METHODOLOGIES TO MEASURE THE ECONOMIC IMPACT OF COOPERATIVES: A CRITICAL REVIEW

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Abstract

The uncommon resilience of cooperatives in the aftermath of the 2008 global economic crisis has led to increased interest in measuring the economic impact of cooperatives and in unearthing the most appropriate method to be used. The objective of this paper is to conduct a critical analysis of the methodologies most commonly used to measure economic impact. The tradeoff between data requirements and computational complexity, and how well the model reflects the reality have made Input-Output the most common tool for economic impact analysis. However, several methodological issues need to be addressed when using Input-Output to measure the economic impact of cooperatives. Another important finding is that none of the methods captures the unique outcomes of cooperatives, such as countervailing market power, missing goods and services, or local economic stability. Additional analyses need to be conducted if an accurate assessment of the total economic impact of cooperatives is to be gained.