



Republic of Zambia

Ministry of Labour and Social Security

IMPROVING PRODUCTIVITY FOR COOPERATIVES TO ENABLE COMPETITION WITH OTHER PRIVATE ENTERPRISES

**EXPERT GROUP MEETING: THE ROLE OF COOPERATIVES IN ECONOMIC AND SOCIAL DEVELOPMENT: SUPPORTING COOPERATIVES AS SUSTAINABLE AND
SUCCESSFUL ENTERPRISES, 30 MAY TO 1 JUNE 2023, New York, USA**



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Introduction to
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Cooperative
Sustainability
through
Productivity

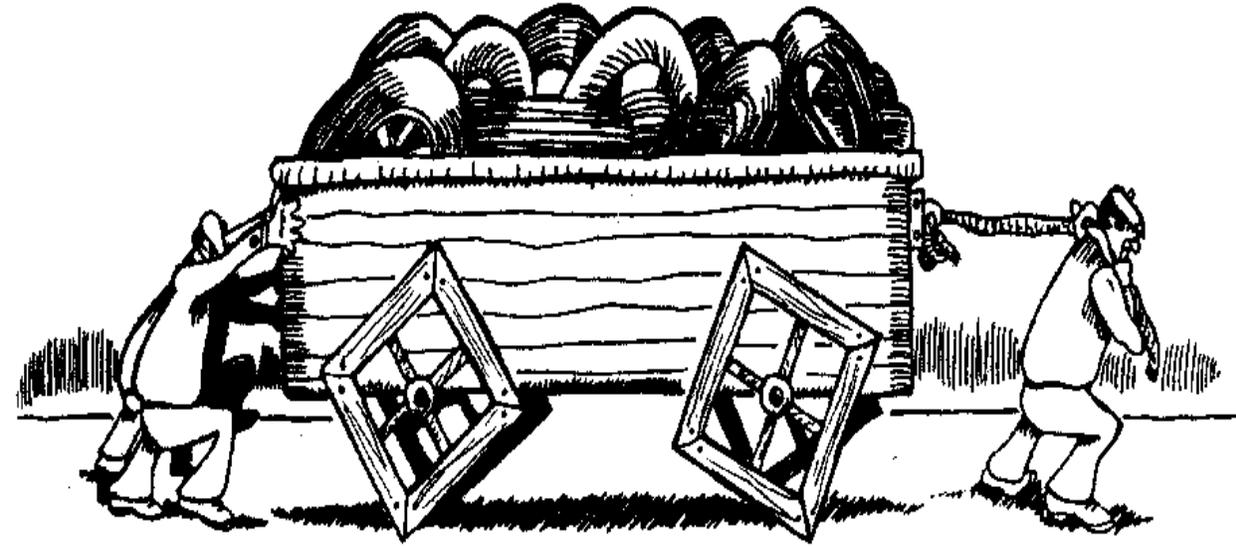
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Policy
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PRESENTATION OUTLINE

“If I had six hours to cut down a tree, I would spend the first four hours sharpening the axe”

Abraham Lincoln



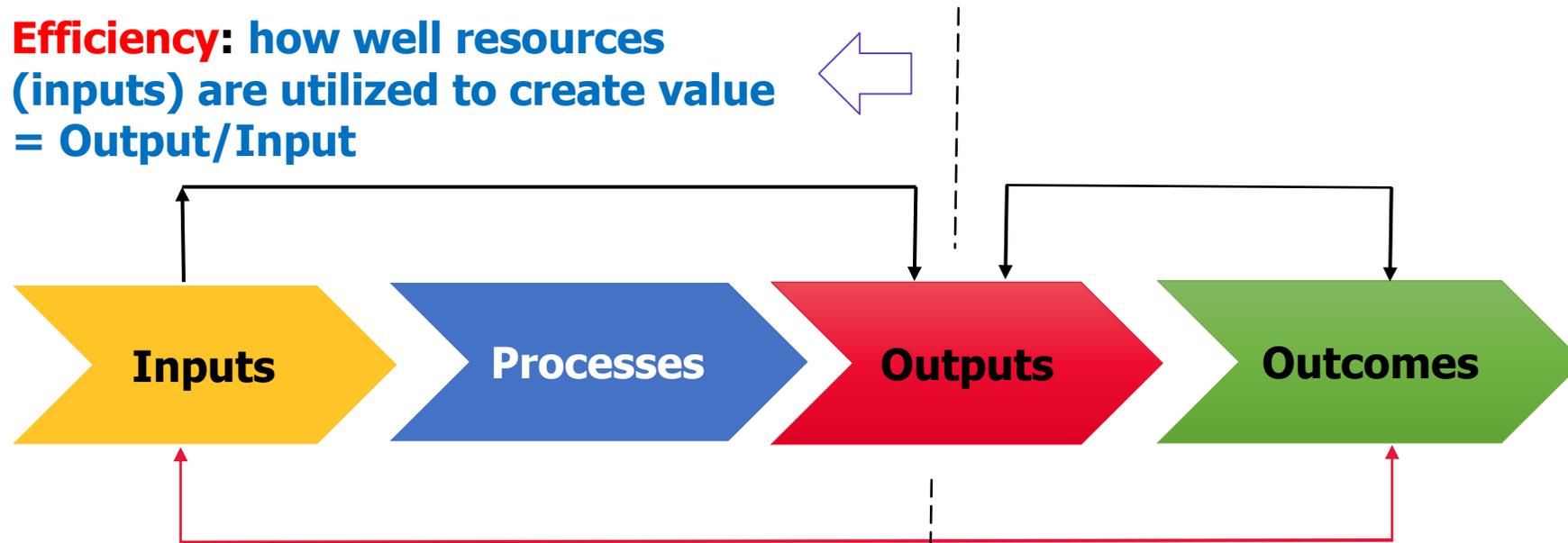
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INTRODUCTION TO PRODUCTIVITY

WHAT IS PRODUCTIVITY?

$$\text{Productivity} = \text{Attitudes} \times (\text{Efficiency} + \text{Effectiveness})$$

Efficiency: how well resources (inputs) are utilized to create value
= $\text{Output}/\text{Input}$



Effectiveness: extent to which results (outputs) meet desired goals
= $(\text{Actual Results} - \text{Expected Results})$

BENEFITS OF PRODUCTIVITY

- ❖ At **enterprise level**, productivity reduces wastes, reduces the cost of doing business, increases profits
- ❖ For the **workers** productivity improvement leads to increased wages and better and safe working conditions
- ❖ For **society**, productivity growth means improved quality of goods and services at competitive prices, improved livelihoods for the citizens, reduced poverty and vulnerability and improved overall standard of living.
- ❖ For the **country**, increased productivity means improved revenue for redistribution to social services, job creation, enhanced competitiveness and accelerated socio-economic development.

AT WHAT AGE DOES PRODUCTIVITY MATTER MOST?



All ages and stages of life:

1. For the **young ones**...need to embed a productive culture.
2. For the **working age**...need for productive and decent employment.
3. For the **elderly**...need for extending the productive life of older persons (the cooperative model is better placed to address this need).

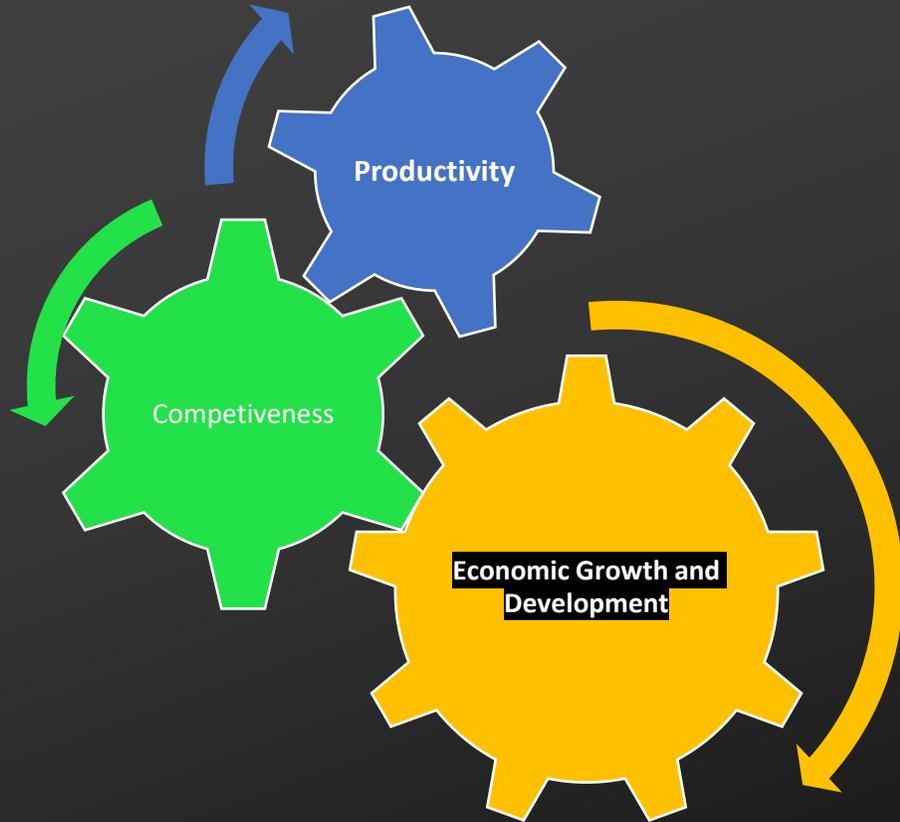
HOW CAN ALL THE CITIZENS PARTICIPATE IN INCREASING PRODUCTIVITY?

By seeking better ways of doing work through:

- ❖ Collaborative effort;
- ❖ Lifelong learning;
- ❖ Best practice identification and adoption; and
- ❖ Continuous improvement



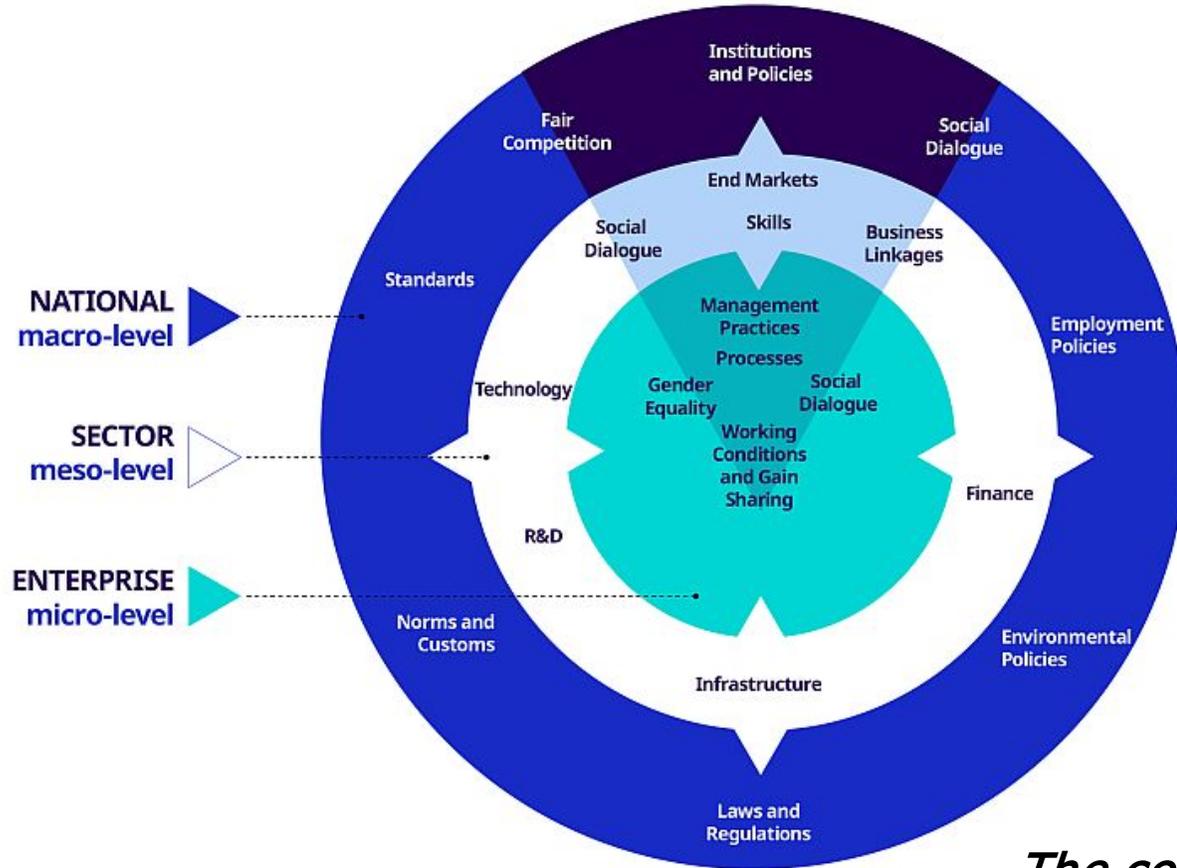
Productivity iseveryone's business!
...and it starts with you and me



2

COOPERATIVE SUSTAINABILITY THROUGH PRODUCTIVITY

THE PRODUCTIVITY ECO-SYSTEM FOR DECENT WORK



Rather than using a “one size fits all” approach or intervening at a single level, it is important to address productivity across **policy (Macro)**, **sector (Meso)** and **enterprise (Micro)** levels for win-win solutions that improve productivity and that ensure, achievement of the twin goals of **enterprise sustainability** and **equitable distribution** of the gains.

The cooperative model fits in very well in this ecosystem!

Source: ILO (2021)

IMPORTANCE OF COOPERATIVES TO THE PRODUCTIVITY AGENDA



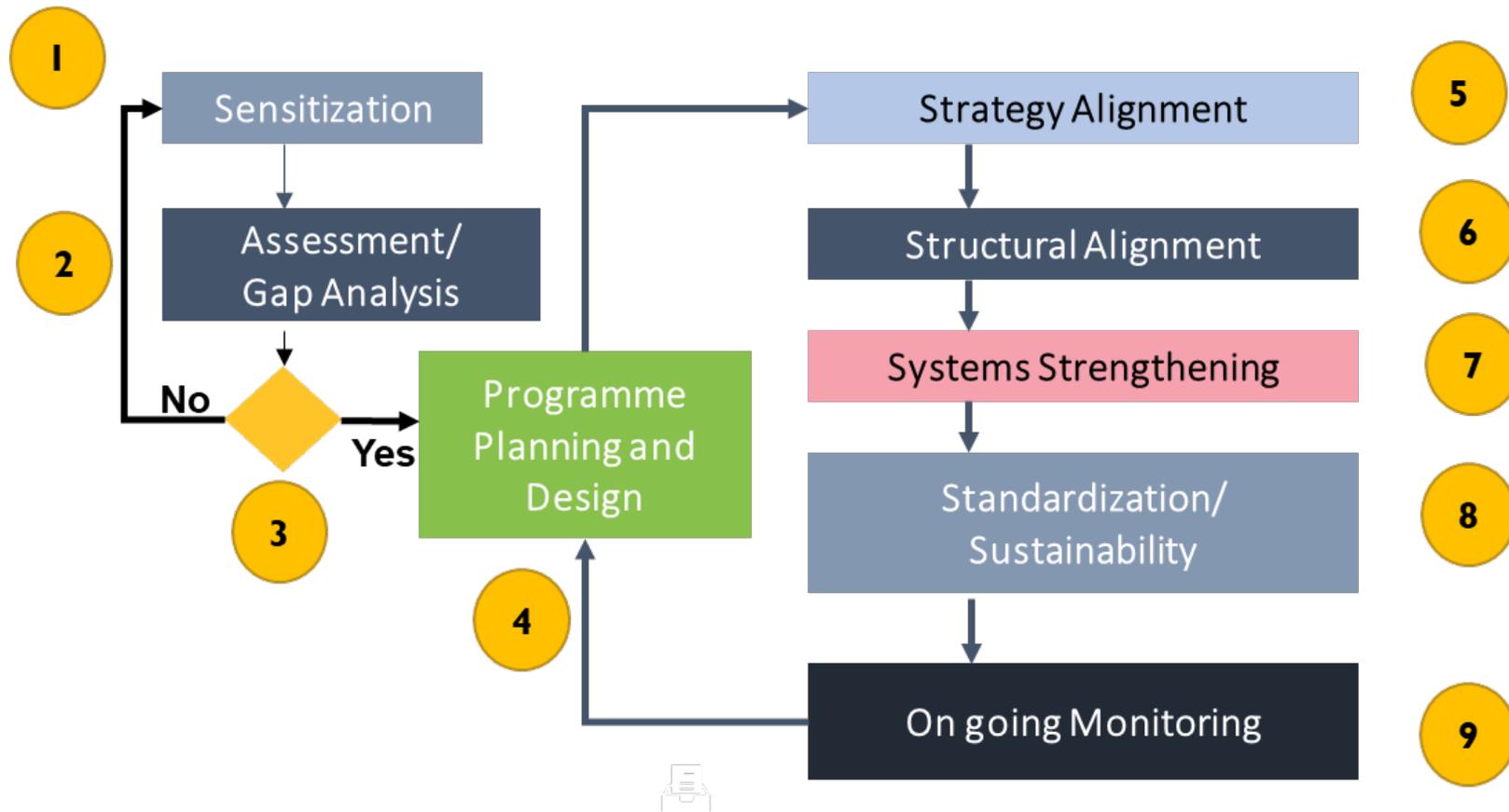
- ❖ Research shows that worker-owned enterprises equal or exceed the productivity of conventional enterprises when employee involvement is combined with ownership.
- ❖ In addition, employee-owned firms create local employment, anchor jobs in their communities and enrich local social capital.

Therefore, the 'claim' that the "the ultimate goal of productivity improvement is to enhance the standard of living of the people" is more relevant once we factor in cooperatives and other social enterprises in the productivity equation.

REASONS COOPERATIVES SHOULD BE MORE PRODUCTIVE THAN CONVENTIONAL ENTERPRISES

1. **Gain Sharing:** there are productivity gains from relating workers' pay to their output (or to a firm's sales or to profits) instead of to the workers' input of time.
2. **Locus of decision-making:** that a firm's productivity is higher if workers participated more in various enterprise decisions.
3. **Ownership:** Worker ownership eliminates the separation of interests between workers and owners.
4. **Accountability:** workers may be able to monitor each other's effort more effectively than in firms where the monitor is the owner's agent.
5. **Cooperation:** worker-shareholders are much more likely to cooperate on production problems than are workers in a conventional plant (reduced silo thinking)

ESSENTIAL STEPS FOR RAISING THE PRODUCTIVITY OF COOPERATIVE ENTERPRISES



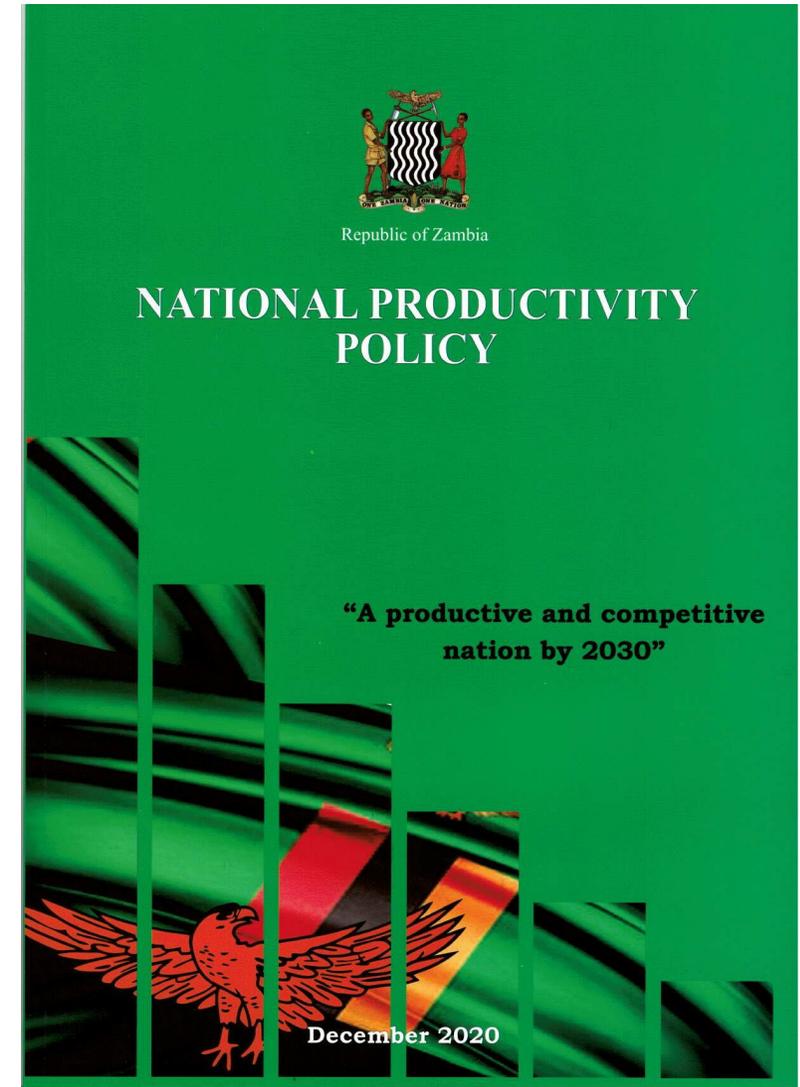
- ❖ *To ensure success, capacity must be built in the Cooperative Units to provide ‘consultancy’ or support as opposed to relying on external consultants who may not have local knowledge of how individual cooperative organisations operate.*
- ❖ *In addition, National productivity Organisations can provide the necessary support.*

SUCCESS FACTORS FOR MAINSTREAMING PRODUCTIVITY

1. Top Management Commitment;
2. Participation by everyone;
3. Integration of productivity approaches into the core systems and activities of the Cooperative; and
4. Continuous Improvement.

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Productivity Recommendations



CASE FOR POLICY DIRECTION ON COOPERATIVES

They are better placed to respond to emerging issues in the future of work

- 1. Climate Response:** Cooperatives are best suited to respond quickly to issues that arise in their local communities, implementing sustainable practices that prioritise human and environmental needs.
- 2. Technology Adoption:** Cooperative enterprises can be key in pioneering new technological advancements.
- 3. Globalisation:** Co-operatives and other social economy organisations enhance the ability of the stakeholders to cope as well as to prevent or reduce the impact of crises – be they natural disasters, financial and economic downturns, health-related or difficult social and political transitions.
- 4. Social dialogue and social protection:** Together with trade unions, business representatives and other civil society organisations, they can help by creating employment, alleviating poverty, promoting social dialogue, implanting democracy and addressing social protection and other socio-economic needs

POLICY RECOMMENDATIONS

1. **Data:** Nurture an evidence-based approach to policy efforts aimed at raising the productivity of co-operatives
2. **Awareness:** Enhance public awareness of co-operatives' contribution to economic and social development as well as on the nexus between productivity and social impact.
3. **Governance:** Promote institutional co-operation and multi-stakeholder dialogue as a precondition for designing and implementing effective policies for co-operatives
4. **Instruments:** Design policy tools to support co-operatives' sustainability.

CONCLUSION

Can cooperatives be as productive as other (conventional) enterprises?

1. **Efficiency**: given their local presence, and orientation to utilize local capabilities (materials, skills, capital, empowered workers), they are better placed to achieve high efficiencies.
2. **Effectiveness**: given their dual social and economic mission, co-operatives are likely to locate in places where their contribution to social welfare is more acutely needed. In addition, co-operatives may be more prevalent in less prosperous communities and parts of the country as a response to the unfulfilled or partially fulfilled needs of the population for specific goods and services. Hence **more effective**.
3. **Culture**: a change in the mindset of cooperative owners/workers is an inevitable condition for sustainability

“Productivity is never an accident. It is always the result of a commitment to excellence, intelligent planning, and focused effort.”

Paul j. Meyer



*Today must be better than yesterday
and tomorrow better than today!*

Thank You!