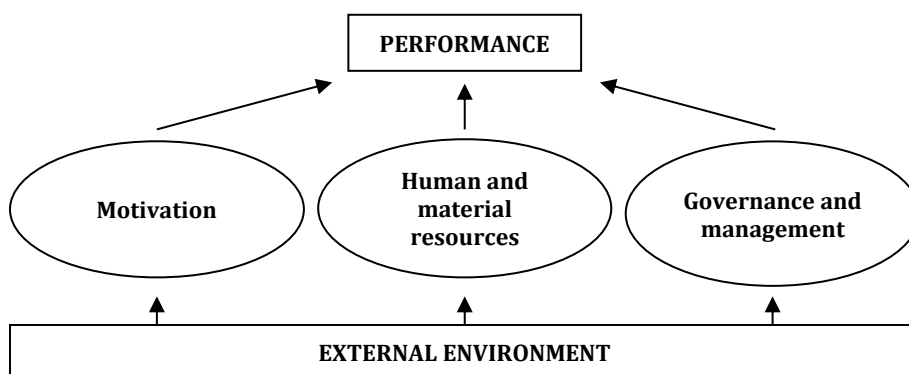


Handout: Factors influencing the performance of cooperatives

The portrait made on the performance of cooperatives includes the identification of their main strengths and problems in the following dimensions: effectiveness, relevance and financial viability. The factors that give rise to these strengths and problems can originate in the cooperatives themselves, in which case they are essentially linked to motivation, to do with governance and management, or human and material resources within the cooperative. Other factors, that are external to the organization, can instead be attributed to the external environment.

Framework of analysis for the factors influencing cooperatives' performance

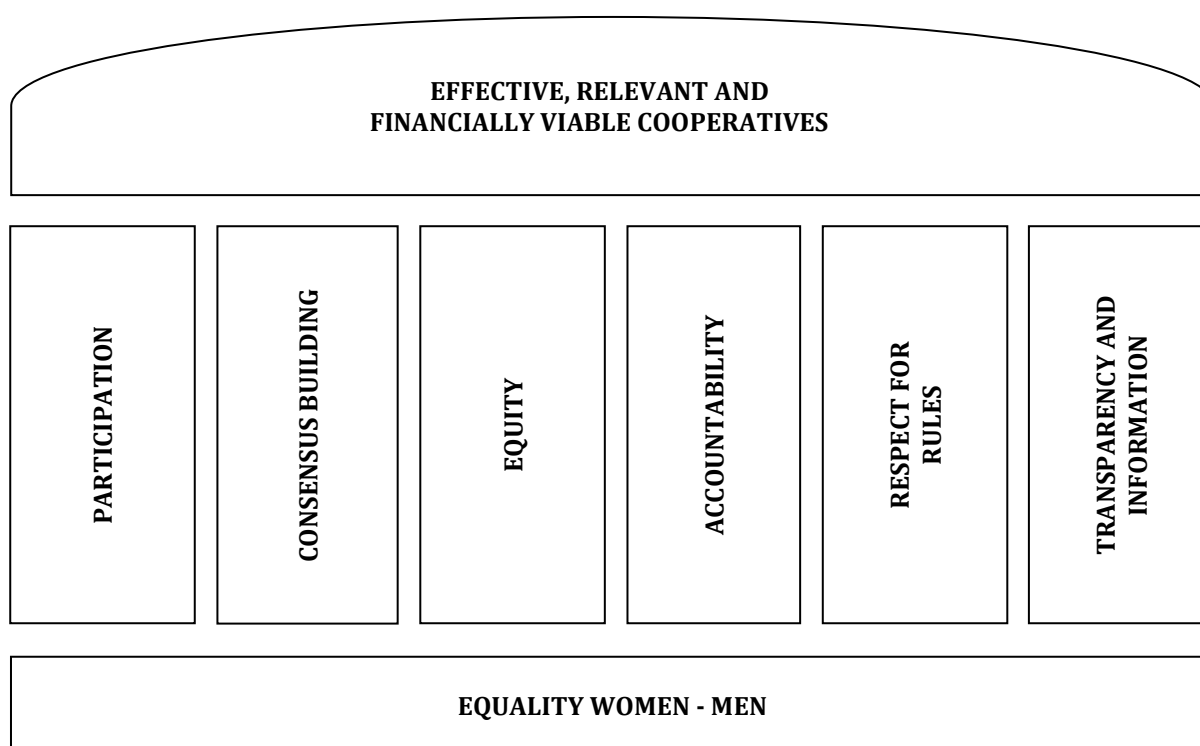


Motivation: put simply, this is what makes us act and invest ourselves in order to ensure the organization can grow and increase its productivity. It includes the goals and values of the organization, attitudes to change and the system of incentives. Organizational motivation is determined by its history, mission and culture. Motivation can refer to:

- Members identify with the values of the organization.
- The objectives of the organization are regularly defined/renewed in order to respond to changes in local and global situations/plans.
- Members actively participate in the life of the organization.
- Finally, members fully commit to their organization because they identify with its concerns and interests.

Governance and management include the internal rules and procedures (including the formation of management structures and the way they function), the decision-making processes linked to access to services, distribution of benefits, communication flows and internal and external relations, as well as performance evaluation processes. The principles of good governance are **participation, consensus building, equity, accountability, respect for rules, transparency and information**, as well as **equality between women and men** (see the diagram on the following page – The house of good governance). These principles should be the basis for management of the organization, should guide its processes for decision-making, implementation of decisions, management of financial and material resources as well as the provision of services and the distribution of benefits.

The house of good governance



Human and material resources in the organization: every organization has at its disposal human, material and financial resources that enable it to carry out its activities in a successful manner so as to reach its stated goals and objectives. Financial resources and their management have been addressed in the component on performance relating to financial viability. As regards human resources and their management, the following aspects may have an impact on the performance of the organization: planning and allocation of human resources, rewards of human capital, skills development. Skills development includes the technical capacities (e.g. agricultural, marketing) and functional capacities (e.g. administrative and financial management, planning, advocacy, negotiation,

leadership, equity and good governance) of cooperative leaders and members. Skills may relate to knowledge, know-how or particular competencies. Shortages of one or other of these skills can appear in the various bodies of the cooperative (general assembly, board of directors, executive board, supervisory body, committee/marketing boards or other types of boards, management) and negatively affect its performance. As regards material resources, this term mainly refers to the management of infrastructure and technology.

External environment: this can be defined as the sum of the conditions that are external to the organization and that determine its establishment and its development as well as its capacity to carry out its role in society. It includes the political and legal frameworks, consultation mechanisms between the cooperative and policy makers, economic incentives, and information and communication.