

Collective Action Theory : Promoting CooperativesRam Komal Prasad¹**Abstract**

Co-operatives have been a profitable venture in most of the countries in the world. The cooperators have adopted the right practices as per its principles and strategies; the failure is caused because of vice-versa. Diversifying the co-operative business as per the need of the hour, adopting modern technology, focusing on quality, improving marketing and branding, building strategic partnerships, enhancing strict financial management, and developing human resources are some of the key strategies for success and profitability. By implementing these strategies, co-operatives can contribute to the socio-economic development of the country and improve the lives of their members and the society.

Key words : *collective action, co-operatives, management, democracy.*

1. Introduction :

Mancur Olson, Jr, (1965) propounded a Collective Action Theory that refers to a social science framework to explain why and how individuals and groups work together to achieve common goals. This theory focuses on how collective action arises from individual interests and how groups can mobilize resources to achieve their objectives. Collective Action Theory is widely applied in various fields, including political science, sociology, management, and economics to explain different phenomena. In political science, collective action theory is often used to explain why and how social movements arise, and how they can mobilize resources to achieve their objectives. In economics, collective action theory is used to explain how individuals can pool their resources to achieve collective benefits, such as public goods or common-pool resources.

It is used to analyze the role of institutions in facilitating or hindering collective action.

Co-operative institutions can provide incentives for individuals to engage in collective action frameworks through legal norms and rules. It can also provide mechanisms for resolving conflicts and ensuring cooperation among group members. By promoting social capital, democratic governance, collective identity, social movements, and public goods, collective action

¹ Fellow, National Institute of Industrial Engineering (NITIE), IIM_Mumbai, India Associate Professor, Institute of Co-operative and Corporate Management Research & Training, Lucknow, India

theory provides a framework for understanding how individuals and groups can work together to achieve common goals and promote greater social and economic development. In this article we will explore the relationship between co-operative management and collective action theory, and how they can be used to promote successful outcomes.

Collective action is often necessary to address complex socio-economic problems that require coordinated efforts from multiple stakeholders. The various aspects of collective action paradigms can be used to promote sustainable resource management practices, reduce poverty, offer equal avenues, etc. The primary focus of collective action theory is on how groups can mobilize resources to achieve their objectives, several byproducts of this theory have important implications for social, economic, and political life. In this article, the author will explore some of the key byproducts of collective action theory in the co-operative movement, and how it has contributed to the success of co-operative sectors and businesses.

2. System and Methods of Collective Action :

In the social and cultural mechanism of society, Collective Action Theory plays a reflective role in influencing individuals to change of any kind to address social issues. It offers various systems and methods through which individuals can mobilize, organize, and collectively pursue common goals or address shared grievances by paving a collective effort in dynamic change, fostering cooperation, and advancing the common good in diverse contexts across society as enumerated –

2.1 Formation of Social Capital : Social capital refers to the network of social relationships and trust that exists between individuals and groups. Collective action theory emphasizes the importance of social capital in facilitating collective action, as individuals are more likely to cooperate when they trust and respect each other. By promoting social capital, collective action theory can help to build stronger, more cohesive communities and foster greater social and economic development.

2.2 Democratic Governance : Collective action theory also has important implications for democratic governance. By emphasizing the importance of collective decision-making and participatory governance, collective action theory promotes a more democratic and inclusive approach to politics. By enabling individuals and groups to participate in decision-making processes, collective action theory can help to ensure that the needs and interests of all members of society are taken into account.

2.3 Collective Identity : Collective action theory also promotes the development of collective identity, which refers to the sense of shared identity and purpose that individuals feel when they work together to achieve common goals. By promoting collective identity, collective action theory can help build stronger, more cohesive groups that can better achieve their objectives.

2.4 Social Movements : Another important byproduct of collective action theory is the promotion of social movements. Social movements are collective efforts to achieve social, economic, or political change, often fueled by the mobilization of resources and collective action. By emphasizing the importance of collective action, collective action theory provides a framework for understanding how social movements can arise and how they can be mobilized to achieve their objectives.

2.5 Public Goods and Services : Collective action theory also has important implications for providing public goods and services, public transportation, public health, business enterprise, production activities, and social wellbeing. By emphasizing the importance of collective action and cooperation, collective action theory promotes the provision of public goods that benefit all members of society. By working together to achieve common goals, individuals and groups can help to ensure that public goods are available to all members of society, not just the privileged few.

3. Co-operative Management and Collective Action Theory :

Co-operative management is a key concept that emerges from collective action theory. This theory posits that individuals or groups are more likely to achieve their goals when they act collectively rather than individually. Co-operative management refers to how members of a collective work together to manage the resources and processes necessary for achieving their goals.

Co-operative management is a byproduct of collective action theory because it provides a framework for individuals to work together effectively. Co-operative management involves the distribution of tasks and responsibilities among members of the collective. This can help to ensure that everyone has a role to play in achieving the group's goals. Co-operative management also involves communication and collaboration between members of the group. This can help to build trust and create a sense of shared ownership over the collective's resources and processes.

There are several benefits to using co-operative management in a collective context. One of the most significant benefits is that it can help to reduce

conflict between members of the group. By distributing tasks and responsibilities among members, everyone can feel that they have a role to play in achieving the group's goals. This can help to reduce feelings of resentment or frustration that can arise when some members feel that they are doing more work than others.

Another benefit of co-operative management is that it can promote creativity and innovation. By working together, members of the collective can share their knowledge and skills to develop new ideas or approaches to achieving the group's goals. This can help to generate fresh perspectives and insights that might not be possible when individuals work alone.

Co-operative management can help to build a sense of community and shared ownership over the collective's resources and processes. When everyone has a role to play in achieving the group's goals, they are more likely to feel invested in the success of the collective. This can help to create a sense of belonging and identity that can be motivating for members of the group.

Therefore co-operative management is a byproduct of Collective Action Theory that can be used to promote successful outcomes in group settings. By distributing tasks and responsibilities, promoting communication and collaboration, and fostering a sense of community and shared ownership, co-operative management can help to reduce conflict, promote creativity and innovation, and build a sense of belonging among members of a collective. These benefits make co-operative management an essential tool for anyone who wants to achieve their goals through collective action. Collective action theory provides a useful framework for understanding how individuals and groups work together to achieve common goals. By analyzing the factors that influence collective action, researchers and practitioners can develop strategies to facilitate cooperation and achieve collective benefits.

4. Co-operative Model and Movement :

Collective Action Theory is a framework that describes how individuals or groups can work together to achieve common goals. This theory is based on the idea that collective action can be more effective than individual action because it enables individuals to pool their resources and coordinate their efforts. Co-operative enterprises are one example of collective action, where individuals come together to form a business that is owned and controlled by its members. The co-operative movement has played a significant role in promoting economic and social development around the world. At the heart of the co-operative movement is the concept of collective action, which has

helped to facilitate the growth and success of co-operatives.

The co-operative movement has grown significantly over the years, and collective action theory has played a significant role in this growth. One of the key ways that collective action theory has contributed to the growth of co-operatives is by promoting cooperation and collaboration between individuals. By working together, individuals can achieve economies of scale, reduce costs, and increase their bargaining power. This has helped co-operatives to compete more effectively with larger, more established businesses.

The co-operative movement has been an important force for economic and social development around the world. However, managing a co-operative enterprise can be challenging, and success often depends on the ability of members to work together effectively. Collective Action Theory provides a framework for understanding how individuals can work together to achieve common goals. In this article, we explore the role of Collective Action Theory in streamlining the co-operative movement and helping co-operatives to achieve their objectives.

One of the primary challenges facing co-operatives is how to manage the collective decision-making process effectively. Co-operative enterprises are owned and controlled by their members, which means that decision-making must be democratic and participatory. Collective Action Theory provides a framework for understanding how members can work together to make decisions in a way that is efficient and effective. By promoting communication, collaboration, and consensus-building, collective action theory helps co-operatives to streamline their decision-making processes and to achieve greater coherence and unity.

5. Streamlining of Co-operatives through Collective Action :

Collective Action Theory has also helps to promote the development of strong, sustainable co-operatives. By emphasizing the importance of communication, coordination, and collaboration, Collective Action Theory has helped co-operatives to build strong internal structures that enable them to operate efficiently and effectively. This has helped co-operatives to weather economic challenges and to remain resilient over time. It has contributed to the growth of the co-operative movement is by promoting the creation of supportive legal and regulatory frameworks. These frameworks provide a legal basis for the formation and operation of co-operatives, and they help to protect the rights and interests of co-operative members. By

advocating for the creation of these frameworks, collective action theory has helped to create an enabling environment for business operations and the formation of seed capital. Another way that collective action theory can help to streamline the co-operative movement is by promoting the development of strong, supportive networks among co-operatives. Networks can provide valuable resources and support to co-operatives, including access to financing, technical assistance, and marketing opportunities. By building strong networks, co-operatives can leverage their collective strength and achieve greater impact and success.

Collective Action Theory can also help to promote innovation and creativity within the co-operative movement. By encouraging members to share their knowledge and skills and to work together to solve problems, collective action theory can help co-operatives to develop new and innovative approaches to achieving their objectives. This can help co-operatives to stay relevant and competitive in a rapidly changing economic environment. It can help to streamline the co-operative movement is by promoting the development of effective governance structures.

Collective Action Theory provides a valuable framework for streamlining the co-operative movement and helping co-operatives to achieve their objectives. By promoting effective communication, collaboration, and consensus-building, encouraging the development of strong networks, promoting innovation and creativity, and promoting effective governance structures, collective action theory can help to ensure that co-operatives are well-managed and sustainable over the long term. As the co-operative movement continues to evolve and grow, Collective Action Theory will undoubtedly play an essential role in shaping its success and future (Guttman, 2021).

6. Co-operative Business-Challenges & Opportunities :

The co-operative sector has been an important contributor to economic and social development around the world. However, in recent years, the co-operative sector has faced significant challenges, including declining membership, increasing competition from large corporations, and changing market dynamics. One of the primary challenges facing the co-operative sector is how to attract and retain members. This is particularly challenging in a rapidly changing economic environment where individuals have a wide range of choices when it comes to how they participate in the economy. Collective Action Theory can help to address this challenge by promoting the development of strong, supportive networks among co-operatives. Networks

can provide valuable resources and support to co-operatives, including access to financing, technical assistance, and marketing opportunities. By building strong networks, co-operatives can leverage their collective strength and attract new members.

The co-operative business model has been an important force for economic and social development around the world. The co-operative model differs from other business models as it is owned and controlled by its members, who work together to achieve common goals. The success of a co-operative business relies on the ability of members to work together effectively. One of the primary opportunities of the co-operative business model is that it allows individuals to pool their resources and share risks. This is particularly relevant to small business owners, who may not have access to the same resources as larger corporations. By working together, members of a co-operative business can access financing, technical assistance, and marketing opportunities that might not be available to them as individuals. This can help to level the playing field and promote economic and social development in communities.

One of the primary challenges facing co-operative businesses in India is the lack of effective governance and management. Many co-operative businesses suffer from weak leadership, ineffective decision-making processes, and inadequate financial management. To address this challenge, it is essential to promote good governance and management practices within the co-operative sector. This can be achieved through training and capacity-building programs that promote transparency, accountability, and effective financial management. By promoting good governance and management practices, co-operative businesses can become more efficient, competitive, and sustainable over the long term.

Collective Action Theory provides a framework for understanding how individuals can work together to achieve common goals. It emphasizes the importance of cooperation and collaboration among individuals. Co-operative sector is particularly relevant, where members must work together to achieve their objectives by promoting effective communication, collaboration, and consensus-building, collective action theory can help to revitalize the co-operative sector and to make it more competitive and effective.

Another way that Collective Action Theory can help to rejuvenate the co-operative sector is by promoting the development of innovative approaches to achieving co-operative objectives. By encouraging members to share their

knowledge and skills and to work together to solve problems, collective action theory can help co-operatives to develop new and innovative approaches to meeting the needs of their members. This can help co-operatives to stay relevant and competitive in a rapidly changing economic environment.

As it is evident that good governance is essential for the success of any co-operative enterprise, as it helps to ensure that decision-making is transparent, accountable, and responsive to the needs of members. By promoting the development of effective governance structures, collective action theory can help to ensure that co-operatives are well-managed and sustainable over the long term. Collective Action Theory emphasizes the importance of cooperation and collaboration among individuals. In a co-operative business, members work together to achieve common goals, such as increasing income, reducing costs, or improving the quality of products or services. By promoting effective communication, collaboration, and consensus-building, collective action theory helps to ensure that co-operative businesses are well-managed and sustainable over the long term.

7. Application of Collective Action Theory in Co-operative sector :

Co-operative businesses have been an important force for economic and social development in India, providing a platform for individuals to pool their resources and work together to achieve common goals. However, the co-operative sector in India faces significant challenges, including declining membership, poor governance, and ineffective management. In this article, we will explore how to rejuvenate co-operative businesses in India.

Collective Action Theory contributes to the creation of co-operative businesses by promoting the development of strong networks among co-operatives. Networks can provide valuable resources and support to co-operatives, including access to financing, technical assistance, and marketing opportunities. By building strong networks, co-operatives can leverage their collective strength and achieve greater impact and success. This can help to promote the growth and development of the co-operative sector, as well as to create new opportunities for individuals to participate in the economy (Guttman, 2021).

Collective Action Theory can also help to promote innovation and creativity within co-operative businesses. By encouraging members to share their knowledge and skills and to work together to solve problems, collective action theory can help co-operatives to develop new and innovative

approaches to achieving their objectives. This can help co-operative businesses to stay relevant and competitive in a rapidly changing economic environment (Guttman, 2021).

The creation of co-operative businesses is a result of collective action theory. By promoting effective communication, collaboration, and consensus-building, encouraging the development of strong networks, promoting innovation and creativity, and promoting effective governance structures, collective action theory can help to ensure that co-operative businesses are well-managed, sustainable, and competitive. As the co-operative sector continues to evolve and grow, collective action theory will undoubtedly play an essential role in shaping its future.

8. Coping with Challenges of The Co-operative Sector :

The promotion of innovation and good governance is essential for strengthening the co-operative sector's infrastructure in India. This can be achieved through the development of strong networks among co-operatives, which can provide valuable resources and support to co-operative businesses, including access to financing, technical assistance, and marketing opportunities. By building strong networks, co-operative businesses can leverage their collective strength and achieve greater impact and success. The best way to rejuvenate co-operative businesses in India is to promote innovation and creativity. Co-operative businesses need to adapt to changing market dynamics and stay relevant to the needs of their members. By encouraging members to share their knowledge and skills and to work together to solve problems, co-operative businesses can develop new and innovative approaches to achieving their objectives. This can help co-operative businesses to stay competitive in a rapidly changing economic environment. Furthermore, it is crucial to promote the development of a supportive regulatory environment for co-operative businesses in India. The government can play a critical role in promoting the growth and development of the co-operative sector by providing tax incentives, access to financing, and other forms of support. A supportive regulatory environment can help to level the playing field and promote the growth of co-operative businesses in India.

Adequate alteration of co-operative businesses in India requires a multi-faceted approach that addresses the challenges facing the co-operative sector. By promoting good governance and management practices, encouraging innovation and creativity, strengthening the co-operative sector's

infrastructure, and creating a supportive regulatory environment, India can ensure that co-operative businesses are well-managed, sustainable, and competitive. As the co-operative sector continues to evolve and grow, it will undoubtedly play an essential role in shaping India's future economic and social development.

One of the critical success parameters of the co-operative movement is member participation. Members are the backbone of any co-operative business, and their participation is essential for its success. Members must be actively engaged in decision-making processes, contributing their skills and knowledge to the growth of the co-operative and its development. Co-operative businesses that promote member participation tend to be more innovative, efficient, and competitive than those that do not.

Another essential success parameter of the co-operative movement is governance and management. Good governance and management practices are critical for the success of any co-operative business. This includes having clear roles and responsibilities, transparent decision-making processes, and effective financial management. Co-operative businesses with strong governance and management practices tend to be more efficient, transparent, and accountable to their members.

The success parameter of the co-operative movement is the development of strong networks among co-operatives. Networks provide valuable resources and support to co-operative businesses, including access to financing, technical assistance, and marketing opportunities. By building strong networks, co-operatives can leverage their collective strength and achieve greater impact and success.

The success parameters of the co-operative movement are innovation and creativity. Co-operative businesses need to be innovative and adaptable to changing market dynamics to stay relevant to the needs of their members. Encouraging members to share their knowledge and skills and to work together to solve problems can help co-operative businesses to develop new and innovative approaches to achieving their objectives.

The success parameter of the co-operative movement is its ability to create social and economic impact. Co-operative businesses can contribute to the economic and social development of their members and communities by providing access to finance, markets, and other resources. Co-operative businesses that prioritize social and economic impact tend to be more successful in achieving their objectives and sustaining their operations over

the long term.

Therefore the success parameters of the co-operative movement include member participation, governance and management, strong networks, innovation and creativity, and social and economic impact. Co-operative businesses that prioritize these parameters tend to be more efficient, competitive, and sustainable over the long term. As the co-operative sector continues to evolve and grow, these parameters will undoubtedly play an essential role in shaping its future.

The co-operative movement in India has a long history dating back to the early 1900s. Over the years, co-operative societies have played an essential role in the socio-economic development of the country, especially in the rural sector. However, despite their potential, many co-operative societies have failed to achieve their objectives. In this article, we will explore the reasons for the failure of the co-operative movement in India.

The co-operative movement has been a powerful force for economic and social development worldwide. A co-operative business model is characterized by the collective ownership and management of resources, shared decision-making, and equitable distribution of profits among its members. The success of a co-operative movement is measured by its ability to achieve its objectives, including the economic and social development of its members and communities. In this article, we will explore the success parameters of the co-operative movement.

One of the primary reasons for the failure of co-operative societies in India is poor governance and management. Many co-operative societies suffer from weak leadership, ineffective decision-making processes, and inadequate financial management. Lack of transparency and accountability further aggravate these problems. As a result, many societies face issues like mismanagement of funds, embezzlement, and fraud.

Another significant reason for the failure of co-operative societies in India is political interference. Politicians often use co-operatives for their gains, resulting in corruption and inefficiencies. Many co-operative societies have become a tool for patronage politics, with politicians appointing their supporters to key positions within these societies. This has led to the neglect of the interests of the members and the societies' objectives.

Furthermore, a lack of technical expertise and training is another major reason for the failure of co-operative societies. Members often lack the necessary knowledge and skills required to manage society effectively. The

absence of training programs and capacity-building initiatives further exacerbates this problem. Additionally, inadequate financing is another significant challenge faced by co-operative societies in India. Many societies do not have access to adequate financing or credit facilities, resulting in a lack of capital for investment in critical areas such as infrastructure, equipment, and marketing.

Lastly, a lack of awareness and education among members is also a significant factor contributing to the failure of co-operative societies. Many members are not fully aware of the co-operative principles and how to operate effectively. This results in a lack of participation, limited innovation, and inadequate collective action, which ultimately impacts the success of society.

In conclusion, the failure of co-operative societies in India can be attributed to poor governance and management, political interference, a lack of technical expertise and training, inadequate financing, and a lack of awareness and education among members. Addressing these challenges requires a multi-faceted approach that includes promoting good governance and management practices, reducing political interference, providing technical assistance and training, increasing access to financing, and raising awareness among members. By addressing these issues, the co-operative movement in India can achieve its potential and contribute to the country's socioeconomic development (Prasad et. al. 2020).

9. Success Mantras for Co-operative Business :

Co-operative societies have the potential to be a profitable business model in India, particularly in the rural sector. However, several challenges hinder their profitability. In this article, we will discuss some strategies to make co-operatives more profitable in India.

9.1 Diversify the business: One of the most effective ways to increase profitability is to diversify the business. Co-operatives can expand their product offerings, branch out into new markets, or even create new product lines. By diversifying the business, co-operatives can increase revenue streams and minimize risks.

9.2 Adopt modern technology : The adoption of modern technology can significantly improve the efficiency of the co-operative's operations. For instance, implementing digital payment systems, using cloud-based software for inventory management, or utilizing automated equipment can reduce operating costs and increase productivity. The use of technology can also

help co-operatives to reach new customers and markets.

9.3 Focus on quality : Quality is an essential factor in determining the success of any business, and co-operatives are no exception. Co-operatives need to prioritize quality in their products and services to attract and retain customers. Quality assurance systems, such as ISO certifications, can help to ensure consistent product quality.

9.4 Improve marketing and branding : Marketing and branding are crucial for any business, and co-operatives are no different. Co-operatives should invest in marketing and branding strategies that effectively communicate their products and services to the target audience. Building a strong brand can increase customer loyalty and attract new customers.

9.5 Build strategic partnerships : Strategic partnerships can help co-operatives to leverage the strengths of other businesses and organizations. For instance, co-operatives can collaborate with suppliers, distributors, or other businesses to access new markets or reduce costs. Partnerships with government agencies and non-profit organizations can also provide opportunities for funding and support.

9.6 Enhance financial management : Good financial management is critical for the profitability of any business, including co-operatives. Co-operatives should prioritize financial management, including budgeting, cash flow management, and financial reporting. Regular audits and internal controls can also help to prevent fraud and mismanagement.

9.7 Develop human resources : Co-operatives are people-centered organizations, and investing in human resources is critical to their success. Co-operatives should focus on training and capacity-building programs for their employees and members to develop the necessary skills to manage and grow the business.

In conclusion, co-operatives can be profitable businesses in India if they adopt the right strategies. Diversifying the business, adopting modern technology, focusing on quality, improving marketing and branding, building strategic partnerships, enhancing financial management, and developing human resources are some of the key strategies that can help co-operatives increase profitability. By implementing these strategies, co-operatives can contribute to the socio-economic development of the country and improve the lives of their members (Prasad et.al. 2020)

10. Limitations :

A single person hardly has influence on an organization's situation, but he can rejoice in every improvement regardless of whether he/she has contributed to it, a "conflict between collectively and individually best action" exists. Nobody is interested in bearing the expenses for the improvement; instead, everyone is trying to profit from the public good greedily. Olson's theory(1965) explores the market failures where individual consumer rationality and firms' profit-seeking do not lead to efficient provision of public goods, i.e. where another level of provision would provide a higher gain at lower expenses. The basic problem consists of the fact that within the scope of Olson's model individuals, acting economically rational, do not have an interest in contributing to the provision of a public good. This is even the case if they can utilize the good after it has been obtained.

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