

ASIA PACIFIC CO-OPERATIVE RESEARCH PARTNERSHIP
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ABSTRACTS AND BIOGRAPHICAL NOTES

I. MAINSTREAMING CO-OPERATIVES: A RESEARCH AGENDA
FOR ASIA

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The ICA Blueprint for a Co-operative Decade has set the platform for the strategies to be pursued by co-operatives to realize vision 2020. With its focus on participation, sustainability, identity, legal framework and capital the Blueprint also provides critical insights and a new agenda for researchers. The Blueprint is thus a development strategy and a research agenda. This paper examines the co-operative movement in Asia in this context.

Asia provides an impressive as well as a contrasting example of co-operative setting. Spread of co-operatives in all walks of life, participation by more than a quarter of population as members, notable contribution to GDP and employment, presence of large co-operatives that are part of the elite group of Global 300 and of course significant contribution to the social and economic wellbeing of the people, demonstrate the strength of the movement in the region. There have been many innovative strategies, best practices and unique grassroots co-operatives in the region that are worth emulating for the rest of the globe. However, uneven spread both in geographical and sectorial terms, less facilitative or interventionist State machinery, political and legal constraints, inadequate networking and such other impediments have come in the way of co-operatives emerging as a major player in the economies of the region. Similar trend pervades the study and research domain of co-operatives as well. There have been number of researchers and many courses on co-operative studies. But then Asian region has not been in the forefront of studies and research viewed from the perspective of professional and higher level study courses offered by universities, number of professional journals and publications. Thus co-operative movement in Asian region is a mixed bag.

There are many critical issues that need academic scrutiny. The larger issues will be to know as to whether any threads of uniformity prevail across the region – whether an Asian model of co-operatives exist? What is the net effect of the proactive role played by the State in promoting co-operatives? What are the interrelationships between the state of the economy (developed, emerging or

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developing), nature of market (free market or centrally planned), political system (democracy or otherwise) vis-à-vis cooperative sector? What are the possibilities of and strategies required to make co-operatives the fastest growing sector in the region?

We need to develop a set of hypotheses on the above and similar other issues and test them in the context of national, sub-regional and national levels.

About Yashavantha Dongre

Dr. Yashavantha Dongre started his career at Mangalore University in 1981 and moved to University of Mysore as Professor of Commerce during 1999. He was the Director of Post Graduate Centre of Mysore University at Hassan for four years and Coordinator of Third Sector Research Centre at Manasagangothri, Mysore. Dr. Dongre served as the first Registrar of the newly constituted Vijayanagara Sri Krishnadevaraya University, Bellary during 2010-2012.

Dr. Dongre was Japan Foundation Fellow in 2000 and carried out post-doctoral research at Ritsumeikan University, Japan. He was Visiting Overseas Professor, MINPAKU, Graduate University for Advanced Studies, Osaka, Japan during 2008-09. He was a Visiting Overseas Researcher at the University of Tokyo in Japan during 2013-14. He has carried out research in Japan on issues related to cooperatives and nonprofits.

Dr. Dongre's research interests include co-operatives. He founded the Third sector Research Interest Group, India and is the Founder and Coordinator of Third Sector Research Resource Centre at University of Mysore. He served as a Consultant to the High Power Committee on Cooperatives set up by Ministry of Agriculture, Government of India, the recommendation of which paved the way for Constitutional amendments in 2012.

He has completed 8 major research projects, successfully supervised 9 doctoral dissertations and published over 100 papers and 5 edited volumes.

An active member of the ICA-AP Research Committee he is also serving as the Co Secretary of ICA-Asia Pacific Committee on University/Campus Cooperatives. His most recent publications include a book chapter - University Outreach in Management Education: A Case from India for Meeting the Needs of Professionals in the Field (jointly with Prof. Narasimharao) in Narasimharao et.al (2013), Evolving Corporate Education Strategies for Developing Countries: The Role of Universities, IGI Global, pp 228-246, and a Journal article – "Retaining Values and Achieving Scale: Consortium as a Middle Path", Cooperative Perspective, October – December 2013.

II. CASE STUDY METHODOLOGY

Anthony Jensen

The ICA Blueprint for a Co-operative Decade started an important discussion and engagement concerning the dangers of pursuing the current unsustainable economic model and argued the need to consider the co-operative alternative. Ambitious goals were set down to make the co-operative the fastest growing form of enterprise, the acknowledged leader in economic, social and environmental sustainability and the model preferred by the people. This was based on assumptions, which need further verification

Co-operative presence however varies across cultures and across sectors in different countries with considerable lack of understanding as to the tensions and factors involved in co-operative emergence, growth, success and degeneration and this poses difficult research questions. This paper outlines a need for the APCRP to focus on researching individual best practice co-operatives in the agricultural, consumer, finance and worker co-operative sectors in a cross country comparison to ascertain the causal nature of success and the way sustained competitive advantage has been achieved.

It is suggested that this is done using a case study methodology interrogating both quantitative data from member surveys and qualitative data from unstructured interviews. This sees a need to move from the positivist paradigm of predict and expect to a constructionist paradigm of understanding and explaining. The case study enables the researcher to explore the duality of the inner connection, the inner web of internal relationships, the power dimensions reflecting a broad holistic approach.

As economic theory has failed to adequately predict co-operative behavior it is proposed that a new theoretical model be tested which puts the individual at the centre of the study. This multifactor model has seven factors divided into external macro factors of the state, the mark Singapore, Philippines and Australia as regards to the labour movement and internal micro factors of legal structure, governance, human resource practices and life cycle evolution. It is argued these factors affect emergence and empowerment as well as entrepreneurial behaviours creating sustained competitive advantage. The paper will illustrate the model by examining a cross cultural study of worker owned enterprises in Italy, Spain and the USA and point to its use for a research project comparing labour directed co-operatives in Singapore, the Philippines and Australia and the prospects of cross cultural dissemination.

About Dr. Anthony Jensen

Anthony Jensen is a lifelong campaigner for co-operatives and economic democracy exploring the relationship between praxis and theory and was awarded a Master's Degree with first class honours at Sydney University in 1988 and recommended for the University Medal before working for Co-operative Development Agencies in the United Kingdom as an advisor and trainer. Lead a research project to study *Sociedades Laborales*, worker societies, in the Basque Region of Spain in 2004. The findings were reflected in the UK Government's Nuttall Report into Employee Ownership in the UK in 2012. Co-operatives UK also published the findings in the 2012 UN Year of Co-operatives. In 2006 Anthony joined the Doctoral Programme at the Business School at the University of Sydney and initiated a three-year project comparing the Australian and Italian co-operative sectors in collaboration with Trento University, EURISCE and Sydney University. This resulted in co-founding the Co-operative Research Group and publications exploring a theoretical model explaining worker co-operative formation and trajectory. Anthony is currently on the casual teaching staff at Sydney University Business School and consults on co-operative formation. He works closely with the University of Asia and the Pacific Leadership Group in Manila in developing co-operative initiatives in Asia. He also developed and teaches an online course for Oxford University on employee ownership and co-operatives for the 21st Century.

III. STATUS OF AGRICULTURAL CO-OPERATIVES IN INDIA

T.Paranjothi²
Yashavantha Dongre³

The history of co-operative movement in India is closely interwoven with the evolution of Agricultural Cooperatives. While Agricultural Credit Co-operatives constitute major part of primary level co-operatives in the country even today, together with other co-operatives related to agricultural sector, such as the Agricultural marketing co-operatives, Processing Co-operatives, Land development banks etc., this sub sector occupies the major share of the co-operative sector in the country. However, while the agricultural cooperatives continue to be important and relevant, there has also been politicization and varied vested interests exerting their impact on this sub sector. In the light of this, the present paper undertakes an analysis of agricultural co-operatives from the political economy perspective.

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The paper is divided into three parts. The first part traces the evolution and growth of agricultural co-operatives and looks at the various support measures both by national and state governments and their impact. This section makes a historiographical analysis with a focus on the colonial perspective of the development of co-operatives vis-à-vis the post-independence perspective.

The second section endeavors an anatomy of the present status of agricultural co-operatives through a SWOT analysis. Apart from examining the opportunities and threats, it highlights the contribution of agricultural co-operatives to the farm sector as well as the rural economy in general.

The last section will focus on the political and economic dynamics of agricultural co-operatives with an analysis of the way the capitalistic market structure on the one hand and the populist social agenda of the State on the other, have influenced these cooperatives over the years and the likely manner in which it might impact on the future of agricultural co-operatives in the country

IV. DEMOCRATIZATION OF SOCIETY AND CO-OPERATIVE: THE HISTORY OF NONGHYUP, KOREA'S AGRICULTURAL CO-OPERATIVE

Joo-Il Yoon⁴
Seungkwon Jang⁵

This paper aims to describe a brief history of Korea's agricultural co-operative focusing on democratization, and to suggest implications for further research. Korea's agricultural co-operative, *Nonghyup*⁶ was established in 1961 by Park Chung-Hee Government. It was not a co-operative but a governmental agency. Korean government used *Nonghyup* as an important instrument of industrialization and modernization. The Chair of the federation, *NACF (National Agricultural Cooperative Federation)* and the Presidents of primary co-operatives were appointed by the government with no election.

Nonghyup was granted the exclusive right to distribute agro-input which became critical resources for organizational growth. The status as a sole distributor, however, made *Nonghyup* subordinate to government. *Nonghyup* was also a major actor to implement *Saemaulundong (New Village Movement)*, which was a nationwide development movement so as to mobilize rural area for industrialization and modernization.

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⁶ In this paper, we use the co-operative names differently: *Nonghyup* indicates all agricultural co-operatives in Korea, while *NACF* refers to the Federation of *Nonghyup*.

In the late 1980s, *Nonghyup* made the transition from a governmental agency to an autonomous co-operative, facing the radical change of institutional environment. South Korea was politically democratized due to people's protest for democracy in 1987. Influenced by the aspiration for the new order, the members of *Nonghyup* were given the right to vote for election of presidents. Government's right of approval on budgeting and accounting was abolished. *Nonghyup*, for the first time, had the chance to be an independent actor. In 1988, exclusive right to provide agro-input was removed so that *Nonghyup* should compete with private providers in the market.

There is no hesitation in defining *Nonghyup* before democratization as a quasi-governmental organization but it is not easy to define the organization with one or two words. *Nonghyup* became more complex and dynamic and simultaneously has various aspects, some of which are even contradictory. However, it might be possible to identify trends of changes since democratization, which imply both potentiality and limitation to be effective.

Under globalization and market competition, *Nonghyup* has struggled to survive as an economic actor and to gain legitimacy facing criticism from stakeholders. While adapting to turbulent environment, *Nonghyup* has changed fast relative to the past. We identify the four major themes of change; 1) co-operative democracy, 2) market-orientation, 3) managerialism, 4) legitimacy of banking business.

1) Co-operative democracy

Although *Nonghyup* has achieved co-operative democracy after 30 years of its establishment, it has gained criticism and bad reputation even after the democratization. Some evidences support those criticisms that accuse *Nonghyup* of still being controlled by the government or being an organization for the benefits of employees. However, we also can find evidences of members' participation improvement since the democratization of Korean society in the late 1980s. Democratized governance structure implied sufficient potentiality towards innovation for members' benefits.

2) Market-orientation

Market orientation is the most obvious trend. The restriction has been loosened that strictly regulated cooperatives' business area. Establishing joint ventures among primary co-operatives was permitted. Market oriented changes have been more obvious in *NACF*, which has diversified financial business since the late 1990. Now it has nine financial subsidiaries including banking, insurance, asset management, stockbrokerage, and so on. Attempt to acquire a professional baseball team was frustrated by public criticism. Recent attempt to acquire a logistics company is facing the same criticism that those businesses are not relevant to farmers' benefits.

3) Managerialism

Managerialism seems to be contradictory to democratization because it implies weakening power of representatives elected by members. Power shift of management has been more obvious than member democracy. In 1994, the concept of professional management was introduced in both primary co-operatives and the federation. The law, since then, has been amended to gradually diminish the authority of the federation's Chairman and primary cooperatives' Presidents. Instead, management specialists, mostly promoted from employees, now have more power than before.

4) Legitimacy of banking business

When *Nonghyup* was established in 1961, Agricultural Bank was consolidated into *NACF* so as to deal with shortage of funds in rural area. In 1970s, another finance service, called 'Mutual Finance' was introduced in *Nonghyup*. As a result, primary cooperatives have functioned as credit unions of farmers and *NACF* as a federation of credit unions. As 'Mutual Finance' has rapidly grown, banking business run directly by *NACF* has been doubted concerning legitimacy because saving of 'Mutual Finance' has been enough to provide funds needed in rural area. Although management of *NACF* is desperately seeking legitimacy, the pressure to separate banking business from *NACF* is getting stronger.

In sum, *Nonghyup* has evolved into an autonomous co-operative from governmental agency. We identified four trends of change which have dominated the path of *Nonghyup* focusing on the democratization. From establishment to recent trends of change, it has been strongly influenced by institutional environment. However, it is not that institutional environment unilaterally determines organizational changes. In this sense, inquiry on relation between institutional and organizational changes might be interesting. Even if various research questions are possible in this regard, especially useful are these questions: What are constraints on *Nonghyup* since democratization? What strategic choices have been made by stakeholders facing those constraints? What are major factors to influence decision-making? How effective are the strategies of *Nonghyup*? We'd like to face the challenges of the questions, and to explore the different ways to Korea's co-operative management.

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He earned his master's degree in management of co-operative from Sungkonghoe University, and bachelor's degree in economics from Seoul

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He is currently teaching co-operative management at Sungkonghoe University, and previously worked at Samsung Economic Research Institute. He is the author of books and research papers on co-operatives, organization theory, and social and managerial aspects of information communication technologies.

V. CHINESE AGRICULTURAL COOPERATIVES AND THEIR ENVIRONMENTAL PROTECTION OBLIGATIONS

Bill Butcher⁷

This paper examines the development of cooperatives in China, from their beginnings in Beijing in 1918 to their widespread operations in the present day. The paper focusses on agricultural cooperatives through succeeding periods of governmental encouragement, post-revolutionary collectivisation – at first on a voluntary basis and then, less successfully, compulsorily imposed. This was followed by the post-1979 period which has seen a return to voluntary farmers' cooperatives and some legislative recognition of their legal status.

Despite this progress, difficulties remain around the legal status of agricultural cooperatives with consequential issues for their capacity to operate businesses and for their liability to taxation. Of special concern is the liability of cooperatives to pay environmental taxes and their potential use by polluting industries as a vehicle to avoid payment of those taxes.

China's remarkable economic growth over the past 35 years has come at a cost, not least being a significant deterioration in its natural environment. The Chinese government has responded to this challenge with a range of measures including the imposition of environmental taxes on business enterprises. To what extent have cooperatives - and agricultural cooperatives in particular - been subjected to these imposts and what are the legal and practical impediments? Given the special status of agricultural cooperatives, as evidenced by a range of central and provincial government incentives, should they be afforded favourable treatment

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under the environmental protection regime or is all-encompassing support for their development outweighed by the imperative of environmental protection?

About Bill Butcher

Bill Butcher is the Associate Head of School (Education) of the School of Taxation & Business Law at the University of New South Wales. He specialises in international business law, the law of business associations, Chinese cooperatives and environmental taxation, in which he has written and presented extensively. He also teaches a wide range of topics including taxation law and the law relating to torts, contracts, restrictive trade practices, consumer protection and corporations. He has been appointed by AusAID to direct extensive commercial law courses as part of Australia's overseas aid program. He designed and is course leader of the Australian Graduate School of Management MBA course, Law for Practising Managers. Before joining the University, Bill practised for several years as a barrister and solicitor in New Zealand and London.

VI. THE EMERGENCE OF A NEW TYPE OF WORKER CO-OPERATIVE IN THE PHILIPPINES

Leo Parma

The paper discusses the Asiapro worker cooperative model in the Philippines. This model addresses, in particular, the problems of “contractualization” in the country, which have adverse effects not only among workers concerned but also on the firms employing them.

Workers engaged as contractuales or temporaries, agonize from low wages and minimal or negligible benefits. Many enterprises, on the other hand, suffer from low productivity and become uncompetitive when engaging contractual workers.

With proper execution, the worker cooperative model can offer win-win solutions to both workers and the industry, as demonstrated by Asiapro Worker Cooperative, which was founded in November 1999 by Mr Parma. He led and saw the development of Asiapro until his retirement from the cooperative in November 2013. Mr Parma continues to learn and find ways to further the cause of worker cooperatives and other social enterprises in the Philippines.

About Leo Parma

Leo Daniel Galvan Parma is the founder of Asiapro Multi-purpose Cooperative, the Chairman of the Kagawani Foundation, and the main

proponent of the University of Asia and the Pacific Professorial Chair on Social Entrepreneurship. He began exploring cooperatives out of his advocacy to find a viable alternative to contractualization, which keeps the majority of low-income workers from enjoying the benefits of regularization called for in the Labor Code.

A graduate of Business Management in Ateneo de Manila, his early work took him from Insular Life and Ayala Investment and Development, to Ford Philippines, and then to Pepsico. During his employment career, he specialized in diverse human resource management functions. He left employment and pursued entrepreneurial ventures in several industries such as trading, food and beverage distribution, food services, network marketing, human resource consulting and service contracting.

While taking the Strategic Business Economics Program at the University of Asia and the Pacific, he wrestled with the contractualization problem as well as client companies' troubles of training costs and inconsistent quality and productivity. Eventually, he discovered the worker cooperative model and founded the Asiapro Multi-purpose Cooperative where he served primarily as its Chief Business Builder, while holding various positions such as Chairman, President and CEO, Vice Chairman, Chairman of the Executive Committee. He retired from Asiapro in Nov. 2013. He now works as an independent consultant on social enterprise and cooperative matters.

Parma firmly believes that the education of workers in cooperative values and the inculcation of passion for quality are the means to secure continued employment. Through training and new business ventures, income can be improved, quality can be upgraded and the training costs for client companies, reduced. His advocacy does not stop there. He generously funds research on social entrepreneurship and cooperatives as means to improve the lives of contractual workers.

VII. BALANCING THE BOOKS: THE TENSION AND INFLUENCE OF SOCIAL AND ECONOMIC CAPITAL

Peter Mason

The modern form of financial cooperatives have existed since the mid-1800s and were a response to economic hardship and exclusion. The response created a people centered institution which was not driven by the state or the market but emerged from the collective action of people. The power of cooperation, solidarity and mutual aid, the building of trust, and the strengthening of social connections permeated into other areas of community life and interaction. There is historical and contemporary evidence within my research of the influence of financial cooperatives

to play a role in transforming and empowering communities through the generation of social capital. Social capital is now seen as an instrument to understand “the social” within business, economics, organisational behaviour, political science, and sociology.

The research data presented from Cambodia, Timor Leste and the Solomon Islands utilizing a Social Capital Schematic I have developed, assists in understanding and contrasting the similarities and cleavages in the location, the creation and destruction of social capital within an economic cooperative institution. The research data demonstrates that the financial cooperatives in each of the research locations were clearly in different stages of their lifecycle in terms of their social capital development along with their institutional and economic growth. Using the Social Capital Schematic assists in understanding the way in which economic development can occur utilizing a people centered approach.

About Dr. Peter Mason

Peter has been the CEO of CUFA Ltd for the last ten years and in that time has redefined and developed its international program portfolio across the Asia Pacific region. CUFA is now the leading financial cooperative development agency in the Asia Pacific region. CUFA’s programs focus on economic development of underserved and disadvantaged communities. CUFA works through multiple economic approaches and in particular through assisting financial cooperatives by providing technical assistance and support through a network of local CUFA offices and country staff who work with local communities, federations, leagues and governments. Peter has worked with cooperatives in Cambodia, Timor Leste, Singapore, Myanmar, Sri Lanka, Fiji, Solomon Islands, Tonga, Samoa, Vanuatu, Papua New Guinea and the Federated States of Micronesia and has extensive links with the Australian, New Zealand and United States of America credit union movements.

Peter’s research interests include examining the way in which the social and the economic interact within the cooperative environment and he has recently published a chapter, *Credit Unions* in Routledge’s *Alternative Organisations*.

About Alejandro Lukban, Philippines presenter

Alejandro Lukban is a “late bloomer” in the cooperative circle, having been actively involved only in 2005. However, he was able to harness his 15 years’ experience in the private sector in construction management and business development, and another 15 years in the public sector in community organizing and development, to parlay GlobalPro, the cooperative he established, from a micro to a large cooperative in less than 10 years.

About Dr. Mokbul Morshed Ahmed, Session 5 Chair

Dr. Mokbul Morshed Ahmad is an Associate Professor in Regional and Rural Development Planning, School of Environment, Resources and development, Asian Institute of Technology, Thailand. His main research areas include economic geography, regional and rural development, Non-Governmental Organizations (NGOs)/civil society, disaster management etc. He holds a PhD in development geography from Durham University (UK). He did his first MSc in geography and environment from Dhaka University (Bangladesh) and the second in Regional and Rural Development Planning from Asian Institute of Technology. He started his career in the Bangladesh civil service and worked in the ministries of Public Administration and Commerce. He also taught in Dhaka University in the Department of Geography and Environment.