‘Human Development’ is the successful synthesis of a new idea of development that has had currency since the early Nineties, thanks to the publication in May 1990 of the first annual report of the UNDP (United Nations Development Programme).

At the base of this new Human Development paradigm and the related Capability Approach – also known in the literature as HDCA – there is the belief that people are at the centre of development, moving away from previous approaches in which both scholars and policy makers were too focused on economic growth rather than on choices that allow people to live a life that they have reason to value (Costantini and Monni, 2008; De Muro, Monni and Tridico, 2014). Indeed, as recalled by Fukuda Parr (2003), the first Human Development Report launched by Mahbub ul Haq in 1990 had an explicit purpose, namely ‘to shift the focus of development economics from national income accounting to people centred policies’ (Haq, 1995).

Shifting attention from national income to people also means considering gross domestic product (GDP) as a means of development whose main end is the expansion of human capabilities, that is, ‘the various combinations of functionings’ (beings and doings) that the person can achieve (…) reflecting the person’s freedom to lead one type of life or another’ (Sen, 1992: 40).

In the HDCA, people are seen ‘as active agents of change rather than as passive recipients of dispensed benefits’ (Sen, 1999: xiii). Therefore, expanding their human agency, that is, ‘what a person is free to do and achieve in pursuit of whatever goals or values he or she regards as important’ (Sen, 1985: 203), is a key component. Participation, an important dimension of well-being in itself and an expression of a person’s agency, is considered a development pillar, to the extent that development cannot be dissociated from it (Sen, 1999). However, to be consistent with HDCA, participatory processes should enable people to be active agents in ‘identification, assessment and addressing of the problems that challenge their ability to achieve the economic, social, political and ecological freedoms that define development’ (Duraiappah et al., 2005). This can be with the purpose of obtaining

\[\text{Functionings are ‘the various things a person may value doing or being’ (Sen, 1999: 75).}\]
valued and chosen outcomes, as well as supporting a choice process that may be intrinsically valuable or empowering (Alkire, 2002). Here, special attention should be given to institutions that can contribute to expanding agency and freedoms, both as an end and as a means for further freedom expansion (Drèze and Sen, 2002; Johnson, 2009).

De Muro and Tridico (2008) identify three main features of institutions for Human Development: i) they play an instrumental role, i.e. they may guarantee a stable and sustainable economic development; ii) they play a constitutive role, as institutions that foster human capabilities without any economic justification; iii) they have a participatory role, since people are the main actors of social change and institutions should be created and modified by people themselves through deliberative processes.

Considering the fact that accomplishing human capability expansion, especially among the poor, is usually closely linked to the possibility of acting with others (Evans, 2002; Stewart, 2005; Ibrahim, 2006), institutions for human development that can foster collective agency are of particular relevance.

Among institutions able to foster human development, co-operatives hold a crucial role (Bernardi, 2008; Vicari and De Muro, 2012; Vicari, 2014). Genuine co-operatives satisfy all of the above-mentioned features. They are one of the main actors in local development, able to contribute to the creation of wealth in a sustainable way, and to economic and social cohesion (Becattini, 2000). Moreover, the autonomy and meaningful relations that members establish in a co-operative have an intrinsic value, without any economic justification, thus representing one of the main motivations for members to join a co-operative. In this way, motivated members actively participate in the managing and decision-making of the co-operative, and through a deliberative process, they are actors of social change. Therefore co-operatives are a fundamental instrument for building and strengthening economic democracy. Praised by Sen (2000) for their ability to adopt active participation as a way of working, co-operatives can be considered the result of collective action in which members organize themselves to directly meet ‘common needs and aspirations’ and not just to maximize profit as is the case with conventional enterprises.

One of the most important human capabilities, according to the HDCA, is ‘being able to work as a human being, exercising practical reason and entering into meaningful relationships of mutual recognition with other workers’ (Nussbaum, 2000: 79-80). Indeed, this central capability is the subject of the latest Human Development Report by the United Nation Development Programme (2015). Co-operative enterprises can make a
great contribution to the expansion of this capability, as they generate not just employment and income but also meaningful relationships of mutual recognition between members, especially through pro-active participation in decision-making processes.

The co-operative advantage (Birchall, 2004 and 2011) is tightly interconnected with co-operatives’ dual entrepreneurial and participatory features. As sustainable enterprises, they can help members to achieve their common needs and aspirations, and by improving their economic condition, they can contribute to the expansion of many income-related capabilities. At the same time, by participating in a co-operative, members are involved in distributional processes of rights, knowledge, and powers which can have a direct impact on people’s empowerment, thus modifying their sense of self-worth (Kabeer, 2005) and enacting changes in practices and shared knowledge that can lead to institutional transformations at different levels (Hill, 2005).

Although co-operative membership can bring about such meaningful outcomes, an analysis of how it can be turned into agency and capability expansion is important. We must be aware that it is only recently that contribution of the co-operative to human development has been acknowledged, this delay in part cause by a less-than-positive legacy from the past. In the 1980s, the ability of co-operatives to combat poverty in developing countries was questioned due to their inability to bring about structural change (Attwood and Baviskar, 1989; Holmén, 1990). After the Second World War, in many developing countries, co-operatives were considered by national governments and international aid agencies as a tool for delivering economic growth, using a top-down approach (Birchall, 2004). Members were not actively involved in the management of the co-operative, which was in the hands of political elites and was damaged through corruption, debts, and mismanagement (Develtere et al., 2008; Münkner, 2012). As a consequence, with the advent of structural adjustment programmes, the majority of them collapsed and were discredited as a means of poverty reduction in a market economy (Birchall, 2004; Develtere et al., 2008).

Since the 1990s, a new, ‘genuine’, bottom-up, member-owned model of co-operatives has begun to develop in many developing countries and their important contribution to poverty reduction and human development has been acknowledged by scholars (e.g. Birchall, 2004, 2011; Develtere et al., 2008; Johnson and Shaw, 2014) and by international

---

2 For instance, this is still the case in China (Bernardi and Miani, 2014).
institutions (UN, 1992-2013; FAO/IFAD/WFP, 2012; ILO-ICA, 2014). Some scholars even mention a ‘renaissance’ of co-operative movements such as, for instance, in Africa (Develtere et al., 2008). It has therefore become clear that when co-operatives are an autonomous, democratic, and inclusive form of business and when they operate according to the principles and values of co-operation as laid out by the International Co-operative Alliance (ICA), they can represent an important means for capability expansion. Indeed, being participatory and democratic organizations is the first precondition for co-operatives to be considered as institutions for human development.

What, though, are the other important features that can help us understand how participation in co-operatives can be turned into agency and capability expansion? The literature on HDCA offers a key concept that help us here: the conversion factor and rate. Conversion factors are introduced in HDCA to explain the degree or rate to which a person can transform a good, service, or social institution into well-being achievements (Robeyns, 2005, 2011). These factors are personal, such as physical health and education; environmental, such as climatic factors and infrastructure; social, such as public policies, social norms, and power relations related to class and gender; and intra-household, since the distribution of resources and advantages within the household may be unequal.

In the case of a person who has the opportunity to join a co-operative, conversion factors can contribute to explaining to what extent such participation can be transformed into agency expansion and changes of her/his well-being. Here, considering the double nature of co-operative advantage, it is important to analyse which factors can improve or undermine the achievement of income-related and participation-related gains. They are as follows (Vicari and De Muro, 2012; Vicari, 2014):

- Personal conversion factors (such as health and education) can impede or facilitate individual participation in the social and economic life of a community, including their co-operative participation. For instance, case studies show that more-educated women are more likely to participate in co-operatives (Woldu Assefa and Fanaye, 2012). Moreover, educational skills of members can have a considerable impact on co-operative performance and on its capacity to meet other members’ needs and aspirations (Münkner, 2012).

Environmental conversion factors can influence co-operative activity,

---

3 Since 1992, the UN Secretary-General has published biennial reports on the role of co-operatives in economic and social development. Reports since 2005 are available online.
especially in isolated rural contexts, because of infrastructural deficiency and harshness of climate (Birchall, 2004).

Social conversion factors can affect the institutional context where co-operatives are established and therefore their ability to be inclusive and equitable organizations. They include, for instance, social norms such as egalitarian customs or gender relations, which can influence the attitude of members and their willingness to cooperate and actively participate (Alkire and Deneulin, 2002). They also include the legislative and policy environment, for example, whether and how the state respects the autonomy of co-operatives and puts in place the appropriate actions to support them (Münkner, 2012; Bernardi and Miani, 2014). The role of the state is also important in fostering public policies that regulate common resources (such as natural resources) and provide services, such as education and health, which develop the capability of members to participate. The institutional context also includes the network within which co-operatives act, including relations with other co-operative organizations and non-governmental organizations (NGOs) as well as inclusion in domestic and international value-chains. Networking contributes to strengthening both entrepreneurial viability and developing collective agency (Stewart, 2005; Herbel et al., 2012) by avoiding the isolation that may undermine the sustainability of local development-processes.

To conclude, to examine how conversion factors work in different contexts can be useful in providing insight for policies, showing the enabling environment needed for co-operatives to be effective institutions for human development. Here, the role of policy makers is crucial since they can contribute to removing the obstacles that prevent citizens from establishing, participating in, and managing sustainable autonomous co-operative enterprises.

References


