

FACTORS

AFFECTING HUMAN RESOURCE QUALITY IN THE COOPERATIVE ECONOMIC SECTOR

FACTORES QUE AFECTAN LA CALIDAD DE LOS RECURSOS HUMANOS EN EL SECTOR DE LA ECONOMÍA COOPERATIVA

Manh Hoang Van^{1*}

E-mail: hoangmanh@tmu.edu.vn

ORCID: <https://orcid.org/0000-0001-9102-9084>

Nhuan Nguyen Duc¹

E-mail: nhuan.nd@tmu.edu.vn

ORCID: <https://orcid.org/0009-0001-6519-8930>

Dien Do Thi¹

E-mail: tiendien@tmu.edu.vn

ORCID: <https://orcid.org/0009-0002-9752-2608>

¹ Thuongmai University (TMU), Vietnam.

* Author for correspondence

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ABSTRACT

The cooperative economic sector makes a substantial contribution to sustainable socio-economic development, job creation, poverty reduction, and the promotion of democratic participation. However, despite their significance and widespread presence, many cooperatives globally grapple with challenges related to human resource quality, a foundational element for their success and sustainability. This paper focuses on analyzing a number of multifaceted factors influencing human resource quality within the cooperative economic sector. Through a systematic synthesis and analysis of diverse secondary literature, including international academic studies, reports from organizations such as the International Co-operative Alliance (ICA), the International Labour Organization (ILO), United Nations agencies, and case studies from various countries, the paper identifies and elucidates five main groups of factors. These are: (1) National institutions, policies, and legal frameworks; (2) Education, training, and science and technology systems; (3) Cooperatives' internal governance capacity, work environment, and organizational culture; (4) Financial resources and physical infrastructure; and (5) The socio-economic and cultural environment. The analysis underscores the complex interplay among these factors and their context-dependent nature across nations, while also highlighting common global challenges. The research findings provide a comprehensive analytical framework, clarifying key barriers and drivers in enhancing human resource quality, thereby offering important implications for relevant stakeholders.

Keywords: Influencing factors, Human resources, Human resource quality, Cooperatives, Cooperative economic sector.

RESUMEN

El sector de la economía cooperativa realiza una contribución significativa al desarrollo socioeconómico sostenible, la creación de empleo, la reducción de la pobreza y la promoción de la participación democrática. No obstante, a pesar de su importancia y amplia presencia, numerosas cooperativas a nivel mundial enfrentan desafíos relacionados con la calidad de sus recursos humanos, un factor fundamental para su éxito y sostenibilidad. Este artículo se centra en el análisis de diversos factores multidimensionales que inciden en la calidad de los recursos humanos dentro del sector de la economía cooperativa. Mediante la síntesis y el análisis sistemático de una amplia gama de fuentes secundarias —que incluyen estudios académicos internacionales, informes de organizaciones como la Alianza Cooperativa

Internacional (ACI), la Organización Internacional del Trabajo (OIT), organismos de las Naciones Unidas y estudios de caso de diversos países—, el artículo identifica y dilucida cinco grupos principales de factores. Estos son: (1) El marco institucional, político y legal nacional; (2) El sistema educativo, de formación y científico-tecnológico; (3) La capacidad de gobernanza interna, el entorno laboral y la cultura organizacional de las cooperativas; (4) Los recursos financieros y la infraestructura física; y (5) El entorno socioeconómico y cultural. El análisis subraya la compleja interrelación entre estos factores y su dependencia del contexto nacional, al tiempo que señala desafíos comunes de carácter global. Los resultados de la investigación proveen un marco analítico integral que esclarece las principales barreras e impulsores en la mejora de la calidad de los recursos humanos, ofreciendo así implicaciones importantes para las partes interesadas.

Palabras clave: Factores de influencia, Recursos humanos, Calidad de los recursos humanos, Cooperativas, Sector de la economía cooperativa.

INTRODUCTION

The cooperative economic sector, encompassing various forms of organizations based on cooperation and member ownership – from agricultural, credit, consumer, and housing cooperatives to social service cooperatives – constitutes a significant socio-economic force globally. Cooperatives contribute to achieving the United Nations' Sustainable Development Goals (SDGs) by promoting inclusive economic growth, ensuring food security, providing essential services, empowering women and disadvantaged groups, and strengthening grassroots democracy. The unique identity of cooperatives, shaped by values such as self-help, self-responsibility, democracy, equality, equity, and solidarity, along with the seven universally accepted operating principles (ICA, 1995), fosters a people-centered business model, distinct from purely profit-driven enterprises.

For cooperatives to fully realize their potential and maintain sustainability in an increasingly complex and competitive world, the quality of their human resources is a decisive factor. High-quality human resources not only ensure economic operational efficiency but also form the bedrock for operating democratic governance mechanisms, fostering innovation, maintaining internal cohesion, and successfully fulfilling the social mission of cooperatives (Birchall, 2011). Global evidence indicates that many cooperatives face serious human resource challenges, including low levels of education and skills, a lack of professional management capacity, difficulties in attracting and retaining

young talent, and limited member participation in governance (ILO, 2015). In the context of globalization, trade liberalization, climate change, and the Fourth Industrial Revolution, which are reshaping production, business, and social interaction, the demand for adaptability, innovation, and professionalization of cooperative human resources has become even more pressing. A thorough understanding of the factors shaping human resource quality within cooperatives is a crucial step towards formulating effective intervention strategies.

Although numerous studies exist on cooperatives in specific countries or regions, and some research touches upon human resource aspects, there remains a dearth of systematic analyses of the diverse factors affecting human resource quality in the cooperative sector on a global scale. This paper aims to identify, analyze, and synthesize the primary factors influencing the quality of human resources within the global cooperative economic sector. Based on a systematic review and analysis of academic literature, reports from international organizations, and case studies from various countries, the paper elucidates common drivers and barriers, as well as context-dependent variations, in the development of human resources for cooperatives.

MATERIALS AND METHODS

This study employs a synthesized and systematic secondary data analysis methodology. The data sources were primarily collected through: (1) International academic databases, including Scopus, Web of Science, Google Scholar, JSTOR, ProQuest, and EBSCOhost; (2) Publications from international organizations, encompassing reports, research papers, technical guidelines, and databases from the International Co-operative Alliance (ICA), the International Labor Organization (ILO), and the Food and Agriculture Organization of the United Nations (FAO); (3) Documents from national and regional cooperative organizations, including reports and studies from national cooperative alliances/federations and regional cooperative bodies; (4) Academic monographs and international conference proceedings, comprising comprehensive works and in-depth analyses of cooperatives and human resource development globally. Data and information from selected documents were processed and analyzed using thematic analysis combined with comparative analysis. Specifically, information was coded and categorized according to the five main groups of factors within the established analytical framework; comparative analysis was utilized to contrast experiences, policies, and the status of cooperative human resources across different countries, regions, or types of cooperatives. The

analytical results for each theme were then synthesized to construct a holistic picture of the influencing factors and their interrelationships. The interpretation process focused on deriving profound insights into the mechanisms of impact and the core challenges, whether global or regional in nature.

Theoretical Foundation and Analytical Framework

Special Roles of Human Resources in the Cooperative Economic Sector

The factors influencing human resources in cooperatives are intrinsically linked to the distinct characteristics of this model. The ICA (1995) defines a cooperative as “an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.” The ICA (1995) also outlines the universally accepted operating principles and core values of the cooperative model, including: (1) Voluntary and open membership; (2) Democratic member control with equal voting rights among members; (3) Member economic participation; (4) Autonomy and independence; (5) Education, training, and information; (6) Cooperation among cooperatives; and (7) Concern for community.

These aforementioned principles create significant specificities for human resources within cooperatives compared to other enterprises, namely:

- **Dual role of members:** Members are simultaneously owners (contributing capital, participating in governance), customers/users of services, and often also laborers or input suppliers for the cooperative. This complexity of roles demands that members possess diverse competencies, such as business/production capabilities, capacity for democratic participation in governance, and an owner's sense of responsibility.
- **Democratic governance:** The «one member, one vote» principle necessitates a certain level of awareness and participatory capacity from members to ensure that decisions are made judiciously and for the common good. It also places high demands on democratic leadership skills, transparency, and accountability for the management team.
- **Dual objectives (economic and social):** Cooperatives not only pursue economic benefits for their members but are also committed to social values and community development. This requires human resources to possess not only professional expertise but also empathy, a shared commitment to cooperative values, and dedication to the social mission.
- **Principle of education, training, and information:** This is a core principle, emphasizing the importance of continuously enhancing the capacities of members, leaders, and employees so they can contribute effectively to the development of their cooperative and the cooperative movement in general.

Consequently, the quality of human resources in cooperatives is not measured solely by conventional indicators such as educational attainment and technical skills, but must also encompass specific aspects such as: the level of understanding and commitment to cooperative values and principles; capacity for democratic participation in governance; skills in cooperation and networking; and a sense of community responsibility (Birchall, 2011). Enhancing the quality of cooperative human resources is a process of holistically developing these competencies.

Underpinning Theories for Analyzing Factors Affecting Human Resource Quality in the Cooperative Economic Sector

The identification and analysis of factors influencing human resource quality in the cooperative sector are based on the application and integration of several key theories, as summarized in Table 1 below:

Table 1: Selected Foundational Theories.

No.	Theory	Beliefs of the Theory	Application of the Theory to the Cooperative Context	Source(s)
1	Human Capital Theory	Emphasizes the role of investment in education, training, and health as a means to enhance the productivity and earning potential of individuals and collectives.	Explains the importance and significance of investing in training and development programs to enhance the capacity of human resources within cooperatives.	Becker (1993); Schultz (1961)

2	Institutional Theory	Posits that the “rules of the game” – encompassing formal institutions (e.g., laws, regulations) and informal institutions (e.g., social norms, culture) – profoundly shape the behavior and structure of organizations.	Elucidates why the national legal framework for cooperatives, government support policies, the extent of law enforcement, as well as cultural norms pertaining to cooperation, trust, and democracy, exert a substantial impact on the formation, governance, and development of human resources in cooperatives.	North (1990); Scott (2013)
3	Resource-Based View (RBV)	Focuses on an organization's internal resources as the source of sustainable competitive advantage. Human resources, with their unique, inimitable knowledge and skills, alongside a positive organizational culture and effective management systems, are considered crucial strategic assets.	Highlights the importance of building internal human resource management capabilities, creating an attractive work environment, and fostering a culture of cooperation and learning to attract, retain, and fully leverage the potential of human resources, thereby creating differentiation from competitors.	Barney (1991); Wernerfelt (1984)
4	Social Network Theory & Social Capital Theory	Stresses the role of relationships, networks, and the level of trust and cooperation (social capital) in facilitating the sharing of information, knowledge, resources, and coordinated action.	High social capital among members, and between the cooperative and its external partners, is a critical factor in promoting learning, innovation, business linkages, and enhancing collective capacity, including that of its human resources.	Burt (1992); Coleman (1988); Putnam (1995)
5	Cooperative Development Ecosystem Approach	Considers the development of cooperatives (and their human resources) as an outcome of the dynamic interplay between the cooperative and various actors and elements within its surrounding environment, forming an ‘ecosystem.’ This includes government, support organizations, educational and research institutions, financial institutions, other enterprises, and local communities.	The health, connectivity, and operational effectiveness of this ecosystem significantly influence cooperatives' access to resources, information, technology, and opportunities for human resource development.	Zeuli & Cropp (2004)

Source: own elaboration.

Analytical Framework for Factors Affecting Human Resource Quality in the Cooperative Economic Sector

Integrating the aforementioned proposed theoretical framework and published research on the determinants of cooperative success, this paper proposes an analytical framework comprising five main groups of factors that predominantly influence the quality of human resources within the international cooperative economic sector. These are presented in Table 2 below:

Table 2: Analytical Framework for Cooperative Human Resource Development.

No	Factor	Analytical Components
1	National Institutions, Policies, and Legal Framework	<ul style="list-style-type: none"> + Existence, appropriateness, and effectiveness of national cooperative laws (in alignment with ICA principles). + Government policies: Extent and forms of direct and indirect support (e.g., training, finance, taxation, land, R&D, trade promotion). + Political stability, quality of public governance, and effectiveness of law enforcement. + Role of international organizations (e.g., ILO, FAO, UN) and international agreements.

2	National Education, Training, and Science-Technology Systems	<ul style="list-style-type: none"> + Quality and accessibility of basic and vocational education. + Presence and quality of higher and postgraduate education programs related to cooperatives and business management. + Capacity, scope, and quality of specialized training systems/ organizations for cooperative human resources (e.g., national cooperative schools/institutes, programs by the cooperative movement). + National level of scientific and technological development and the cooperative sector's access to and absorption of technology (digital divide).
3	Internal Capabilities, Work Environment, and Organizational Culture of Cooperatives	<ul style="list-style-type: none"> + Leadership quality: Vision, managerial competence, and commitment to cooperative values by the board of directors/ management. + Democratic governance practices: Extent of meaningful member participation, transparency, and accountability. + Human resource management practices: Professionalization in recruitment, internal training, evaluation, and compensation. + Work environment: Physical conditions, occupational safety, labor relations, and opportunities for development. + Organizational culture: Degree of cooperation, trust, innovation, learning, and commitment to shared goals.
4	Cooperatives' Financial Resources and Technical Infrastructure	<ul style="list-style-type: none"> + Internal capital generation: Member contributions, profitability, and accumulation capacity. + Access to external capital: Bank loans, cooperative support funds, social investment, and aid. + Investment in human resource development activities (e.g., training, compensation). + Status of physical infrastructure, technical facilities, and information and communication technology (ICT).
5	Economic, Social, and Cultural Environment	<ul style="list-style-type: none"> + Macroeconomic context: Growth rates, inflation, and market development. + Labor market characteristics: Supply-demand dynamics, competition, unemployment rates, and trends in international and domestic migration. + Public perception and image of cooperatives in society. + Cultural factors: Norms of cooperation, trust, individualism/collectivism, power distance, and gender roles. + Impacts of globalization, global value chains, and crises (economic, health, environmental).

Source: own elaboration.

Findings on Factors Affecting Human Resource Quality in the Cooperative Economic Sector

Based on the analytical framework proposed in previous section, this section delves into an analysis of each group of factors within the framework, clarifying their manifestations, mechanisms of impact, and providing specific evidence from various countries and regions.

National Institutions, Policies, and Legal Frameworks.

The institutional and legal environment in which cooperatives operate varies significantly across countries, creating different enabling conditions or barriers for human resource development.

Cooperative Legislation

The necessity of appropriate legislation: A clear, updated legal framework that aligns with international cooperative principles is a crucial foundation. Sound legislation recognizes the distinct legal status of cooperatives, protects their autonomy and democratic member governance, and concurrently provides a basis for professionalizing management (ILO, 2002 - Recommendation 193 concerning the Promotion of Cooperatives). Many countries have reformed their

cooperative laws in recent decades to better align with market economies and international standards (e.g., Vietnam, China, many African and Latin American countries). Progressive legislation often allows cooperatives greater flexibility in defining their governance structures, including the hiring of professional chief executive officers, a critical factor for enhancing managerial capacity. For instance, legislation in many European countries permits two-tier governance structures (a supervisory board and a professional executive board), facilitating the attraction of external managerial talent.

- **Challenges and variations:** However, in numerous countries, cooperative law remains outdated, heavily imprinted by past state intervention, or overly complex, hindering the establishment and operation of cooperatives, particularly small or informal ones (Develtere et al., 2008). Some laws may not clearly distinguish cooperatives from other enterprise types or may impose rigid governance structure regulations (e.g., requiring all board members to be cooperative members), thereby limiting the ability to hire professional managers. For example, some studies in Africa indicate that complex legal regulations and high registration costs are barriers for small-scale agricultural cooperatives (Wanyama, 2009). Conversely, in some developed countries (such as EU nations), legislation can be very flexible, allowing cooperatives to choose diverse governance structures. However, this also poses challenges regarding the maintenance of cooperative identity and ensuring democratic member control, necessitating higher supervisory capacity from human resources (especially members) (Noya & Clarence, 2013). A lack of harmonization in cooperative legislation among countries within the same economic region (such as OHADA in West Africa, or ASEAN) can also create barriers to cross-border cooperation and regional-level human resource development, limiting learning and personnel exchange.
- **Impact on Human Resources:** Inappropriate legislation can restrict the attraction of managerial talent, complicate the roles and rights of members, and fail to provide a solid legal basis for human resource training and development activities and flexible remuneration policies. Conversely, sound, regularly updated legislation that aligns with international best practices lays the foundation for transparent governance, the professionalization of management teams, the protection of member rights, and encourages investment in human resources.
- **Government Support Policies**
- **Diversity in approaches:** The level and form of government support for cooperatives vary greatly worldwide. They can be classified into main models: (1) The Interventionist Model, prevalent in many

post-independence Asian and African countries, where the government plays a dominant role in establishing, managing, and financing cooperatives, often leading to dependency and a lack of autonomy; (2) The Selective Support Model, where the government provides financial, technical, and training support to cooperatives meeting certain criteria, while respecting their autonomy (e.g., many EU countries, Canada); (3) The Laissez-faire Model, where cooperatives operate primarily based on internal resources and compete on equal terms with other enterprises, receiving little specific support (e.g., the US, UK in certain periods). Each model has its pros and cons for human resource development. Excessive intervention weakens self-reliance, while a complete lack of support can leave vulnerable cooperatives struggling.

- **Focus on Human Resource support:** Many countries recognize the importance of human resources and have policies directly supporting the training and development of cooperative officials and members. Common forms include funding national cooperative training institutions (such as VAMNICOM in India, cooperative universities in Germany, the Co-operative College of Kenya), providing free or low-cost courses, and supporting curriculum development. For example, the Quebec government (Canada) has financial support programs for cooperatives to implement employee training plans. In Japan and South Korea, national agricultural cooperative federations (JA-Zenchu, NACF) play a central role in human resource training, but also receive indirect government support. However, the effectiveness of these policies is often limited by issues such as: scarce resources, low training quality, lack of alignment with practical needs, and difficult access for small and remote cooperatives (ILO, 2015). Some studies in Latin America show that government-funded training programs are sometimes ill-suited to the specific needs of indigenous or small-scale cooperatives.
- **Impact on Human Resources:** Appropriate and effective support policies can provide a significant impetus for enhancing human resource quality, especially in developing countries where cooperatives face numerous resource constraints. Training and advisory support programs help cooperative human resources access new knowledge and skills. However, excessive or improperly directed support (e.g., imposing programs, lacking needs assessment) can create dependency, undermining self-reliance and the learning motivation of human resources. The absence of support policies or inappropriate policies will act as major barriers, making it difficult for cooperatives to compete for human resources.

Quality of Public Governance and Law Enforcement

- **Effectiveness hinges on governance and enforcement:** The effectiveness of laws and policies heavily depends on the quality of a nation's public governance institutions and law enforcement capacity. In countries with weak institutions, corruption, and bureaucratic red tape, even the best laws and policies struggle to be implemented. Cooperatives may face difficulties in business registration, accessing public services, protecting property rights, and enforcing contracts. For instance, studies in some African countries show that corruption and complex administrative procedures are major obstacles to cooperative operations (Wanyama et al., 2009). An unstable, non-transparent, and unpredictable institutional environment also discourages investors (including investment in human resources) and constrains cooperative development.
- **Impact on Human Resources:** A weak institutional environment increases transaction costs, reduces the motivation to invest in human resource training and development, creates uncertainty and risk, and negatively affects work morale and ethics. It can also facilitate undue interference in the internal affairs of cooperatives, undermining democratic governance and human resource capacity. Conversely, a strong, transparent, and effective institutional environment will create favorable conditions for cooperatives to operate, develop, and invest in human capital, attract talent, and encourage professionalism.

National Education, Training, and Science & Technology Systems

The quality and relevance of national education, training, and science & technology systems are crucial inputs, determining the general competency level and absorptive capacity for new knowledge among human resources in cooperatives.

Basic Education and Vocational Training

- **Universal importance:** The quality of basic education (literacy, numeracy, logical thinking) is the foundation for all subsequent learning and skill development. In many developing countries, high illiteracy rates and low-quality general education, especially in rural areas and for women, are major impediments to enhancing the capacity of cooperative members. This limits their ability to acquire new knowledge, participate in governance, and use technology. Vocational education systems also play a critical role in providing technical skills for labor in production cooperatives.
- **Global challenges:** A common global challenge is how to make vocational education systems responsive to the rapidly changing demands of the labor market and new technologies. Many vocational education systems remain rigid, with outdated curricula, a lack of practical equipment, and weak linkages with enterprises/

cooperatives. In many European countries, although vocational education systems are more developed, there are still concerns about whether they provide sufficient soft skills and digital skills necessary for the future. «Skills mismatch» is a prevalent issue, leading to graduates lacking relevant skills while cooperatives face shortages of skilled technical labor (ILO, 2021).

Higher and Specialized Education in Cooperatives

- **Widespread deficiency:** With the exception of a few countries with long-standing and strong cooperative traditions such as Germany (the Duale Hochschule system), Canada (numerous research centers and Master's programs), Italy (University of Bologna, Trento), and Japan (agricultural/economic faculties with cooperative expertise), this field receives very little attention in higher education in most other countries. The lack of bachelor's, master's, and doctoral programs in cooperative management, cooperative economics, cooperative law, etc., leads to a severe shortage in the supply of highly qualified managers, experts, and researchers for the cooperative economic sector. Graduates from general economics and management programs often lack understanding and interest in working in cooperatives.
- **Efforts and good models:** However, efforts are underway to change this situation. The ICA and regional organizations are encouraging universities to incorporate cooperative content into their curricula. Some universities in Asia (such as in the Philippines, Indonesia, Thailand) and Latin America (Brazil, Colombia) are developing specialized programs in cooperatives and the social economy. Online Master's programs in Cooperative Management are also becoming more prevalent, increasing accessibility for learners from various countries. The success of these programs often requires close collaboration with the cooperative movement and support from governments or funding organizations.

Training and Development Systems of the Cooperative Movement

- **Indispensable role:** Recognizing the importance of the fifth principle, many national and regional cooperative movements have established their own training and development systems. These are important channels for disseminating cooperative values and principles, training basic management skills relevant to the cooperative context, and updating specialized knowledge for officials and members. For example, the National Cooperative Union of India (NCUI) has a network of training institutes across the country; DGRV (Germany) provides training and consultancy to cooperatives domestically and internationally; agricultural cooperative federations in

many Asian countries (Japan, Korea, Taiwan) have highly developed training systems.

- **Capacity and sustainability challenges:** However, the capacity and sustainability of these systems often face numerous challenges, especially in developing countries. Common issues include: a shortage of qualified trainers/experts with practical experience; outdated and unsystematic training programs; traditional teaching methods; tight operational budgets, heavily reliant on external funding or member contributions; and difficulties in reaching cooperatives in remote areas or small-scale cooperatives (ILO, 2015). Coordination between the cooperative movement's training systems, formal education systems, and other training providers is also limited, leading to duplication or omission of content.

Access to and Application of Science and Technology

- **Digital and technological divide:** The ability to access and apply science and technology, especially ICT, is an increasingly important factor. However, a significant digital divide exists globally. According to FAO & ITU (2023), the integration of digital technologies into agricultural operations is significantly hampered by a number of key challenges. Limited technology infrastructure, particularly connectivity and limited broadband coverage in rural areas, remains a major obstacle, requiring offline capabilities for many applications with subsequent data synchronization. While emerging 5G networks offer potential, addressing persistent rural broadband shortages is critical to effectively transmit data from Internet of Things (IoT) devices and sensors FAO & ITU (2023). Furthermore, the report of FAO and ITU in 2023 also indicated that digital hardware is often not resilient to the harsh environmental conditions inherent in agriculture, including physical stressors and adverse climatic conditions. At the same time, providing sustainable power to remote devices also poses a significant barrier, requiring energy-efficient designs and often relying on local power solutions. Developing intuitive, user-friendly interfaces tailored to farmers is critical for successful adoption and use. Furthermore, integrating diverse and rapidly evolving technologies into cohesive and functional service platforms is also complex. Finally, widespread issues of incomplete data and inconsistent formats severely undermine the efficiency of data processing and use, highlighting the urgent need for initiatives to enhance interoperability and data standardization to realize the full potential of digital agriculture. This severely limits the ability of human resources in the cooperative economic sector to access information, knowledge, participate in e-commerce, and other digital platforms.
- **Challenges in absorptive capacity and digital skills:** Even when technology is available, whether cooperative human resources have sufficient capacity

to understand, select, use, and maintain new technology is also a challenge. A lack of digital literacy is a major barrier. Digital skills training programs for cooperative human resources are limited and often fail to keep pace with technological advancements. The lack of linkages with research institutes, universities, and technology service providers also limits cooperatives' ability to receive appropriate consultancy, technical support, and technology transfer (WEF, Future of Jobs Report).

Cooperatives' Internal Capacity, Work Environment, and Organizational Culture

The internal factors within each cooperative play a central role in shaping the experiences, motivation, and development of its human resources.

Leadership Quality and Strategic Vision

- **Pivotal role of leadership:** Global research consistently affirms the crucial role of leadership teams (Board of Directors, Management Board) in the success of cooperatives (Fairbairn, 2003). Competent leaders with strategic vision, a profound understanding of business and markets, and a strong commitment to cooperative values and principles serve as the primary drivers of development, including investment in human resources. Leading global cooperatives such as Mondragon (Spain), Desjardins (Canada), and Fonterra (New Zealand) all have histories of being led by talented and visionary leaders.
- **Leadership capacity challenges:** However, a shortage of competent leadership is a common problem in many cooperatives worldwide, particularly in developing countries. Causes include: (1) Difficulties in attracting and retaining talent due to lower remuneration and limited development opportunities compared to the private sector; (2) Democratic election processes that sometimes prioritize social reputation or seniority over actual business management capabilities; (3) Lack of effective leadership training, development, and succession planning programs specifically for cooperatives; (4) External interference (government, political parties) in leadership selection in some countries, undermining autonomy and accountability. Weak leadership often leads to inefficient governance, a lack of strategic direction, reluctance to innovate, and a failure to invest in human resource development.

Democratic Governance Practices and Member Participation

- **Ideals versus reality:** Democratic governance is the core identity of cooperatives. When members are fully informed, participate substantively in discussions, decision-making, and operational oversight, they feel a true sense of ownership, thereby strengthening commitment, responsibility, and active contribution to collective success. This participation is also an

important learning and capacity-building channel for members themselves.

- **Barriers to participation:** However, the implementation of substantive democracy in cooperatives globally faces numerous challenges:

Member Apathy: Many members, especially in large cooperatives or service cooperatives where economic ties are not overly strong, show limited interest in participating in governance, viewing it as the responsibility of the leadership. Reasons may include lack of time, lack of information, feeling their opinions do not carry weight, or simply a lack of understanding of their rights and responsibilities.

Knowledge and power gaps: There are often a significant disparity in knowledge, information, and experience between the leadership/professional management and ordinary members. This creates communication barriers and makes it difficult for members to participate effectively in complex business and financial decisions.

Scale challenges: As cooperatives grow to a large scale with thousands, or even millions, of members (such as large consumer cooperatives in Europe, credit unions in North America), organizing direct member assemblies becomes unfeasible. Indirect representation mechanisms (delegate councils) are applied, but these can reduce the level of connection and direct control by members.

Lack of supporting mechanisms and tools: Many cooperatives lack effective mechanisms, processes, and tools to facilitate member participation (e.g., transparent information systems, discussion forums, feedback processes, electronic voting tools, etc.).

- Limited member participation not only weakens democracy but also reduces the quality of decisions, curtails the ability to monitor and control leadership, and misses opportunities to leverage the collective intelligence of human resources.

Human Resource Management (HRM) Practices

According to Voigt & von der Oelsnitz (2024), Human resource management (HRM) in cooperatives exhibits distinctive characteristics that are deeply rooted in the cooperative's core values and principles. Recruitment strategies emphasize long-term employee commitment and alignment with the core values and principles, often favoring local candidates due to their regional nature and aiming for a workforce with a like-minded worldview. However, there are still challenges in attracting specialized external management talent without significant compensation, and selection processes can lack methodological rigor, sometimes exhibit nepotism, violate core values and

principles, and potentially hinder diversity. Probationary periods are used, especially in labor cooperatives, to ensure organizational fit.

In term of comprehensive training initiatives, which are an integral part of a broader education strategy including CVP, empower members for "economic democracy" and sustainability. While promoting long-term human resource development, such programmes often face financial and time constraints, potentially limiting their effectiveness despite their recognised importance in upskilling and social inclusion.

In addition, the salary and reward system is characterised by equity, profit sharing and a significantly compressed salary structure. This approach reinforces solidarity and community well-being but complicates the implementation of market-based pay for professional roles and the establishment of a direct link between individual performance and financial remuneration. Thus, employee satisfaction, commitment, and engagement depend significantly on perceived "collaborative differentiation" and the tangible integration of CVP into daily operations, although unmet engagement expectations may undermine these outcomes.

Work Environment and Organizational Culture

- **Importance of a positive environment:** A physically and psychologically safe work environment where people feel respected, trusted, empowered, and have opportunities to learn and develop is a key factor in attracting, retaining, and leveraging human resources. A strong organizational culture, imbued with values of cooperation, solidarity, innovation, and commitment to members, will create internal strength and competitive advantage for the cooperative.
- **Diverse realities:** The work environment and organizational culture in cooperatives worldwide are very diverse. Many renowned cooperatives (such as Mondragon, John Lewis Partnership in the UK - though not a pure cooperative, it has a similar structure) are known for their strong corporate culture, high employee participation, and good working environments. However, there are also many cooperatives with internal conflicts, lack of trust, bureaucratic and stagnant cultures, or unsafe working environments, especially in sectors like agriculture and construction in developing countries. Factors such as leadership quality, the extent of democratic implementation, historical formation, field of operation, and national cultural context all influence the environment and culture of a cooperative. A negative work environment and a weak organizational culture will be major barriers to enhancing the quality and effectiveness of human resources.

Financial Resources and Technical Infrastructure

The ability to access and mobilize physical resources is a necessary condition for cooperatives to invest in people and technology.

Capital and Financial Challenges

- **A prevalent issue:** Lack of capital is one of the most chronic and widespread challenges for cooperatives globally. Capital primarily derived from member contributions is often very limited, especially in cooperatives with low-income members or in sectors requiring large capital investments. The principle of «member economic participation» is sometimes narrowly interpreted as only contributing minimal capital. The ability to accumulate profits for reinvestment is also often constrained by pressure to distribute direct benefits to members in the form of better prices or dividends, or by low business efficiency itself.
- **Difficulties in accessing loans and investment:** Accessing credit from traditional commercial banks often faces numerous barriers (lack of collateral, non-transparent financial information, prejudice, etc.). Although many countries have cooperative banks or credit unions that operate very effectively and provide capital to other cooperatives (e.g., the Rabobank system in the Netherlands, Cr dit Agricole in France, Desjardins in Canada), not all countries have such developed cooperative financial systems. Attracting external investment is also very difficult due to the ownership structure and democratic governance of cooperatives, which are not aligned with the requirements of traditional capitalist investors (seeking maximum profit and control). New forms of capital, such as social investment, are developing but are still limited in scale and accessibility for the majority of cooperatives.
- **Impact on Human Resources:** Lack of capital directly and severely affects a cooperative's ability to invest in human resources. Without sufficient funds to pay competitive salaries, cooperatives find it hard to attract and retain talent. Insufficient funding prevents cooperatives from organizing quality training programs or sending personnel for further education. Lack of capital also limits the ability to invest in technology and improve working conditions. The vicious cycle of «lack of capital - low human resource quality - low efficiency - lack of capital» is a reality in many cooperatives worldwide.

Limitations in Physical Facilities and Technological Infrastructure

- **Poor conditions in many places:** Many cooperatives, especially in rural areas of developing countries, operate under very deficient and outdated physical conditions. Offices, workshops, warehouses, and

transportation means are often old and do not meet requirements. Production machinery and equipment are low-tech and unproductive.

- **Limited ICT infrastructure:** The weak ICT infrastructure in many cooperatives worldwide creates a significant digital divide. This not only hinders management, business operations, and market access but also limits the ability of human resources to access information, learn online, and enhance digital skills.
- **Consequences:** Poor physical facilities and technology reduce labor productivity, affect product/service quality, create an unattractive and unsafe work environment, and are major barriers to human resources acquiring and applying new knowledge and skills, especially digital skills.

Socio-Economic and Cultural Environment

Macro-environmental factors and the socio-cultural context create the broader landscape, influencing both opportunities and challenges for human resource development in the cooperative economic sector.

Macroeconomic Context and Labor Market

- **Influence of economic cycles and crises:** Cooperative operations and the labor market are affected by macroeconomic fluctuations. Economic crises (such as the 2008-2009 financial crisis) or health crises (such as the COVID-19 pandemic) can negatively impact cooperative revenue, profits, and employment sustainability. However, many studies also show that the cooperative model exhibits greater resilience during crises due to member cohesion and dual objectives (Birchall & Ketilson, 2009). During difficult times, the role of cooperatives in protecting human resources (maintaining employment, supporting members) may be heightened.
- **Labor competition and migration:** Competitive pressure from private enterprises and FDI in attracting skilled labor is a global reality, particularly acute in dynamic economies. Cooperatives are often at a disadvantage in this competition due to limited capacity to offer competitive remuneration. Labor migration trends, both domestic (from rural to urban areas) and international (from poorer to richer countries), also change labor market structures and affect the supply of human resources for cooperatives, often causing shortages of young, qualified labor in rural areas or countries with high emigration rates.
- **Globalization and value chains:** Participation in global value chains offers greater market opportunities for cooperatives but also imposes higher demands regarding product standards, quality management, logistics, and human resource capacity (e.g., Fairtrade coffee cooperatives in Latin America, export-oriented

agricultural cooperatives in Asia). Human resources need knowledge of international markets, foreign languages, negotiation skills, and the ability to comply with stringent standards. This is a major challenge for many cooperatives.

Social Perception and Public Image of Cooperatives

Social Perception about cooperative as well as the image of cooperatives playing important role in attracting investment as well as consideration from different stakeholders. Kamalia et al. (2023) indicated that the cooperatives image has a significant influence on intention to cooperate. However, in many countries, cooperatives still face a lack of understanding or prejudice from the public, media, and even academia and policymakers. The image of cooperatives may be associated with inefficiency, outdatedness, or being mere instruments of the state. This negatively affects their ability to attract investment, policy support, and especially talented human resources, particularly the younger generation who often seek dynamic, modern work environments with good branding.

Recognizing this issue, the global cooperative movement and many countries are striving to build the "cooperative brand," promote the values and successes of the cooperative model, and emphasize its positive differentiation from other enterprise types. Improving public image is a crucial factor in enhancing the attractiveness of cooperatives to high-quality human resources.

National and Local Cultural Factors

- **Profound and diverse influence:** Culture plays a foundational role, influencing people's values, beliefs, attitudes, and behaviors in all activities, including within cooperatives. Studies using Hofstede's (2001) cultural dimensions show that cultural differences between countries can affect:

Level of cooperation and trust-building: Highly collectivist cultures (e.g., many Asian, Latin American countries) may be more conducive to forming and sustaining cooperatives than highly individualistic cultures (e.g., US, UK). However, collectivism can also be accompanied by pressure for group conformity, limiting individual innovation.

Power distance: In high power distance cultures (e.g., many Asian, Latin American, Arab countries), acceptance of inequality and respect for hierarchy can make it difficult to implement substantive democratic governance in cooperatives. Conversely, in low power distance cultures (e.g., Nordic countries, Israel), equal participation may be easier.

Uncertainty avoidance: Cultures with high uncertainty avoidance (e.g., Japan, Greece) may prefer stability, clear rules, and be more averse to risk and innovation than cultures with higher uncertainty tolerance (e.g., Singapore, Denmark). This affects the entrepreneurial and innovative spirit within cooperatives.

Masculinity/Femininity: «Masculine» cultures (emphasizing competition, achievement, assertiveness - e.g., Japan, US) may have different management styles than «feminine» cultures (emphasizing cooperation, care, quality of life - e.g., Nordic countries, Netherlands). «Feminine» cultures are often considered more compatible with cooperative values.

Gender roles: Cultural norms regarding the roles of men and women greatly influence women's opportunities for participation, leadership, and development in cooperatives in many countries.

- Understanding and respecting the cultural context is crucial when designing human resource development programs and cooperative governance models, avoiding the imposition of unsuitable solutions.

Impact of Global Crises and Transformations

Crises such as the COVID-19 pandemic, climate change, geopolitical conflicts, etc., are creating new challenges and exacerbating existing problems for cooperatives and their human resources. For example, the pandemic disrupted supply chains, affected the health and employment of human resources, and accelerated digital transformation, requiring human resources to adapt quickly. Climate change threatens the livelihoods of agricultural cooperatives, demanding that human resources possess knowledge and skills in sustainable agriculture and climate change adaptation. These global transformations require cooperatives and their human resources to be more resilient and adaptable than ever before.

Discussion and Implications for Stakeholders

The analysis of factors affecting human resource quality in the international cooperative economic sector has highlighted several important themes and interconnections that warrant further discussion to better understand the nature of the problem and guide future actions. These include:

- **Universality of challenges and context specificity:** The analysis reveals that many challenges to enhancing human resource quality in cooperatives are strikingly universal. Issues such as lack of capital, difficulties in accessing quality training, limited governance capacity, competitive pressures from the labor market, and a less-than-positive public image

appear to be «chronic ailments» of the cooperative sector in many parts of the world, in both developed and developing countries (Birchall, 2011). However, the way these challenges manifest, their severity, and potential solutions are highly context-specific, depending on the particular national setting. Therefore, a delicate balance is needed between learning from international experiences, applying universal principles, and tailoring strategies to local conditions. There is no single “formula” for effective cooperative human resource development globally.

- **The paradox between democracy and professionalization:** A complex relationship exists between maintaining democratic governance (a core principle) and the increasing need for managerial professionalization to compete effectively. Hiring external professional managers can bring greater knowledge, skills, and efficiency, but also carries the risk of diminishing member control, deviating from cooperative values, and creating cultural and income gaps internally. Balancing these two requirements necessitates a synchronized enhancement of the cooperative's human resource quality to ensure that cooperative governance is both democratic and effective.
- **The central role of education and training:** The analysis has strongly reaffirmed the core importance of the ICA's fifth principle: Education, Training, and Information. This is not merely an idealistic principle but an urgent practical requirement to address most of the human resource challenges facing the cooperative economic sector. Addressing this issue requires coordinated efforts at national and international levels to reform training systems, develop programs tailored to diverse needs to increase accessibility and effectiveness, and ensure financial sustainability for these activities.
- **The power of networking and a supportive ecosystem:** The research findings indicate that resolving human resource issues necessitates cooperation among cooperatives. This could involve establishing training federations, sharing resources (trainers, materials), developing joint training programs, and organizing learning networks and experience-sharing forums. Concurrently, building a robust cooperative development support ecosystem, with active participation and effective coordination among government, educational and research institutions, financial organizations, businesses, and civil society, is a key factor in creating an enabling environment and providing the necessary resources for enhancing human resource quality (Zeuli & Cropp, 2004).
- **Challenges in measuring cooperative human resource quality:** Traditional economic indicators (such as labor productivity) or educational indicators (such as the proportion of trained labor) are insufficient to

reflect the specific and multidimensional aspects of human resource quality in cooperatives, such as commitment to cooperative values, capacity for democratic participation, cooperation skills, or contributions to social goals. The lack of standardized, widely accepted, and internationally comparable sets of indicators makes it difficult to objectively assess the current situation, monitor improvement progress, and measure the effectiveness of policies and intervention programs.

The research findings also offer important implications for stakeholders in the global cooperative development ecosystem, as follows:

- **For International Organizations (ICA, ILO, UN, etc.):** Continue to promote the development and application of international standards and guidelines on cooperative legislation, policies, and best practices in cooperative governance and human resource development. Strengthen the coordinating role, share experiences, provide international comparative data, offer technical assistance, and enhance the capacity of national cooperative movements, especially in developing countries, focusing on areas such as legal reform, training innovation, and human resource governance. Encourage and fund cross-national research on cooperative human resources and the development of common measurement tools.
- **For National Governments:** Develop or review and refine national legal and policy frameworks for cooperatives, ensuring recognition of cooperative identity, creating a favorable, stable legal environment, and reducing administrative burdens. Invest strategically and long-term in general education, vocational training, and higher education systems, while integrating cooperative knowledge into curricula. Design effective, transparent, accessible cooperative support policies based on actual needs and without undermining autonomy. Specific policies are needed to improve the quality and relevance of human resource training programs for cooperatives, as well as policies to attract talent. Enhancing public governance quality and law enforcement effectiveness is a crucial foundation.
- **For the Cooperative Movement and Apex/National/Regional Organizations:** Must consider enhancing human resource quality as a top strategic priority and proactively lead this process. Strengthen policy advocacy capacity and dialogue with governments and partners. Invest heavily in innovating and improving the quality of the movement's training and development systems, developing modern, flexible programs, and applying technology. Vigorously promote cooperation among cooperatives in sharing resources, experiences, and building common learning

platforms. Actively build and promote the cooperative image and brand to attract human resources.

- **For Cooperatives Themselves:** Cooperative leaders need a strategic mindset regarding human resources, viewing it as a core investment for the future. Proactively develop long-term human resource development plans. Strive to reform internal governance, seeking a balance between democracy and efficiency, and enhancing transparency and accountability. Apply appropriate human resource management practices (recruitment, training, appraisal, remuneration) to attract, retain, and leverage talent. Create a positive, safe, respectful work environment and foster a culture of learning, innovation, and cooperation. Actively seek opportunities for networking and collaboration with other cooperatives and support organizations to learn and enhance capacity.
- **For Educational, Training, and Research Institutions:** Increase attention and investment in research and teaching on the cooperative model and the social economy. Develop quality, updated training programs that meet the diverse needs of cooperative human resources. Strengthen interdisciplinary collaboration and cooperation with the cooperative sector in applied research, technology transfer, and the provision of consultancy and training services.

CONCLUSION

This paper has provided a synthetic and systematic analysis from an international perspective of the five main groups of factors influencing the quality of human resources in the cooperative economic sector. The analysis reveals that despite considerable diversity in the context and operational practices of cooperatives across countries and regions, many human resource-related challenges are universal. These include limited governance capacity, difficulties in accessing quality training, lack of investment capital, competitive pressures from the labor market, and an incommensurate public image. Concurrently, the research underscores the complex interplay and synergistic effects among these factors, often creating vicious cycles that impede human resources development. The quality of national institutions, the capacity of education systems, and particularly the leadership, internal governance, and organizational culture of cooperatives themselves are identified as key shaping factors. The paradox between maintaining democratic governance and the need for managerial professionalization, along with the effective implementation of the education and training principle, are central themes requiring resolution. Enhancing human resources quality is a strategic, complex, and systemic task for the global cooperative economic sector. Successfully addressing this challenge demands a multifaceted

approach, synchronized coordination among stakeholders, and solutions that are both grounded in universal cooperative principles and tailored to the specific economic, social, and cultural contexts of each country.

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