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## Co-operatives & the Enabling Environment: Key Findings

*These findings come from a report by TIAS School for Business and Society at Tilburg University in The Netherlands that was commissioned by the International Co-operative Alliance. This is the foundational report for the Alliance's Doing Co-operative Business (DCB) project, which would evaluate the enabling environment for co-operatives in countries around the world.*



### **CO-OPERATIVES BOTH INFLUENCE AND ARE IMPACTED BY THEIR EXTERNAL ENVIRONMENT**

“The enabling environment for various types of co-operatives is the degree to which nations, governments and/or societies support and foster co-operative firms in their establishment and subsequent development in accordance with the seven universal Co-operative Principles.”

The degree of success or failure of the co-operative model within a given country depends on the entire spectrum of ‘institutions’ (norms, values, attitudes, rules, habits, and routines), as well as the interacting historical, social, cultural, legal, political, and economic elements of the institutional environment.

While the effects of policy measures and law on co-operatives must be assessed on a case-by-case and country-by-country basis, certain correlations exist between the vitality of the co-operative economy and the institutional environment in which it operates.

## The analysis led to the following conclusions:

- The co-operative sector is generally smaller in societies characterised by large inequalities and where power is captured in the hands of just a few people.
- A favourable general business environment (e.g. a higher General Doing Business Indicator according to the World Bank) is associated with better co-operative performance.
- Good governance conditions are positively correlated with co-operative performance.
- The perceived level of corruption in a country is negatively correlated with co-operative performance. A rise in perceived corruption presumably marks a deteriorating constellation for co-operatives.
- Income inequality is significantly and negatively correlated with co-operative performance. A stronger co-operative economy that is able to enact all seven Co-operative Principles could lead to a decrease in inequality and greater equity in a country.
- A positive relationship exists between the overall state of democracy (according to the overall Democracy Index of the Economist Intelligence Unit) and co-operative performance in individual countries. In other words, it seems that the more democratic a society, the more fertile the situation for co-operatives will be.

## ASPECTS OF SOCIETY CORRELATED WITH A ROBUST CO-OPERATIVE ECONOMY

- Trust and social capital
- Equality and shared power among citizens
- Income equality
- A general business environment
- Good governance conditions
- Levels of perceived corruption
- Levels of democracy
- Legal and tax systems that take into consideration the specific nature of co-operatives without giving them undue preferential treatment
- Access to markets, capital, general support services, training programs, information, and public tenders
- Opportunities for vertical and horizontal integration and networking
- Freedom to pursue both economic and social objectives



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