

# Cooperation among cooperatives help them to expand their reach

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*Nation Sacco members during the annual General meeting at All Saints Cathedral, Nairobi on February 26, 2022.*

Jeff Angote | Nation Media Group



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There is an old drawing I used to see on the noticeboard of our local cooperative. It depicted two cows tethered to either end of a short rope with each pulling, to no avail, in the opposite direction in a bid to reach a patch of grass that was closest to it. After several unsuccessful attempts, they realised the futility of that and that it would be easier to go to one side and eat the grass together and then move to the other. Such is the power of cooperation—the ability to unite to accomplish a mission.

The Sixth Cooperative Principle states: “Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.” Like all businesses, cooperatives should compete even amongst themselves to maximise own profits but they don’t. Cooperative business models focus on satisfying the needs and desires of the member-owners, who, under ideal conditions, are the main customers.

There are three main reasons why this principle is internationally recognised. First, it helps to tackle weakness generated by independent operations. Secondly, working together creates a sounder operating practice; cooperatives can draw from individual strengths. Thirdly, cooperatives can share ideas and information on how to function better. So, though autonomous and independent, as espoused in Fourth Cooperative Principle, it’s better for them to work together.

Getting to know each other better and learning about business and vision of partners enables cooperatives to expand their businesses. By recognising their similarities and appreciating a common vision of community control over their economic destiny, the enterprises can accept their differences without feeling divisive. Working together facilitates negotiation for better deals, eliminates duplicate costs, expands services to members and strengthens the movement.

## **Provide tangible examples**

Leadership is key to inspiring cooperation among cooperatives and, therefore, leaders require a clear sense of purpose, a plan of activities, a vision and quantifiable benefits. They have to provide tangible examples for members to appreciate the need for cooperation. Could housing cooperative members borrow affordably from a sacco to finance a housing project? Could members of an agricultural cooperative link with a health provider cooperative to ensure access to affordable healthcare? Could energy cooperatives collaborate with housing cooperatives to supply residents with affordable clean energy?

Cooperation should help cooperatives to expand their reach. First, it could help smaller cooperatives to ride on the bigger ones to deliver services to members remote from service points. The Kenya Union of Savings and Credit Cooperatives (Kuscco) CEO underscored this recently. He said that increases efficiency and reduces the cost of credit.

Secondly, in terms of value addition, cooperatives can establish linkages with those that add value to produce. Value addition would guarantee farmers higher prices. A produce value-adding collaboration would save producer cooperatives from costly investments.

Third, agricultural cooperatives can collaborate with marketing or consumer cooperatives to provide a ready outlet to farm produce. It reduces on-farm losses by establishing a clear product supply chain and supports consumer cooperatives to keep costs down, a saving then passed on to members in form of higher dividends. Indeed, they could facilitate the creation of a traceability system to enhance their market reach.

Lastly, study tours promote cooperation. The International Labour Organisation (ILO) Tokyo Office has organised for 10 years of tours that bring Japanese and African cooperatives together

for cross-learning. Through exchange of ideas, they gain deeper insights of their challenges and innovative solutions.

Cooperative universities and research centres could provide the ideal neutral ground for honest exchange of ideas using research dissemination conferences and forums.

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