed by rural Malawian co-operatives are also outlined and explored.

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1. Introduction

In recent decades co-operatives have been rediscovered as organisations with the potential to foster socio-economic development and to reduce poverty (Bibby & Shaw, 2005; Birchall, 2003, 2004; FAO, 2012; Münkner, 2012; UN, 2011; Vicari & De Muro, 2012). In the current economic and financial climate there is a renaissance of co-operatives, national and international organisations are concerned with understanding the extent to which co-operatives in developing countries have been able to cope with economic and political crises. There is special interest in Africa where these organisations endured decades of mismanagement, government interference and failure (Develtere, Pollet, & Wanyama, 2008) and yet, in more recent times, have been able to grow in numbers while serving the poor communities in the region. It has been argued that the advent of liberalisation in the 1990s in the African context has enabled co-operatives to develop

as genuine member-controlled and business-oriented organisations which in turn have improved the wellbeing of vulnerable people (Wanyama, 2013). However, co-operatives in the African continent have shown a mixed-picture in terms of performance (Francesconi & Ruben, 2008; Francesconi & Wouterse, 2011). While there are success stories, not all co-operative endeavours have performed well but those that have can provide key insights for co-operative resilience.

The question we address in this article is: to what extent and in what ways are rural Malawian co-operatives resilient social and economic organisations? The current co-operative literature has explored the potential and limitations of co-operatives in relation to income and employment generation in different degrees. However, co-operative resilience remains under-theorised and under-researched. The literature on co-operatives has produced limited empirical evidence on what enables resilience or what factors are conducive to its development. Therefore, this article aims to narrow this gap by providing empirical evidence and propose a theoretical basis through which co-operative resilience can be studied in developing countries.

Our focus is on research carried out on four of the biggest co-operative Unions and its members. Malawi is one of the poorest countries¹ in Africa and it has an unfavourable environment for the

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¹ Malawi ranks 170th out of 186 countries examined by the Human Development Index: <http://hdr.undp.org/en/countries/profiles/MWI> (accessed 19.09.13).

private sector. Macroeconomic instability, high inflation rates (25% at August 2012²) make the cost of living very high for people that live below the poverty line with less than US\$ 1.25 a day. Foreign exchange shortage, together with fuel and electricity shortage, lack of adequate skilled labour, degradation of natural resources such as land and forest, are amongst the main challenges.³ In addition, since the 1990s Malawi has experienced several natural disasters, such as floods and droughts, severe famine and the HIV/AIDS pandemic. The combined effect of these factors has placed the country in a complex poverty trap (Conroy, Blackie, Whiteside, Malewezi, & Sachs, 2006), and co-operatives in Malawi have had to establish themselves in a risky and uncertain environment characterised by economic, climate and social shocks. Whether and how Malawian co-operatives have been able to be resilient in the face of these challenges is therefore an intriguing question. The literature on Malawian co-operatives is scanty: there are a few studies that have analysed individual agricultural co-operatives and have concluded that lack of market access, poor governance and lack of managerial skills are undermining their capacity to survive in the long term (Matabi, 2012; Nkhoma, 2011). However these studies do not explore the steps taken by Malawian co-operatives to cope with shocks and the dynamics and conditions that provide the potential for longer-term resilience.

We researched the Malawian co-operative movement because is the least known in Africa and its biggest co-operative Unions have not been studied before. The co-operative Unions we investigated were: two producer co-operative Unions, the Mzuzu Coffee Planters Co-operative Union (MZCPCU) and the Timber Miller Co-operative Union (TMCU); and two financial co-operative Unions, the Community Savings and Investment Promotion Co-operative Union (COMSIP) and the Malawian Savings and Credit Co-operative Union (MUSCCO). Co-operative Unions are secondary level organisational networks that bring together primary co-operatives. They promote co-operative values with their affiliated members, and provide a number of services (i.e. capacity building, specialised training, credit), which vary according to the type of business. Unions also represent the interests of members and engage and negotiate with national and international organisations, such as government bodies, development agencies and/or international partners.

There is no consolidated body of literature on 'co-operative resilience', rather a set of scattered studies. For our research, we therefore conducted two types of literature review: literature on the conceptualisation of resilience, and literature of co-operatives that offers insights into the factors that might enable resilience. From this review, we constructed an initial set of issues or factors, which we wished to explore in our empirical research. These were: (1) co-operative membership; (2) collective skills of members; (3) co-operative networks; (4) innovation (in products, processes and functions); and (5) the role of the state. Our literature review enabled us to identify these factors as those that can contribute to co-operative resilience.

In this article, we examine our empirical findings in relation to the initial factors extracted from the literature, and explain any findings that went beyond this initial framework. We then reflect on the above question in the light of our findings. Section 2 outlines the results of the literature review, Section 3 provides a short background of the co-operatives in Malawi and explains the methodology of the research. Section 4 gives an overview of the empirical findings in relation to the initial set of factors and explains the findings that went beyond this initial framing. Section 5 concludes the article by reflecting on the main question above in the light of this research.

2. Conceptualising rural co-operative resilience

By resilience, we mean the ability to withstand and cope with shocks and crises (Innes & Booher, 2010:205). Organisational resilience can be identified in terms of organisation's ability to develop a set of dynamic capabilities in order to adjust to shocks, mitigate its effects and cope with the consequences while simultaneously taking advantage of opportunities emerging from a crisis (Mamouni Limnios & Mazzarol, 2011; McManus, 2008; Seville, 2009; Seville et al., 2006).

Co-operatives in developing countries are generally more exposed to economic, political and climate 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/capacity building. In these circumstances co-operatives require a resilient organisational structure in order to cope with challenges while continuing to deliver services and meeting the needs of their members. In other words, they need strong adaptive capacities.

Other than the work of Birchall and Ketilson's (2009) work on financial co-operatives and credit unions and Roelants et al. (2012) research into European worker co-operatives, there is only scattered literature exploring different aspects of resilience across co-operatives. We have systematically reviewed this literature and identified some of the most relevant factors that seem to be conducive to co-operative resilience. It has to be noted that there are additional factors that affect resilience but the five outlined in this section are those that appear more frequently and are therefore the most representative. These factors are interconnected and can be present in different degrees, however, together they are seen to enhance co-operatives' adaptive capacities. Presented in outline here, as part of our literature review we explored each of these factors in more detail (see Borda-Rodriguez & Vicari, 2013).

2.1. Membership

The literature suggests that a membership inspired by co-operative values is crucial for co-operative resilience. A number of writers have argued that co-operatives' resilience depends on members' sense of identity, commitment and cohesion (Birchall, 2011; Mazzarol et al., 2011; Münkner, 2012). As Münkner (ibid:16) notes: 'co-operatives are good as their members make them'. However membership loyalty and commitment depend on co-operatives' ability to meet members' needs and demands. Satisfied members are less likely to be free riders (Birchall, 2012; Münkner, 2012). Trust and reciprocity between members are also conducive to loyalty, which is needed when co-operatives experience financial instability (i.e. insufficient market demand, low prices). The literature argues that trust reinforces norms of generalised reciprocity, which is particularly important in monitoring and sanctioning free riding behaviour (Pelling & High, 2005).

In order to work equitably and conform to co-operative values and principles, some pre-conditions are required, according to Münkner (2012) these include: knowledge, skills and investment in members' education. Informed and skilled members are more likely to understand and be committed with the co-operative business. Smith, Puga, and MacPherson (2005) and Majurin (2012) also argue that members that understand or are familiar with the co-operative values are more likely to promote the inclusion of, often marginal, groups such as women and youth within co-operatives enterprises.

2.2. Collective skills

Collective skills are the abilities and capacities developed by members that learn from each other and from external actors

² <http://www.worldbank.org/en/country/malawi/overview>.

³ Ibid.

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