

# **ICOOP2022: SYNTHESIS, REFLECTIONS, AND WAY FORWARD<sup>1</sup>**

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The International Conference on Cooperatives is a triennial global cooperative event organized by the Institute of Cooperatives and Bio-Enterprise Development or widely known as ICOPED. ICOPED is the lead academic unit of the University of the Philippines Los Baños for cooperative education, extension, research, and public service.

Launched ten years ago (2012), the International Conference on Cooperatives has the noble objective of providing a platform for up-to-date cross-country and cross-sectoral conversations pertinent to cooperative development, innovations, meaningful impacts, wider reach, as well as the never-ending but have-to-be-defied challenges.

On its fourth ICOOP, the ICOPED adopted a theme that focuses on three interconnected attributes and pathways: “Cooperative Identity, Integration, and Impact.” It was intellectualized from the overarching theme of the 33rd World Cooperative Congress which aims to address the current global issues through cooperative identity strengths and contributions. By bringing together the experts, cooperators, and stakeholders on cooperatives, we benefited from the enriching presentations, anecdotes, blends of success stories, cues, reminders, and suggestions. All of them proved meaningful in the search for a unifying body of knowledge and best practices necessary to successfully recover, rebound, and continue the roles of cooperatives, particularly in the aftermath of the global crises.

At this juncture, let me point out what we have jotted down and I wish to present them in no particular order of importance. But before I make a recall of them, I beg for your indulgence if ever we have fortuitously misconstrued some of the points that were raised in this conference.

Let me start with the basic question: What do our experts say about the conference theme, particularly on cooperative identity?

Regional Director Iyer has rightfully set the motion of the conference by re-echoing the 33rd World Cooperative Congress’ definition of a cooperative entity. Accordingly, it is the “ethical, people-focused, locally-based, and democratically controlled enterprise with a true social purpose”. Unfortunately, many leaders and practitioners in the past up to the present have missed its genuine or exact application. Cooperative identity is seen to be lacking or missing. Evident is governance that is characterized by diverging interests, trust that is muddled by the distance between members and management, and objectives that are heavily influenced by the increasing sizes of operations, thus shying away from the real social purpose of cooperatives. Glaring also is the dominance of state rules in the regulations of cooperatives.

It is worth reiterating the drift in the mission of many cooperatives as demonstrated by inconsistency in governing principles, more competition than cooperation among cooperatives, and so much dependency on government support, especially by small cooperatives. The leaders’

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main focus has tilted on the business side and they tended to be more asset- and profit-oriented. Instead of working together for the general welfare, the cooperatives appear to compete with one another and scramble for the same resources and/or space in the market. Thus, it is not surprising to continuously see cooperatives struggling with issues of inclusive growth, gender, independence, self-sufficiency, and geophysical stability.

Cognizant of the above, Director Iyer underscored the importance of advocating for cooperative identity. Caring for the community and the poor, and cooperation between and among cooperatives, especially the big and small should be primal as they serve as the foundation of the competitive advantage of cooperatives.

In another paper, the presentation reiterates the key distinguishing feature of and imperative for cooperatives, that is, to create wealth for members and not for outside investors who are only interested in profit. Since their inception, cooperatives have been premised to help counter-balance the massive growth of inequality, since if this is insufficiently addressed, inequality is believed to bridge significant economic, social, cultural, environmental, and political consequences. The collective identity and values of self-help, self-responsibility, democracy, equity, equality, and solidarity set the cooperatives apart from other businesses and these should be promoted and sustained. The founders of cooperatives wanted to achieve much more than just establishing and operating a successful business enterprise. They were also concerned with social justice via participation in democratically controlled enterprises. While the guiding principles by which the cooperative identity has worked effectively, nonetheless, the rudiments and application of cooperative principles require constant reappraisal in light of continuous technological developments and business climate change.

Now, let us shift the discussion to the second component of the conference theme, which is cooperative integration. For this, the Mondragon Cooperative Group is a living testament and a proven proof of concept that accentuates the very core of cooperative existence in a highly complex and competitive world. This is the so-called "intercooperation." In the presentation of Professor Fred Freundlich, the power or strength in numbers has been emphasized as it allows people to do things together that are otherwise difficult or impossible to do alone.

The Mondragon Cooperative Group is a network of 95 cooperative enterprises that specializes in the industry, retail, finance, and knowledge. The various coop members join together their distinct forces and resources to provide others with services that are not appropriately provided by other conventional service providers in the market. Members of cooperatives sacrifice a part of their autonomy and resources to laterally gain from the strength and abilities of the union. The Mondragon Cooperative Group has a workforce of 79,000 and generates 12.2 billion euros in annual revenue. Shared services include banking, insurance, consulting automotive components, solar pump supermarkets, purchasing, and others.

Some of the interesting policies enforced by the Mondragon group of cooperatives include (1) no lay-offs if you are a member-stakeholder; (2) members cannot get unemployed but can be re-employed or transferred to other departments; and, (3) surpluses and losses are spread throughout the organization and unsuccessful member-cooperatives can get support from more successful cooperatives.

I would like to believe that the case of the Mondragon group of cooperatives has brought one great takeaway from this conference. The cooperative integration has catalyzed synergy in purpose, collective membership that translates to enlarged manpower, and more importantly, the sharing not only of resources but of goods and services to all members as well. The unselfish nature of the coalition has become a pretty powerful instrument in terms of expertise, relationships, reputation, and performance, especially in times of pandemic and global adversities.

Another case that demonstrates the benefits of cooperative integration is the national federation of consumer coops in Japan. It has 312 member coops who collectively supply groceries and coop products to their co-members through a store and home delivery. During the COVID-19 pandemic, they experienced an increase in membership and sales of private brand products especially frozen food. But at the same time, they encountered problems like (1) lack of communication among members and with cooperators in other countries, (2) rapid growth of consumer demand and supply volumes, and (3) lack of community service providers.

Effective solutions worth considering by those who encountered the same problem in communication include an online parent-child cooking class and an online production tour. Meanwhile, the countermeasures to the rapid growth of consumers and supply during the pandemic involve drive-through services, shopping priority time, and hiring of university coop staff who lost their jobs during the pandemic. Concerning the lack of community service providers, it was addressed via food banks, prevention of food waste, and support for producers particularly those who were affected by school closures. Because of the rising demand for online services, the digital transformation of business and activities through ICT was likewise facilitated. The interventions made by this Japanese federation of cooperatives demonstrate best practices that are no doubt worth vetting and replicating in our local situations.

Reflecting on this case, I salute the high sense of urgency within the integrated managerial ranks of the national federation that has helped enormously in putting together a guiding and unified functional coalition. This has facilitated a shared assessment of their situations, problems, and opportunities and created a minimum level of trust and communication that are crucial during emergencies and food crises. Most likely, the support for the less resilient cooperatives such as this case in Japan had been generally enormous. But it is also clear that we can do more to enhance cooperative integration that would prove meaningful during non-crisis and at a larger scale.

Integration is expected not only from cooperatives but also among cooperative educators. A collaborative and harmonized cooperative business education system is a platform for bringing together cooperative academics towards the common goal of establishing a cooperative identity and impact. The International Centre for Co-operative Management and the CanadaDE Program as shared by Ms. Karen Miner are just two of the models of successful educational platforms for cooperatives. The global network, International Co-operative Business Education Consortium is also worth highlighting because it demonstrates how a collaborative and integrated cooperative education network can ensure that every educational provider in the world is offering academic programs that are relevant to the needs of cooperatives and mutual enterprises.

Inclusiveness is also a key element of integration. Cooperatives are encouraged to open more

spaces for collaboration and participation and to make themselves more inclusive and gender-responsive. Engaging youth in cooperative movement equates to building future cooperative leaders. Finding ways to integrate youth interests in established cooperatives, as Mr. Paul Hazen and Mr. Leslie Alvarado suggested, is therefore necessary. We should also continue to strengthen the cooperatives' commitment to include women and empower them not just as members but as cooperative leaders. We must identify opportunities for cooperative integration where no one is excluded by gender, race, and political differences.

In all our cooperative integration efforts, innovation and digital transformation are imperative. Many submitted papers have highlighted the current and emerging technological innovations that are taking place in banking and commerce. For instance, instead of transacting in cash, e-wallet has become popular with some members of cooperatives due to convenience, safety against COVID-19, and the increasing number of businesses and banks that accept online payments. There was also the mention of the Blue Ocean Strategy or BOS to promote cooperative products in the Province of Benguet.

From the JCCU experience, we have learned how innovation and digital transformation have played a critical role in enabling JCCU with its member coops to deliver high-quality services and meet the needs of consumers amid the COVID-19 pandemic. The ability to adopt new innovative methods of communication and marketing such as the use of social media and ICT in general has been the key to minimizing the pandemic's impact on cooperative activities.

Now, for the third aspect, creating a positive impact and value for people, communities, and the environment is at the core of every cooperative. As cooperatives strive to deliver significant impact, they should remain human-centered and true to their identity, values, and principles.

The diminishing support from the government and increasing competition not just with the for-profit sector but also among the cooperatives themselves have been highlighted as key challenges for cooperatives in the Asia-Pacific Region. These actually have prevented them from maximizing their potential social impact.

Therefore, institutional support in the form of supportive policies and legislations that promote cooperatives rather than merely regulate them is vital in the advancement of cooperatives. However, it should not be at the point of heavy reliance that eventually defeats the foundation and essence of the cooperative movement. While financial mechanisms are important to help the cooperatives adapt quickly to the changing external environment and survive the highly uncertain and competitive market, strengthening the institutions and enabling the business climate, especially of micro and small cooperatives will propel the expansion of services and impact of cooperatives. However, cooperatives must continue to value self-help and democracy and avoid falling trap to excessive external financing and interventions.

On another note, being more inclusive not only foster cooperative integration but also lead to creating a more significant impact. We, at ICOPED, support the call for cooperatives to promote diversity, equity, and inclusion in their workplace, giving fair opportunities for persons with disabilities, migrants and refugees, and other groups that are often excluded from society. Moreover, we re-echo the need for cooperatives to remain socially relevant, both by addressing

pressing issues that directly impact people at individual and household levels such as job security and livelihood and by contributing to global concerns related to food security and climate change.

It must be emphasized that sustained local production by cooperatives can substitute, to a significant extent, for imports that are saddled these days by the weakening of the peso. On January 3, 2021, the peso to US\$ was 47.87 but as of today (November 18, 2022), the mid-market exchange rate is 57.47. This has serious implications for the prices producers and consumers pay for imported commodities that could have been otherwise produced locally.

Many cooperatives are equally capable of fixing supply bottlenecks and ensuring stable and reliable supply at more competitive prices. However, they need also a conducive, supportive and stable economic environment to operate sustainably. We could not overemphasize the importance of efficient logistics, infrastructure, and business climate networks that define and ensure levels of efficiencies. The seamless harmony of functionality and efficiency in both internal and external sense is key to achieving success. It is important to get our cooperatives going. Analogous to a car, it is not a matter of looking only at the elegance of the dashboard, capacious interior, power of the tailgate, and horsepower under its hood, but it is equally important to know offhand and with certainty the various terrains that the vehicle will pass through and endure.

One final point, the effects of the weakening currency on cooperatives include weaker merchandise trade, lower profit margin, and sluggish business growth. It is in this context that cooperatives, especially the small ones, must continue to put up business resiliency and continuity measures. Missing out on the “something” may be acceptable but not the “main thing” that may vary across types and sizes of cooperatives. Highlighting the power of cooperative identity in promoting cooperative integration can be a solution and may even deepen cooperative impact and bring the cooperative movement to the forefront of sustainable development.

In closing, the Conference has truthfully drawn unique learnings and opportunities from our invited key officials, experts, researchers, officers and members of various cooperatives, and other stakeholders. Let us be inspired by our two-day ICOOP 2022 theme: “Cooperative Identity, Integration, and Impact”. We sincerely hope that you will remain with us in internalizing this theme, thus, collectively ensuring in our own little way the promotion of inclusive growth among cooperatives of all forms and sizes. On behalf of ICOPED, I once again express our heartfelt gratitude to all.

See you in ICOOP 2025!