

# Cooperative Economies Collective Growth: A Hyperlocal and Sustainable Approach to Economic Exchange

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**Abstract:** *The proposed cooperative economy is an ethical community-driven exchange system that relies on collective action to promote societal values while accounting for resource constraints. Unlike the modern economic system which is predominantly driven by opportunistic behaviour, the cooperative economy moves away from a materialistic orientation and follows a more balanced perspective that leverages prosocial behaviour. Cooperative economies have gained attention as an alternative approach to traditional economic systems, emphasizing collective growth, localism, and sustainability. We explore the concept of a hyperlocal and sustainable cooperative economy, which by reducing dependence on global supply chains, aims to foster economic exchange within communities while promoting social and environmental well-being. Sustainability has been a core principle of the model, incorporating ecological practices and resource conservation. Renewable energy, waste reduction, and responsible consumption are emphasized, minimizing environmental impact and preserving natural resources. In this paper we also explore the organizational structure of Co-Operative Economies, how they've grown throughout the years, the economic impact created by them as well the threats being faced, and what the government can and is doing to remedy such threats.*

**Keywords:** Co-operative, Sustainability, Circular, Development, Organizations

## 1. Introduction

Industrial development over the past 150 years has been characterized by a unidirectional or linear model of production and consumption, in which goods are made from raw materials, sold, used, and then disposed of as waste. This model has been very successful in providing affordable products to consumers and material wealth to billions. Developed economies have largely replaced traditional economies with higher labour demands and lower returns on capital while promoting reuse and regeneration. While there is still room to geographically scale linear models to achieve even higher efficiencies, there are indications that new scales of productivity and quality improvements will be required in the coming decades. The size of the global middle class will more than double by 2030 to nearly 5 billion people, with corresponding increases in consumption and material intensity, making access to new resource reserves more difficult and expensive. Medium, input costs, and price volatility will increase. Perhaps most worryingly, this sudden surge in demand could negatively impact the environment and further constrain supply. Symptoms of these restrictions are now most prominent in food and water supplies. Soil fertility loss is estimated to cost around US\$40 billion worldwide.

For these reasons, alternative models of production, distribution, and consumption based on resource reuse and natural capital regeneration are attracting the attention of companies around the world. "Circular" sources of value appear to be more transformative and less incremental than greater efficiency. The circular economy includes markets that encourage product reuse rather than product disposal or

resource extraction. In such an economy, all kinds of waste, including discarded clothing and obsolete electronics, are reused or put to better use. This could provide opportunities to develop new fields, jobs and skills while protecting the environment and using natural resources more intelligently. Modern cyclical and regenerative forms of consumption, previously confined to a few luxury goods categories, have become a promising alternative and are on the rise. There are now compelling examples of large-scale commercial feasibility, from anaerobic digestion of household waste to clothing recycling. While these examples are still of limited geographic reach, it is estimated that maximizing the potential of the circular economy could save up to \$700 billion globally in materials in consumer products alone. To capitalize on new opportunities, business leaders and communities must develop new "circular" muscles and capabilities along traditional supply chains.

In order to highlight the nature and characteristics of cooperatives and the circular economy, the benefits, formation, and management of the cooperative economy, this paper sheds light on the role of the cooperative economy in sustainable economic exchange against this background. increase. A cooperative circular economy plays an increasingly important role in the development of sustainable economic exchanges. They help members find economic opportunities, enable the powerless to defend their rights, provide security to the poor by turning individual risks into group risks, and regulate access to livelihood assets. This study examines how cooperative economies and collective growth can foster sustainable growth in local communities.

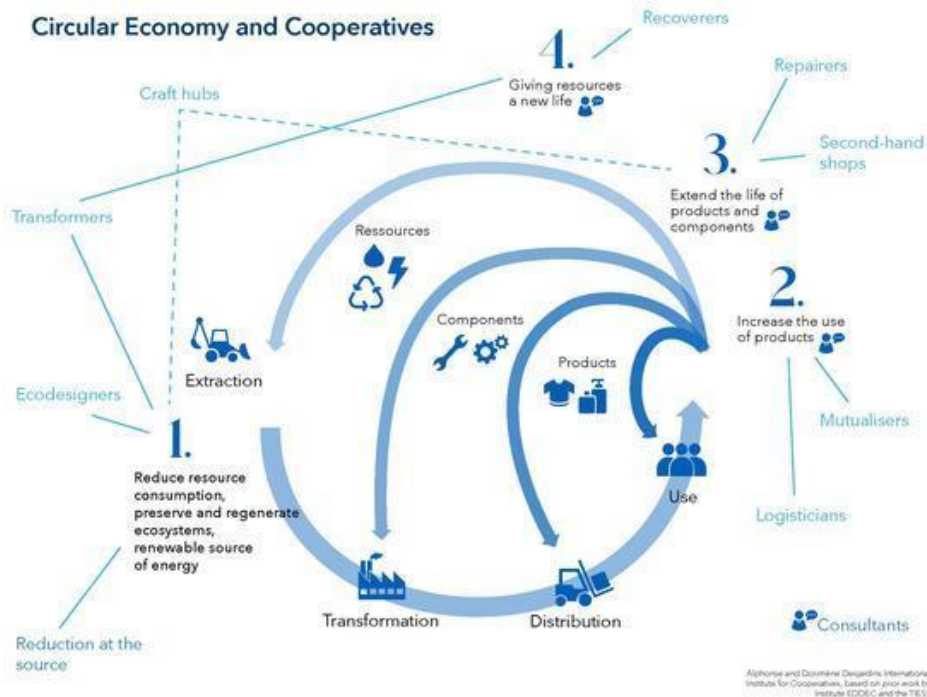


Figure 1: Circular Economy and business models of cooperatives (Ziegler et.al)

## 2. Background

Co-operatives are considered to be social capital-based organizations and thus have received a great deal of attention in the academic literature (Spognardi, 2019). Several studies have analyzed how different internal mechanisms of co-operatives generate social capital within co-operatives and how it extends to the community level (Valentinov, 2004). Other authors have studied how the presence of social capital specifically facilitates the establishment, growth, and development of cooperatives based on their characteristics (Arando, 2012). There are several reasons why it is important to analyze rural and agricultural cooperatives in terms of social capital generation and absorption. On the one hand, cooperatives are part of the ideal and more sustainable model of rural entrepreneurship proposed by Korsgaard et al. was suggested. The functioning of agricultural cooperatives as “user-owned, user-led and user-preferred agricultural producer organizations” is highly dependent on trust, mutual relationships, and people-to-people relationships, which are essential to the market. This type of entrepreneurship involves new combinations of local resources that add value not only to entrepreneurs but also to rural areas.

Ultimately, this is due to the fact that co-operatives are based on community-based resources and, in order to reduce their dependence on external sources, co-operatives gain greater resilience and greater competitive competitiveness in their territories through internal social capital. It means giving priority. In other words, rural co-operative entrepreneurship is proving to be a key factor in providing regions with the competitive advantage they derive from the generation and expansion of social capital. Co-operatives are social enterprises, built on trust and cooperation. In other words, since social networks based on norms of reciprocity and trust are the fundamental underpinnings of cooperatives,

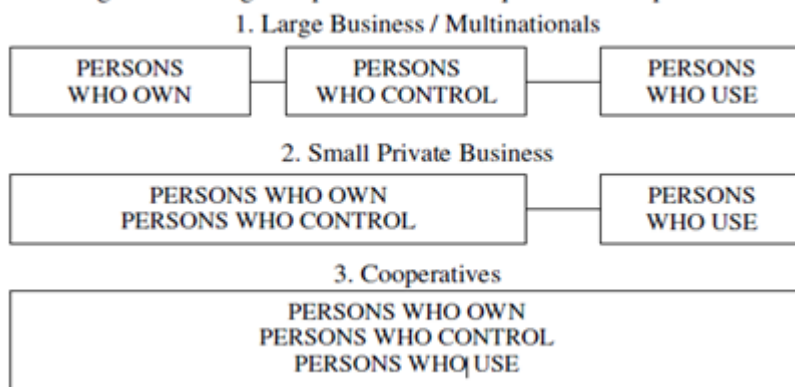
social capital is understood as one of the main characteristics of these organizations compared to capitalist enterprises. Internally, the main purpose of a cooperative is to meet the needs of its members and other internal stakeholders. Externally, they try to satisfy the interests of society and solve social problems in local communities by providing the products and services they produce. Co-operatives are voluntary organizations open to all who have access to their services and who are willing to accept the responsibilities of membership without discrimination based on gender, social, racial, political, or religious origin. As a condition of membership, members generally receive limited compensation, if any, for capital subscribed. Members will use surplus funds for any or all of the following purposes: Presumably at least in part to build up an indivisible reserve to expand the cooperative. give preferential treatment to members in connection with their dealings with the cooperative; Support other member-approved activities. We also work together through local, national, regional, and international structures to serve our members most effectively and strengthen our cooperative movement. In addition, cooperatives are committed to the sustainable development of their communities through policies approved by their members. (Bello, 2005)

A cooperative works like any other company. They need to serve the market efficiently and effectively, be well-managed, and survive economically. However, there are important differences that make cooperatives unique. Mainly he has three groups of people responsible for starting and running the service. The three groups are those who own them (shareholders, investors), those who manage them (competent decision-makers), and those who use them (customers). In a typical capitalist company, especially a large or multinational company, these three are separate groups. In smaller privately held companies, the situation is generally much better due to the close relationship between shareholders (investors) and controllers. For example, in

small retail businesses, the first two components are often the same. Still, users and customers are separate groups. In

co-ops, all three combine to form a unit. There is one owner, one who manages, and one who uses.

The diagrams below give a picture of the uniqueness of cooperative societies



### 3. Discussion

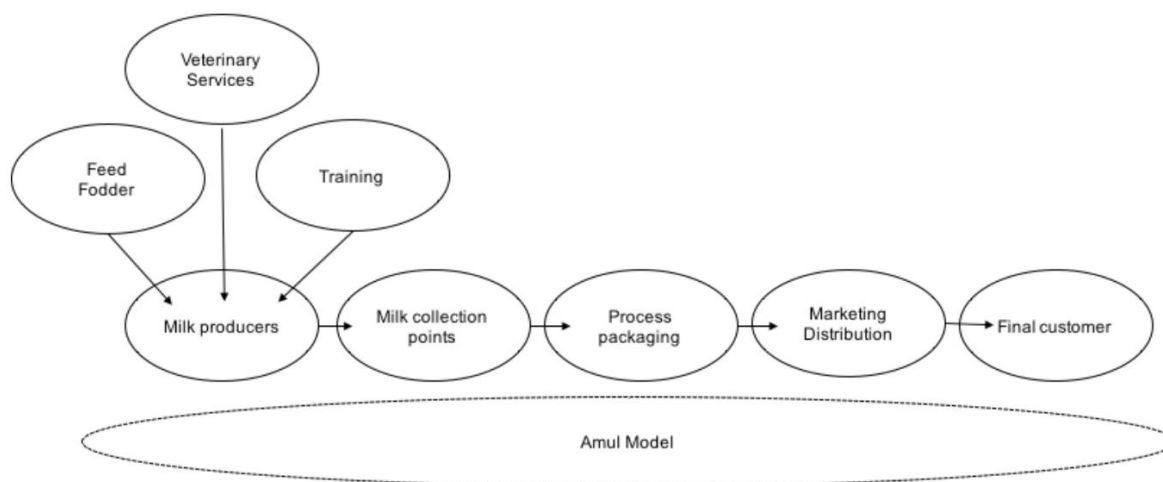
Co-operatives are seen as an important means of improving the living and working conditions of women and men. Because the owners of the services they provide are the users of those services, co-ops make choices that balance the need for profitability with the well-being of their members and the communities they serve. Co-operatives encourage economies of scale and economies of scale by increasing the bargaining power of their members and providing, among other things, benefits, higher incomes, and social protection. Co-operatives therefore provide their members with opportunity, protection, and empowerment – the essential ingredients to lift them out of degradation and poverty. As governments around the world cut services and withdraw from market regulation, cooperatives are seen as a useful mechanism for managing member risk and maintaining market efficiency. Cooperatives, in many ways, play an important role in the economic and social development of the world and nations. In terms of economic and social development, cooperatives promote the “full participation of all” and enable the benefits of globalization to be shared more equitably. They play an important role in contributing to sustainable human development and in combating social exclusion. Therefore, the promotion of cooperatives should be considered one of the pillars of economic and social development both domestically and internationally (Levin, 2002). Co-operatives strengthen the communities in which they operate, in addition to the direct benefits they provide to their members. In particular, according to Somavia (2002), cooperatives are seen as an important tool for creating decent jobs and mobilizing resources for income generation. Many co-operatives operate in a specific geographical area, thus providing jobs and paying local taxes.

India itself has IFFCO (Indian Farmers Fertilizer Cooperative Ltd) and KRIBHCO (Krishak Bhatti Fertilizer Cooperative Ltd) in the fertilizer sector, AMUL in the milk sector and the Self Help Group (SHG) formed by: There are

many successful cooperatives. Various agencies have generated support for farmers through various agro-related programs, which have yielded significant benefits in improving crop productivity and overall income. Cooperative members have developed a suitable farming system that provides year-round employment and sustainable income through crops, vegetables, fruits, and livestock. There were plans to shift to agroforestry and combine the planting of fruit trees, energy trees, and forest trees by cooperatives such as IFFDC (Indian Farm Forestry Development Cooperative Corporation) to improve the climate of the entire barren land. This has contributed to ecological resilience and improved rural livelihoods of local communities.

The success of the Kaila District Cooperative Milk Producers Association (Amul) has made it an ideal dairy cooperative model. something to emulate. Amul has efficiently integrated both forward and backward marketing channels. The back linkage was mainly occupied by (participatory) contract farming to secure the supply of input milk to processors. In addition, the White Revolution of 1970 (Operation Flood), considered the largest dairy development program in the world, led to the establishment of a large number of dairy cooperatives across India that imitated the Amr model. It was created to allow farmers to direct their development and take control of the resources they create. According to the National Dairy Development Board (NDDB), the program transformed India from a milk-deficient country into the largest milk producer, accounting for about 17% of global production in 2010-2011. In 30 years, the amount of milk available per capita has doubled and the dairy has become India's largest self-sustaining rural job creator. Apart from the technical efficiency of the processing sector, the union's most important achievement is its impact on the socio-economic situation of poor farmers. By creating a stable and profitable market for milk produced throughout the year, Amr encourages farmers to apply scientific methods to produce more milk at lower costs and generate more income.

Figure 1: Amul Value Chain Model



Source: Adopted from Chandra & Tirupati, 2002

#### 4. Conclusion

One of the biggest challenges for cooperatives is the ignorance of the business potential of cooperatives by governments and the public. This often leads to misrepresenting their interests. In Europe, for example, the International Accounting Standards Board wants to treat co-operative members' shares as liabilities rather than as equity or equity. This means that members are considered creditors of the cooperative rather than shareholders. International co-operative organizations oppose the proposed treatment as it goes against the nature of co-operatives. Another problem is treating co-operatives with large market shares as monopolies. For example, the Swiss Competition Commission found that two consumer cooperatives in Switzerland together account for more than 50 percent of the market, despite the fact that consumers own the cooperatives. These co-operatives are seeking compromises with monopoly laws. Moreover, demutualization has occurred in insurance co-operatives due to the minimal relationship between members and management and the egotistical attitude of officers who are shielded from criticism. In the UK, the recent financial crisis has created problems for demutualized building societies, but those that survive as mutual building societies have largely avoided the problem.

The low participation rate of women is a challenge for many co-operatives, and is more acute in agricultural co-operatives than in other forms such as credit unions. One of her ways of addressing this problem is the establishment of women's cooperatives such as the Women's Cooperative Bank of Southern Sri Lanka. Awareness campaigns such as the Women's Dairy Cooperative Leadership Program in India have doubled her participation rate. Furthermore, the challenge of low youth participation and the need to provide them with decent work could potentially be addressed by establishing specialized youth co-operatives and conducting awareness campaigns in existing co-operatives.

Governments should provide supportive policies, legal and institutional frameworks, provide activity-based supportive measures, ensure oversight on an equal basis with other

forms of business and social organizations, and channel funds to disadvantaged groups. are expected to take steps to improve access to Promote the formalization of the informal economy. Governments can make a significant contribution to improving co-operative performance by facilitating co-operative access to support services, especially to support co-operative human resource development.

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