



Organizational Development
and Group Dynamics



Leadership and Organizational Development - Building Strategic Alliances

Conditions for cooperation between cooperatives and
their industry associations

FINAL REPORT

September 2013 – December 2014

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April 2015



KEF

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Organizational Development
and Group Dynamics

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KLAGENFURT | WIEN | GRAZ

A project funded by:

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KEF

In cooperation between:



NAOG



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List of Abbreviations

ADRA	Adventist Development and Relief Agency
MCTIC	Mongolian Cooperative Training & Information Center
MNCA	Mongolian National Cooperative Association
MOCCU	Mongolian Credit and Savings Cooperatives Union
NAMAC	National Association of Mongolian Agricultural Cooperatives
NAOG	National Academy of Governance
NGO	Non-Government Organization
OD	Organization Development
ODGD	Institute for Organization Development and Group Dynamics



Introduction

Following the funding of the project “Leadership and Organizational Development - Building Strategic Alliances” by the KEF of the OEAD in June 2013, the teams of the Institute of Organizational Development, the National Academy of Governance together with the Mongolian National Cooperative Association and the Mongolian Cooperative Training and Information Center (MCTIC) started to implement the project both in research and practice in September 2013.

The project goal focused on developing and strengthening cooperatives and the building of new structures of cooperatives’ partnership – a strategic network meeting – considering the further developments of the cooperatives as well as the future market challenges.

Additionally to education and qualification of cooperative managers, officials, and trainers, the project's goal was to optimize the existing organizational structures and to increase the efficiency of cooperation between the various organizations of the cooperatives. The project was designed as a research project. The project was set up as an intervention study, which means that the trainings were part of the “field research”, to increase its efficiency factor, and to enable the study of organization developing impulses. This way it was possible to work on the development topics with the target group in the trainings during the research project, and the results of the research process contributed to that task.

1. Background

Mongolia is considered to be one of the most stable democracies in Central Asia since the introduction of the multiparty system and the economical reforms in 1992. Nowadays the country is facing a turbulent political and economical period, which will heavily influence politics, the cultural identity, the environment, and the ecological quality of living conditions. International industry, corporations, and banks, and with them international politics, push their interest in exploiting the natural resources (gold, copper, rare soil, etc.).

1.1. Pivotal Challenges

The Mongolian development of economy and society is facing three simultaneous reciprocal processes:

- The industrialization of the country, strategically focused on the mining industry, by international syndicates and several bigger Mongolian enterprises. This process includes the development of the SMEs as a precondition of the industrialization and development of an economic sector. With this process a larger part of the Mongolian population could benefit from this industrial development: There are however obstacles to overcome like the high rate of corruption that could prevent the benefit for the whole population.
- The development of democratic governance structures with the perspective to combine the fast industrial development in the mining of natural resources with a democratization of the society; to guarantee a calculable and "secure" industrial location and to combine the sectoral industrial development with the perspective of a sustainable development of infrastructure for the whole society.
- To ensure social solidarity according to the sustainable development and to accomplish the transition from a traditional society with a high proportion of nomadic population to a modern, democratic, and free-enterprise society.

These developments and efforts of modernization, the connection to the global market, and the increasing opening lead to new challenges and general skepticism that modernization, especially in the mining industry, could lead to social unbalance.

Therefore, it is important for Mongolia to focus not only on the economical possibilities of their natural resources, but to capitalize on the complete economical and entrepreneurial possibilities in all industrial sectors.

At the same time the balance between economic success and fair social distribution has to be kept to ensure the participation of a broad social stratum in the economic boom.

1.2. The Importance of the Cooperative Movement in this Development (see appendix)

The cooperative system has a long tradition in Mongolia rooting in the socialist collective economy of the Soviet model. The beginning of a democratic Mongolia in the 90's resulted in a new orientation and a new structuring of the cooperative system, which are close to German and Austrian models.

The founders of the post-communist societal movement have studied the concepts and structures of this model of economy and society in Germany. The political and legal foundation for a democratic cooperative system with free-enterprise orientation has been created in 1995 by passing a Cooperative Societies Act - after the German model.

The development of the cooperative society sector is tied to great expectations of democratic development and development of the SME sector by many Mongolian actors. This is even more so since the cooperatives are the only Mongolian institution with a widespread network of actors and contacts - expanding into the smallest communities - for economical and social development. By 2013, 3227 cooperatives were registered with 58.903 members, most of them belong to the agricultural (88,5%), service and trade cooperatives. But a much smaller number of cooperatives is estimated to be really active (between 750 and 2500), others – so called “fake” cooperatives - seemed to have joined the cooperatives in order to have access to the financial support from the government.

Focusing on the benefits of cooperatives there are quite a few advantages to be named: Besides the advantage of better bargaining positions and the general (economic) solidarity, the cooperatives are one drive line of economic development, especially for nomadic Mongols; something that can't be achieved individually. There is the opportunity, despite all hardship, to act democratically and autonomously. Another advantage is the range of contacts; the chairman of a cooperative speaks for everyone to the local government, and there is no need for every individual to arrange their own appointments. Besides the social organization, there is also the advantage of a common pricing. There is the difficult question of sales: Why the foundation of secondary cooperatives, if there is the possibility of quick sales to private companies? Why give up the capability to influence sales and profit directly? The point is the rivalry of self-determination and heteronomy.

The cooperative face the challenge that they have to position themselves in a way so that they can use the resources provided by donor organizations for their own strategic goals, and not receive them as “gifts” indiscriminately. Clear strategies of cooperatives are often undermined by the search for funds from donors. Who pays determines what projects are subsidized. It was therefore for this project very important, to do preliminary interviews and workshops with key persons in order to find out whether a useful program could be set up making use of our expertise. Finally, the detailed program was discussed and decided with the group of key persons (s. 2.1.).

Although quite a number of international donor organizations contribute to the development of the Mongolian cooperatives through valuable programs, the general situation is aggravated by the fact that these donor organizations do not collaborate with each other in order to optimize their impact.

Nevertheless, the development of the cooperatives has entered a new phase, which demands the capability of adjusting to the rapid changes in the economy. The cooperatives are part of the small and medium sized business sector in Mongolia. For a balanced economy and a prosperous development in Mongolia this sector is very important, as the industry is expanding and becoming a relevant player on the international industrial market (especially mining). This rapid growth of big industry with international players must be matched by a development of mainly indigenous small and middle-sized enterprises. This is the challenge for the cooperatives who can play an important part in this development.

This calls for strengthening the management skills – in particular the competencies in organizational development and change management – and for developing new collaborative structures of the cooperatives in order to meet the challenges of future markets.

Initial surveys, executed by scientists of the Department of Development of Organization Development and Group Dynamics (ODGD) of the Alpen Adria University of Klagenfurt, lead to the identification of

the following necessities of development and existing weak points, which will contribute to the handling of the mentioned challenges:

- Procurement of appropriate management and organization development (OD), creation of competencies for management in cooperative associations
- Deficiencies in coordination and cooperation between the different associations of cooperatives
- Generation of a strategic network for cooperative development and advancement of cooperation between the cooperative associations

1.3. International Significance of Cooperatives

Internationally, cooperatives play a significant societal role. According to UN documents, for example, one billion people are members of cooperatives, who feed another two billion people. So overall, about half of the world's population is nourished by cooperatives (Wanyama, 2014).

Cooperatives are autonomous associations of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly-owned and democratically-controlled enterprises.

As a business model, cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. The members of these associations believe in the ethical ideals of honesty, openness, social responsibility and caring for others (Wanyama, 2014: 50).

The cooperative enterprise is the type of organization that best meets all dimensions of reducing poverty and exclusion. Cooperatives play a significant role in employment creation and income generation, with more than 100 million jobs worldwide. Cooperatives are contributing towards gender equality, not just by increasing female membership, but by expanding opportunities for women in local economies and societies (Morris/Bruun, 2005; Göler von Ravensburg, 2010).

Furthermore, UN/ILO regard the cooperatives as an important contributor to sustainable development and the realization of the Millennium Development Goals (Wanyama, 2014: 45 ff.).

2. Project Structure and Progress

2.1. The Project Team

The project team consists of 6 members, 3 from Mongolia, 3 from Austria, coming from a Mongolian and an Austrian academic institutions. They cover several roles, like project leader, researcher, consultant, trainer and interpreter:

- Ralph Grossmann /Professor / Institute for Organization Development and Group Dynamics / Klagenfurt University/ project leader, consultant, trainer, researcher
- Prof. Dr. Shari Batsukh/ Mongolian National Academy of Governance, project leader
- Klaus Scala /Professor Institute for Organization Development and Group Dynamics / Klagenfurt University/ consultant, trainer, researcher
- Erdene Ariunaa / Associate Prof. Dr. / Mongolian National Academy of Governance / researcher
- Christian Neugebauer/ Dr. / Institute for Organization Development and Group Dynamics / Klagenfurt University/ researcher
- Ariunaa Altankhuyag, BA / interpreter, researcher

2.2. Methodology

2.2.1. Research on Organization Development (OD)

Research on OD uses a special method, focusing on deliberate and planned change processes: How can change in and of organizations be initiated and managed in order to promote sustainable development and reach the desired goals? This research report focuses on the OD oriented fact finding, the interventions that have taken place and their outcome. In OD well known instruments for fact finding and diagnosis like qualitative interviews generate important informations, but are also powerful intervention tools: The questions stimulate reflections and create new ideas and they contribute to the building up a productive relationship between the interviewers and the people being interviewed, which is very useful for managing together the change process.

The research project was set up as an intervention study, which means that the trainings were part of the “field research”, to increase its efficiency factor, and to enable the study of organization developing impulses. This way it was possible to work on the development topics with the target group in the trainings during the research project, and the results of the research process contributed to that task.

Previous to the designing of the program, several single interviews with key persons (coworkers and head of the training center, managers of the cooperatives) as well as an investigation workshop with important officials have taken place as a preliminary study. This was necessary to estimate the requirements of OD-qualification and OD-consulting, to discuss suggestions of planning with the management of the Mongolian National Cooperative Association (MNCA), and to come to an agreement concerning the program.

2.2.2. Linking the Learning of People and the Development of Structures

The project was limited through the available resources, and therefore it was necessary to achieve maximum effect within these limits. In our opinion it was vital to encourage a group of key persons to a collective, intensified learning process. This was an effective way to experience established, but less productive, work routines as changeable, and to show the participants how to create communication processes within their organization deliberately, managed by concept. The trade-off was that only a small group of 22 to 24 could be reached. Considering the great number of cooperatives to be managed, and the size of the organization, this is only a minimal intervention. Therefore, we designed and agreed upon two modules of four days each for a continuous group (22-24 participants), as well as a one-day strategic network-meeting of about 120 people as an OD intervention, after extensive discussions with the management. A separate planning group has been established for this event.

2.2.3. Methodological instruments

According to these methodological guide lines the following instruments have been used during the project:

- *Survey Workshops with key persons:* In the beginning, it was important to build a good relationship between the Austrian and the Mongolian “partners” and to develop a common view about the needs and the goals of the whole project. So Grossmann and Scala held 2 survey workshops with 20 key personas and had a session with the Board of Directors of the MNCA summarizing the first findings, discussing proposals for the design of the project and deciding the first steps.
- *Two Training Workshops* qualifying Executives and Functionaries of the Cooperatives (s. 2.3.) including *case studies and permanent survey feedback.*
- *Setting up a planning team* of a Strategic Network Meeting (s. 2.4.)
- *Strategic Network Meeting* of 1 day with ca. 120 participants (s. 2.5.) including *evaluation through survey feedback*
- *Qualitative Interviews:* 22 interviews with 21 key persons, 15 of them participants of the training program in different roles, representing: President (also member of Parliament) and Executive Director of MNCA, 3 Executive Directors of Associations, Project Managers, Heads of Cooperatives, 1 Specialist from the Ministry of Labor, 8 persons from 3 international donor organizations, Trainer
- *Visits of Cooperatives:* There have taken place several visits of cooperatives from the following associations: NAMAC, SCU, Trade and Industrial Cooperative Association (textiles), all together 14 cooperatives with 33 different units (of production or sales) (s. Chapter 4).



Figure 1: The Program

OD bases on equal consideration of personal and structural development. As mentioned before, the dominant qualification methods to develop and improve cooperatives in Mongolia are merely individual-related. The organizations and the cooperatives' center of information and consulting assumed a shortcoming of education instead of a lack of communication and cooperation structures. We wanted to initiate a change with our strategic network meeting. This has proven very efficient during the planning, due to the fact that the planning of such a network-meeting with a large number of participants and very high expectations is already a very demanding OD task by itself: The set-up of the planning team was a deliberate task to ensure that the team was able to plan the network-meeting in all its details.

The project consisted of two phases, whereas the first phase (September 2013 – August/September 2014) aimed to empower the cooperative sector and their members in various roles through further education, consulting, accompanying scientific research and planning a strategic network meeting. The second phase (September 2014 – December 2014) stronger focused on the implementation of the strategic network by organizing and conducting the first network meeting and establishing the necessary infrastructure for the further development of the strategic network.

The two phases consisted of two multi-day training workshops, three practical planning team meetings to develop the strategic network and prepare the network meeting, a series of qualitative interviews, a few research meetings to coordinate the work and finally the 1st Strategic Network Meeting of the Mongolian cooperatives with the evaluation survey.

2.3. Training Workshops

2.3.1. Selection of Participants

Selection Process: One of the important first steps in developing the program was to identify criteria for selecting the participants of the program. At the beginning of the development of the program, during the first investigative workshops in October 2011, and even at later events, we pointed out that the group of participants should be a good mix – with most possible heterogeneity of the participants. The following aspects should be taken into consideration by the cooperative organizations considering their choice of participants:

- a. Balance between male/female participants
- b. Different industrial sectors
- c. Different organizations
- d. Different functional groups
- e. Different aimags (provinces)

This was the basis on which the participants were chosen by the organizations and the MCTIC.

The following is true concerning the participants:

1. There was a good balance between male and female participants, with a little bit more female participants (64%). The increasing importance of women in Mongolian society is represented.
2. The majority of the participants came primarily from Ulaanbaatar; only a few from the rural regions. Very few participants come from the aimags (provinces) farther away. In this case we don't mean the origin of the persons themselves, but the representation of the cooperatives the participants work with.
3. The different industries and associations were well represented.
4. There was a good mix of roles (trainers, consultants, managers in different functions within the associations and the central institutions (MNCA, MCTIC)). Missing were leaders and managers of primary cooperatives, some of the participants had been managers of primary cooperatives in the past.

2.3.2. First Training Workshop 3rd - 10th October 2013

The first training workshop focused on the topic of “Management of Inter-organizational Collaboration”. The study design consisted of a mixture of plenary sessions (all participants together) with inputs and discussions, group work (5-6 persons), role play and – most important for the present study – case studies (in 2 groups).

22 participants – trainers, consultants, project managers, specialists and executive directors – attended the first training workshop (64% of them were female; 36% male). After training on the topics “Cooperation as a Model of Success”, “Essentials of Network and Collaboration”, “Criteria for Successfully Organizing Cooperation” and “Trust as a Choice” (Grossmann/Lobnig/Scala, 2012), the participants worked on problematic case studies with which they were currently engaged in everyday work.

The case studies were:

1. *Inventing an official training certificate of leaderships for the cooperatives*
2. *External and international cooperation of secondary and primary cooperatives*
3. *Network with sales channels and the national manufacturers in the market*

4. *Collaborative approach and misunderstanding issues between the Saving and Capital Union (SCU) and other agricultural cooperatives*
5. *Merging to an established secondary cooperative vs. establishing a new secondary cooperative.*

Each of the case studies was presented and was then discussed and worked on in great detail. The setting helped to use the group as organizational experts and consultants for the people involved in one of the examples named above. For each case study, hypotheses were formed and solutions planned.

2.3.3. Second Training Workshop 17th - 20th March 2014

The second training workshop followed a similar set-up, but focused on a different topic: “Leading and Managing Change”. The workshop conducted training on the topics “Principles of Systemic Organizational Development”; “Change Management”; “Innovation Management”; “Project Management” as well as “Documentation and Evaluation” (Grossmann/Scala, 2011; Grossmann/Bauer/Scala, 2015). The core issues of complex project management were identified and applied within 2 real projects running in the cooperatives. All crucial questions were put on the agenda and answered.

28 participants – trainers, consultants, project managers, specialists and executive directors – attended the second training workshop. There were two proposals for network projects discussed and the major steps of the implementation process designed:

1. A support center of some associations in rural areas;
2. A design for an evaluation process of all primary and secondary cooperatives.

As both proposals were real complex issues, the training had somehow the character of a real development process.

2.3.4. List of Participants

For a list of the participants of the two modules, please see the appendix at the end of this report.

2.4. Planning of the Strategic Network

2.4.1. First Meeting of the Planning Team, 7th October 2013

The objective of the first planning meeting was to discuss and consolidate its position about the preparation of the strategic network meeting. A planning team of 7 persons was chosen out of the group of the participants of the training program, representing the central institutions (MNCA, MCTIC) including the Ministry of Labor and the different associations (in the two following meetings of the planning team 4 more members joined the team, 1 left because of pregnancy leave). This meeting was facilitated by the Austrian researchers in a consulting role (Grossmann and Scala). The participants talked about the establishment of a strategic network and they agreed, that such a network might be helpful in the development of the Mongolian cooperatives. This strategic network should be founded through a “network meeting” with about 130 participants of all associations and regions to be scheduled some time after the workshops of the training program. Three questions were essential:

- What kind of strategic partnerships do we need?
- Which concrete partnership could be initiated?
- Which financing and law making follow up activities are necessary?

The agendas of the planning team were: organization, participation, setting the objectives, location, date and agenda, financing and setting up a working plan for the strategic network meeting.

On the first meeting, the team decided how to organize the meeting and what type of meeting could contribute to the development of the cooperatives. The existing systems such as the national council, the cooperative associations and The National Assembly Cooperative Day could be used and should be considered.

2.4.2. Second Meeting of the Planning Team, 28th October 2013

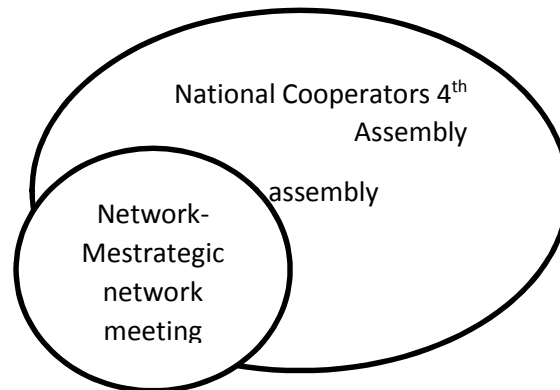
The second planning meeting focused on organizational questions regarding the strategic network meeting in the context of the cooperative assembly.

The team was slightly enlarged and now consisted of 10 members. During the meeting the team discussed the following issues:

- Goals of the assembly/network meeting
- Location and time
- To approve main issues for discussion during the assembly/network meeting
- Number of participants
- Defining roles and responsibilities of the steering committee, server, technical staff and advisors team
- Potential financiers
- Action item: to do list
- Date of next meeting

Conclusion of the second planning meeting was as follows: The network meeting is an opportunity for many members/parties in various roles of the cooperative sector to debate important issues and challenges of cooperative development in Mongolia, and to enhance skills and qualifications in a range of needed areas. In addition, this will be an important first step in developing new partnerships & cooperation structures. To ensure that many members would participate, the strategic network meeting was planned to take place just the day before the 4th national assembly, which was already

planned to take place in 2014. The network meeting therefore should have an impact on the program of the assembly. The theme will be “Partnerships in Coop Sector”.



The team has defined the issues which should be brought up at the network meeting:

1. Partnerships in the coop sector, its structure and types of cooperation. For example, how to start cooperation, participation of the parties/organizations, founding secondary coops, new types of cooperation
2. Opportunities, ways and means to increase investments in coop sector
3. Coop good governance and leadership

Beside the content, the team decided on the number of participants (there should be about 120 participants at the strategic network meeting) and implemented a steering committee (13 participants; all presidents or executive directors of the cooperative associations, as well as representatives of the involved ministries), a network server and a pool of experts and facilitators.

2.4.3. Third Meeting of the Planning Team, 21st March 2014

The third planning meeting could build on the solid basis, which has been developed during the first two meetings.

The third meeting focused on working out the program in more detail and tried to clarify the specific tasks and roles of the various groups involved in the strategic network meeting.

Main discussion points:

- Main issues
- Location and time
- Number of participants
- Defining roles and responsibilities of the Steering committee, Server, Technical staff and Advisors team
- Potential financiers

Date of the 4th Assembly/Network-Meeting:

The Assembly/Network Meeting was planned to be held between 10-11 September 2014.

Location of the 4th Assembly/Network-Meeting:

The Opera Theater (Ulaanbaatar City Center) is the most appropriate place to hold the assembly/network meeting, and it is possible to organize group workshops and seminars and lunch at the Ulaanbaatar Hotel, which is located next to the Opera Theater.

Participants of the 4th Assembly/Network Meeting:

The participants are representatives of primary and secondary coops (most of them consists of coop directors), important partners of the cooperative sector in Mongolia from the following sectors: politics, economy, science, education, international organizations, and donors engaged in development projects (e.g. - politicians, governors, universities, national industries, EU and UN organizations, etc.).

- 15 persons from each of the 21 aimags = 315
- 5 persons from each of the 9 districts = 45
- 3 persons from each of the 5 national coop associations = 15
- Politicians, governors, ministry and national committee members = 40
- Labor department/coop specialists from each aimag and district = 31
- Other important organizations, private businesses to be invited = 50

In total, about **500 participants** are expected to come.

**100-120 participants for the Network-Meeting out of the delegation will be chosen to attend. The number of participants is not as important as their representation and influence.*

2.4.4. Network Structure

The **steering committee** is a group within the network/system that supports the steering of its actions. Its primary task is to make strategic decisions regarding the realization of the project (4th assembly/network meeting). It is responsible for managing and monitoring. It consists of representatives, who possess the ability to make decisions for representing organizations. For example, representatives from Ministry of Labor, Ministry of Industry and Agriculture, national and rural coop associations, coop specialists, primary and secondary cooperatives, etc.

The steering committee consists of:

1. Ministry of Labor
2. Ministry of Industry and Agriculture
3. A.Gerelzaya /SME Specialist, Ministry of Labor/
4. Ch.Altangaaya /Board member, Industrial Cooperatives Association/
5. B.Erdenechimeg /Trade and Consumer Cooperatives Association/
6. Ts.Altantuya /Vice president, Agricultural Cooperatives Association-NAMAC/

7. S.Enkhtuya /Production and Service Cooperative Association/
8. Ts.Myagmar-Ochir /Executive director, MCTIC/
9. B.Munguntuya /Executive director, MNCA/
10. Sh.Gookhuu /Credit and Savings Cooperatives Union-MOCCU/
11. N.Uranchimeg /ADRA/
12. Ts.Batsukh /NAMAC-Uvs aimag/
13. B.Davkharbayar /Secondary coop-Tuv aimag/

The **server** is a body that responds to requests across the network to provide, or help to provide, information.

Server staff:

1. N.Gundegmaa /Excutive director, MCTIC/- **team leader**
2. Kh.Giikhnanan /NAMAC/
3. E.Munkhbaatar /Production and Service Coop Association/
4. R.Erdenesaikhan /Coop Development Officer, Ministry of labor/

The **technical staff** is a group of people representing relevant organizations in the network/system, who are responsible for carrying out the tasks determined by the Server and Steering Committee.

1. A.Munkhjargal /Advisor, MCTIC/- **team leader**
2. Ch.Altangaaya /Board member, Industrial Cooperatives Association/
3. M.Batmunkh /MOCCU/
4. G.Otgonbolor /NAMAC/
5. D.Munkhtsetseg /Industrial Coop Association/
6. S.Altantuya /ADRA/
7. S.Bolormaa /Trade and Consumer Coop Association/
8. A.Dulguun /Production and Service Coop Association/
9. From Ministries

The **consultants & trainers**: The team consists of experts and professionals in the cooperative field, who have a wide knowledge of the subject matter, and enable participants have access to deeper knowledge in given issues and topics. They lead workshops and discussions in a group.

1. Ralph Grossmann /Professor, Klagenfurt University/
2. Klaus Scala /Professor, Klagenfurt University /
3. R.Ganbat /Contract-Advisor, MCTIC/- **team leader**
4. A.Munkhjargal /Advisor, MCTIC/Ts.Altantuya /Vise-president, NAMAC/
5. Ts.Myagmar-Ochir /Excutive director, MCTIC/
6. E.Ariunaa /NAOG/
7. A.Gerelzaya /Coop&SME Specialist, Ministry of Labor/
8. B.Munkhjargal /ADRA/
9. S.Altantuya /ADRA/
10. Ch.Altangaaya /Board member, Industrial Cooperatives Association/

11. B.Erdenechimeg /Trade and Consumer Cooperatives Association/
12. A.Gerelzaya /Coop&SME Specialist, Ministry of Labor/
13. G.Manaljav /Advisor, Trade and Consumer Coop Association/

Main issues:

The consultants and trainers are divided into 3 issue groups, based on the discussion topics, and will prepare research documents and presentations for the given topics:

- 1) Partnerships in the coop sector, its structure and types of the cooperation
 - Ralph Grossmann /Professor, Klagenfurt University/
 - R.Ganbat /Contract-Advisor, MCTIC/- team leader
 - G.Manaljav /Advisor, Trade and Consumer Coop Association/
 - A.Gerelzaya /Coop&SME Specialist, Ministry of Labor/

- 2) Opportunities, ways and means to increase investments in coop sector
 - Klaus Scala /Professor, Klagenfurt University /
 - A.Munkhjargal /Advisor, MCTIC/Ts.Altantuya /Vice-president, NAMAC/
 - Ts.Myagmar-Ochir /Executive director, MCTIC/
 - S.Altantuya /ADRA/

- 3) Coop good governance and leadership
 - Ch.Altangaaya /Board member, Industrial Cooperatives Association/
 - B.Erdenechimeg /Trade and Consumer Cooperatives Association/
 - E.Ariunaa /NAOG/
 - B.Munkhjargal /ADRA/

Network Structure

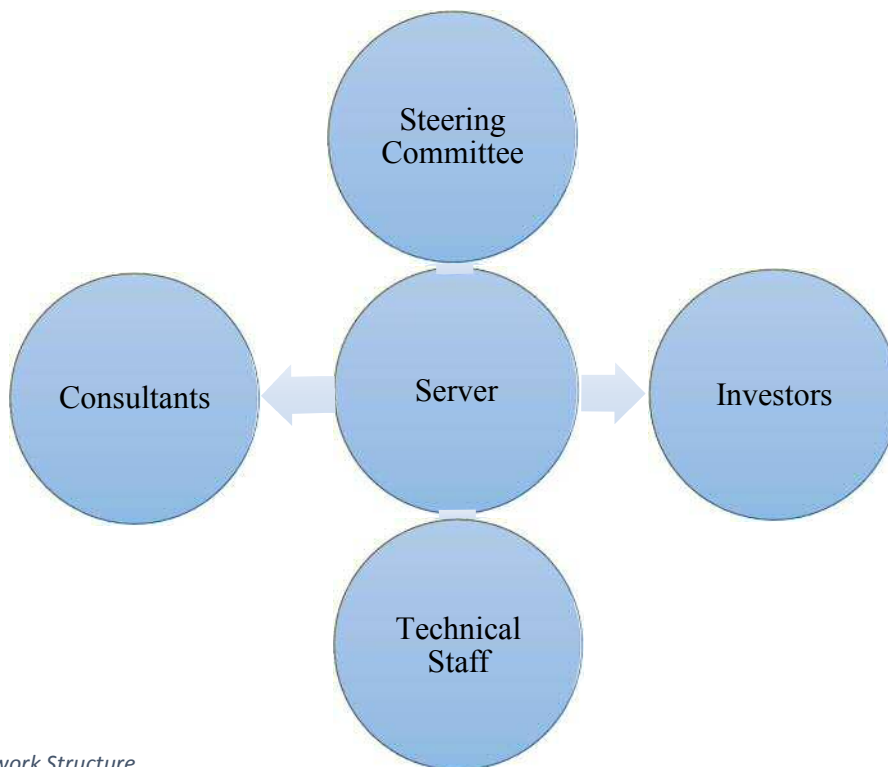


Figure 2: Network Structure

Steering Committee



Figure 3: Steering Committee

2.5. 1st Strategic Network Meeting of the Mongolian Cooperatives

The umbrella organization of the cooperatives organized the network meeting very successfully. A total of 111 participants attended the network meeting, most of the cooperative's members came from different regions, the remaining delegates came from the Ministry of Labor.

The program has been further developed since the 3rd meeting of the planning team Mr. Battogtokh, head of the SME department of the Ministry of Labor, opened the network meeting. Afterwards, Prof. Ralph Grossmann and Prof. Klaus Scala gave a lecture on “Leadership and Organizational Development. Building Networks.”

The main goal of the network meeting was initiating a collective workshop discussion about important issues for the development of cooperative networking. Decisions and suggestions about the future cooperative development have been made together. To accomplish this, the participants have been divided up into three different groups, each dealing with a different topic. The planning team created a powerful interactive design.

Group 1: Topic - Cooperative Partnership

Thirty participants joined this group. Mr. Munkh-Erdene/NAMAC gave a lecture on “Partnership in Cooperative Sector and Collaboration”, and manager Mrs. Tsend-Ayush, Nooson Zangilaa second cooperative, gave a lecture on “Collaboration between Cooperatives and Possibilities”. A detailed discussion followed these lectures and lead to the following results:

- Partnership between state and cooperative/new cooperative law and tax reform, uniform governmental aid cooperative/
- Partnership between occupational union of the cooperative and the cooperative itself/membership of the occupational union, establishment of a supportive committee in the regions, preparation of the union's specialists, education of the younger generation of the cooperation
- The partnership between the cooperatives/exchange of information, products, and simultaneous membership in different cooperatives, reciprocal support
- Partnership between the cooperatives and the corporations/support of the secondary cooperative and the corporations

Group 2: Topic – The Development of Cooperative Evaluation

This topic was triggered by the complaint, that there are a lot of “fake” cooperatives, which acquire funds by the government without fulfilling the prerequisites. An evaluation method should be found to select the “real” cooperatives. 36 participants joined this group. Dr. Ariunaa gave a lecture on “Strategy for Identifying the Stage of the Cooperative Development”, and Mr. Gookhuu (MOCCU) gave a lecture on “Conduction of Evaluation System into Credit Unions”.

The participants collectively stated that the introduction of an evaluation system is vital for the cooperative sector; especially to differentiate between *true* and *false* cooperatives, and to segregate them.

Method and intention have to be defined first in order to establish a substantial evaluation system in the cooperative sector. The appropriate evaluation system for our market has to be found and

examined possible ways of development. After the discussion about these open questions, the team leader divided up the participants into three different groups: governmental level, union level, and primary cooperative level.

Each group made suggestions about the preparation of a cooperative evaluation from the perspective of their level:

Workshop Group 1: Governmental Level

This group made general suggestions of governmental support for the cooperative, some of which are: beneficial laws for the cooperative, a tax reform, more financial aid for the cooperative sector, the founding of a sales center, transfer of unused equipment/items in the cooperative sector, a beneficial social security system for the cooperative, independence from governmental politics, and the improvement of governmental awards for cooperatives. Before the team finalized their work, the team members made some more suggestions for the governmental level concerning:

- laws
- identification of genuine and fake cooperatives at the registration
- financial aid for the training of special evaluation personnel
- preparation for an open discussion concerning a unified evaluation system
- governmental awards for the best cooperative after evaluation
- execution of the national standardized evaluation system
- public information

Workshop Group 2: Union Level (Umbrella Organization and Occupational Union)

1. The Preparation of the Occupational Union for the Cooperative Evaluation:
 - definition of criteria and instruction for the relevant branches
 - preparation of evaluation specialists for the relevant branches
 - research of the branches and sectors
 - training and execution for the relevant branches
 - reciprocal support between the branches
 - advertising and information about the evaluation
 - general support
2. The Preparation of the Umbrella Organisation for the Cooperative Evaluation:
 - standardized research of the evaluation system
 - definition of standard criteria
 - organization of the occupational unions
 - establishment of a governmental delegation
 - budgeting and planning

Workshop Group 3: Cooperative Level

The primary cooperative:

- Meeting the 7 criteria of the cooperative (according to Cooperatives Societies Act)
- Collaborative action of the members of the board and the directorate
- Adherence to the rules and directives, information for the members
- Education and training of all members
- Regular meetings and exchange of information

Group 3: Topic – The Supporting Structure of Cooperative Development

45 participants attended this group. Mrs. Munkhjargal/ADRA/ gave a lecture concerning “Supporting Structure for Cooperative Development in Rural Areas”, and Mrs. Tungalag/Arkhangai Aimag/ gave a lecture on “Cooperative Support Center Development and Critical Issues”.

The complete workshop took about 1.5 hours, and afterwards all participants joined the network meeting. The groups introduced the individual results of their workshops to each other. At the end of the network meeting, the motto and recommendations of the plan were carried out. However, the recommendation turned out to be too long, some of the content was repetitive, while other ideas were not summarized, although all suggestions have been taken into consideration. The organizers decided to write the recommendation again, due to the massive criticism from the participants.

2.5.1. The Demands/Recommendations of the 4th National Assembly and the 1st Network Meeting

The 4th National Assembly and the 1st Network Meeting of the cooperative was organized successfully. Altogether 300 delegates from different cooperatives and 21 aimags and Ulaanbaatar, delegations from NGOs, state officials and delegates of support projects for cooperatives attended these events. The result was the conclusion that the cooperative is a foundation for a stable development of Mongolia, and the following recommendations were presented to the parliament, the government and the administration organization. The following suggestions were also made to the MNCA, managing boards and members. The great number of recommendations shows how engaged, inspiring and creative the participants of the meeting were. The strategic impact however, of this list of recommendations has to be judged critically. The effort to set priorities which really can unify, energize and direct the strategic activities has not been made. The list therefore is more a collection of all wishes and demands of the whole cooperative sector.

ONE. Concerning the Parliament, the Government and the Regional Administration Organizations:

Supply of resources to execute decisions and directives to support cooperative development:

- The possibility of the formation and a cooperative participation at the agrarian stock exchange according to the “Agrarian Product and Raw Material Stock Exchange” Act.
- The support of a formation “Origin of the Stabilizing Services”, next to the MOCCU, according to the “Savings and Credit” Act.

The beneficial legal framework for cooperative development:

- The development of a new cooperative bill at the fall meeting of the parliament.
- The speed-up of passing bills concerning changes of civil law and other legal changes by the parliament, as well as the tax exemption of wool for cooperative members.
- The decision concerning the legal status of product premiums of herders – members of the savings and credit cooperative.
- The active participation in international projects and programs for cooperative development, and intensifying the cooperation between governments and international organizations.

- The founding of a public administration organization, responsible for cooperatives, in regions and/or aimags, soums, and bags, as well as communities.
- The support for cooperative members to fight social problems by considering installing public services.

The support of economic development of cooperatives:

- The cost premiums of the products and the governmental support for herders are collected by the cooperative members.
- The foundation of the “Bank of Cooperative Development” via governmental aid. Financial services are provided by the bank for members of the cooperatives.
- The support for the establishment of a new center for sales, services, information, and technology.

TWO. Concerning the MNCA and Umbrella Organizations:

- The active functions of umbrella organizations for the interests of members.
- The processing and execution of the evaluation system with other organizations.
- The foundation of a resource funds organization for the individual branches for cooperative development.
- The training of the personnel of the cooperative sector and the education of the young generation.
- The set-up of a sales network for the products and the support for export goods by collaboration of the cooperatives.
- The foundation of new secondary cooperatives, the improvement of the competitive capability of the cooperatives.
- The support of the cooperatives for eco-friendly activities.
- The improvement of education, especially online distance learning schools.
- The support for the foundation of consumer cooperatives in soums and districts.

THREE. Concerning the Cooperative Managing Boards and Members:

- The cooperatives, which don't employ a save and credit service, can gain access to services from the savings and credit cooperative, if they have a membership of this cooperative.
- The preparation and education of young personal and managers.
- The adherence of the 7 principles of the international cooperatives in all their activities.
- The creation of jobs.
- The sponsorship of members to actively participate in all activities.
- The announcement and publication of sponsorship for other members and other regional administration.

3. Evaluation of the Network Meeting and the Learning Outcome Regarding the Training Workshops

3.1. Evaluation of the 1st Strategic Network Meeting

The 1st Strategic Network Meeting was evaluated using a questionnaire (appendix).

The central aim of the survey was to gain a sense of the expectations of the participants regarding the network meeting, in order to align the future activities of the network meetings in more details along the needs of the network members.

The analysis of the questionnaires will be available to all participants after the end of this project.

3.1.1. Summary

Altogether 111 delegate of various cooperatives from 21 aimags and Ulaanbaatar attended the network meeting. More than half of them (70) have completed the questionnaire.

The evaluation shows the strong desire to maintain the network meeting. At the same time there are many participants, who desire to actively involve themselves in the network and to contribute new ideas. All respondents pointed out the pivotal role of the cooperative network and the urgent necessity of such a coordination structure.

3.1.2. Findings of the survey

Evaluation of the questionnaire for further development of the strategic network meeting of the Mongolian cooperatives.

A. Questions Concerning the Strategic Network Meeting

Question.1 : The Expected Benefit of the Strategic Network Meeting

The following table shows that first-hand information and exchange with other network members have a high priority (Table 1).

The following expectations concerning orientation/benefits of the network have been pointed out:

- Exchange of experiences
- Notification and suggestions to the city administration
- Active participation of the members
- Execution of a new evaluation system
- Foundation of secondary cooperatives, improvement of collaboration between primary and secondary cooperative
- Active collaboration between cooperative and city administration
- Collaboration between umbrella organization and cooperative

Detailed Display of the Questionnaire Results

	very important	important	neutral	less important	irrelevant
First-hand information	50	10	0	0	0
Exchange with other network members	40	15	5	0	0
Direct support to increase efficiency	39	16	0	1	0
Common projects with other network members	37	17	3	3	0
Public-oriented announcement of network meetings and its topics	37	14	5	2	0
New contacts	34	13	5	2	1
(Internet-supported) information service	29	18	6	1	1

Table 1

Question.2: Important Target Group for the Strategic Network

The following listed actors and target groups have been requested by the attendants of the network meeting. The majority preferred the primary and secondary cooperative, but others also voted for the establishment of a cooperative support center for every organization.

- Primary cooperative
- Cooperative organization in aimags and soums
- NAMAC
- Product and service cooperative
- City administration and cooperative
- Occupational union
- Umbrella organization
- Support center of cooperative
- Secondary cooperative
- Primary cooperative-secondary cooperative-city administration

Question.3: Suggestions of the Network Members

The respondents offered the following suggestions to the question what they would like to introduce to the network meeting:

- Unification of organizations and achievement of common benefits and goals
- Definition of standards for the cooperative
- Support of the secondary cooperative
- Foundation of a sales and support center besides the cooperatives
- Active collaboration between city administration and organizations
- Execution of the new evaluation system of the cooperative
- Trainings and seminars in the aimags and soums
- Foundation of several primary cooperatives
- Collaboration between organizations and cooperatives, especially in aimag and soum
- Exchange of experience
- Dismissing “fake cooperatives”
- Governmental aid of cooperatives
- Possibility of export (national production)

Question 4: Important Topics of Future Network Meetings

Many of the suggestions were similar to the ones of question 3, plus the following suggestions:

- Experience of other countries
- A common future goal
- A continuous development of the cooperative
- Methods to solve problems
- Support of national production
- New laws

Question.5: Continuation and Development of Network Meetings

All attendants (100%) expressed their wish to continue the network meetings.

Question.6: Especially Important Future Network Activities

The respondents preferred exchange of experience, when asked about especially important network activities. Interestingly, the installation of an information data base with examples of best practice got a very high ranking (Table 2).

Detailed Display of the Questionnaire Results

	very important	important	neutral	Less important	irrelevant
Exchange of experience	43	8	4	0	0
Installation of an information data base with examples of best practice	38	13	1	1	
Organization of awards	13	33	2	0	0
Establishment of an e-mail newsletter	13	30	2	3	0
Dialog processes	26	24	2	1	0
Initiation of research and development projects	27	24	0	1	0
Establishing a web presence	14	20	8	1	0
Agenda Setting/Lobbying via media partnership and/or settings with political participation	10	16	7	5	6

Table 2

The question for further topics revealed the following preferences for further activities:

- Exchange of experience with other countries
- Active collaboration of the cooperatives
- More information and brochures about the cooperative
- Organization of fairs
- Internet groups, forums, and apps
- Online information

B. Statistics and Questions Concerning the Participants

1. Age and Gender

111 persons attended the network meeting, 70 of them have completed the questionnaire, 10 of the questionnaires are incomplete, 60 are complete. Of all attendants, one-third are male, two-thirds are female. None of them are younger than 25 years (figure 4).

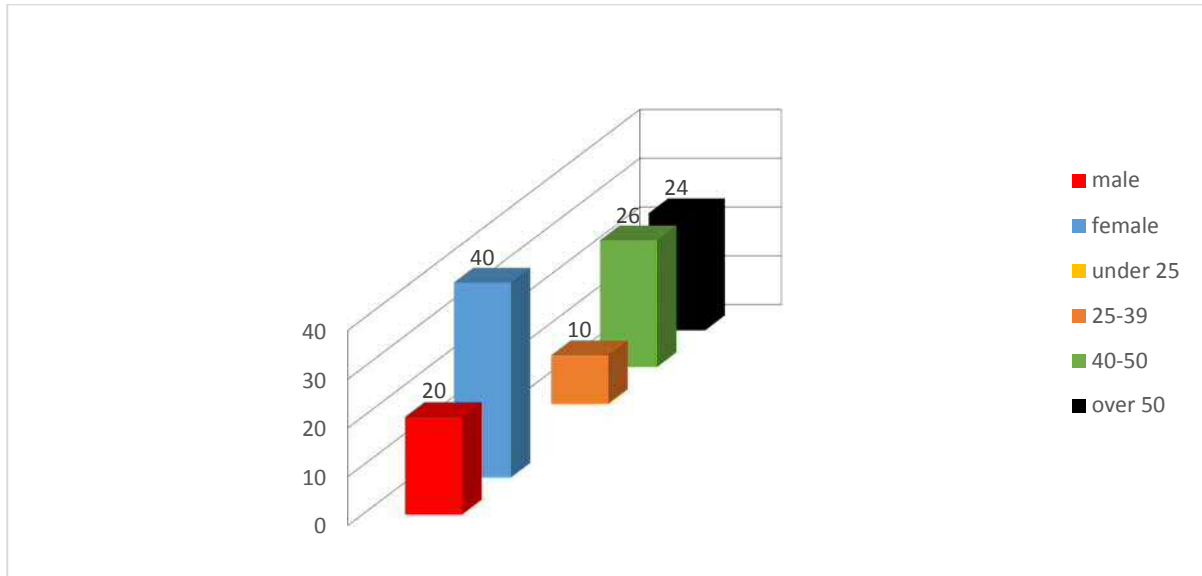


Figure 4: Age and Gender of the Participants of the 1st Network Meeting

2. Origin

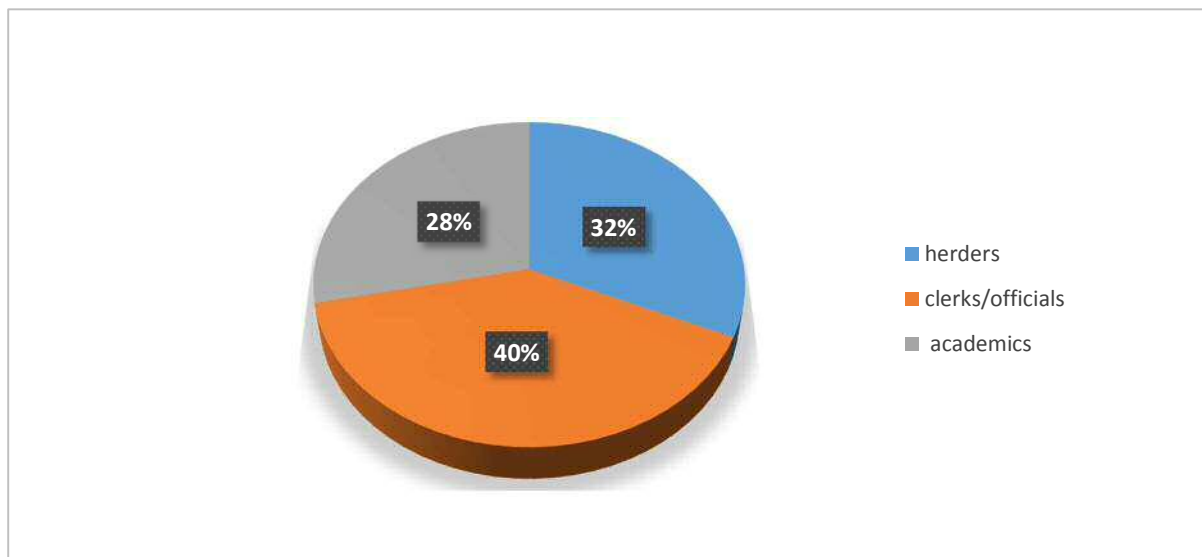


Figure 5: Origin of the participants

19 are herders
 24 are clerks/officials
 17 are academics

The participants come from 21 aimags and Ulaanbaatar, distributed among five different regions (Table 3).

Regions	Aimag	Participants
West	Uvs, Hovd, Bayan-Ulgii, Zavhan, Govi-Altai, Bayanhongor	12
East	Hentii, Dornod, Sukhbaatar	8
Central Region	Arkhangai, Uvurkhangai, Bulgan, Selenge, Huvsgul, Tuv Orkhon, Darkhan	11
Gobi Region	Umnugobi, Dornogobi, Dundgobi	16
Ulaanbaatar	Ulaanbaatar	13
Total		60

Table 3

3. Occupation

Cooperative Organization	Number	Occupation
MNCA	4	Board member
MCTIC	5	Education, seminar, trainer
MOCCU	10	Credit and Savings
Sales and consumer cooperative	6	Craft, secondary cooperative,
Products and services cooperative	5	Hair stylist, craft
Industry and services cooperative	6	Wool and fur production, craft
NAMAC	20	Wool, grain, veterinary, cattle
Others	4	Observer, city administration (Ministry of Labor)

Table 4

The following table shows the most important target groups of the network (Table 5).

Actor Group	Number
Cooperative	22
Corporation organizations	13
SME/large-scale enterprises	6
Public administration	3
Research and science	3
Unions	3
Relevant networks	3
Education institutions	2
Media	1
Politicians	1
Others	3

Table 5

3.2. Learning Outcomes Regarding the Training Workshops

It is always difficult to measure a learning progress. We therefore simply asked the participants for their self-assessment of what they have learned. This enables us to capture a mood and a trend among the participants.

You can get an idea about the learning progress and the atmosphere.

3.2.1. Participants' Impressions and Learnings

First Training Workshop 3rd - 10th October 2013

What have been experienced and what was the most interesting experience?

	Statements and Learnings of the participants
10 th October, 2013	<ul style="list-style-type: none">▪ We got a new idea about network. Through the system-environment analysis, we examined the frequency, power, and the impact. It was new. We have learned to describe the system. In the future, the Austrian network examples would be more interesting. It was important to expand the network. We exchanged our experiences.▪ Case methodology was important to analyze the problem.▪ We understood about network and server role. In the network, it is important to involve the interested parts.▪ We have to check and review our cooperation.▪ I'd like to express my thanks to our host professors. Could you send us a book or sources on networking and collaboration? Could you train us methodology of cooperation and network in a greater detail? For example, how we can use social media like Twitter or Facebook, and how can we use conferences and remote access. Our email group is only one type of network.▪ We have learned about network for success and failure. I appreciated our two Austrian professors' skills to manage the whole activities very much.▪ We have learned that the optimal level is horizontal network.▪ In the next training, I'd like the involvement of real representatives from primary and secondary cooperatives. The training would be more effective.▪ We recognized that it is important to be able to listen, and to be able to talk.▪ We found that we must learn from negative experiences to work with positive energy.▪ It is useful, if we inform others of knowledge we have acquired here.▪ Homework is unknown. Please provide the information about online authors as well.▪ Trust issues were interesting.▪ We learned about the network value and activation.▪ Case outcomes and knowledge building process were interesting.▪ In the future, training program should be more in detail.▪ We have understood the network process.

- We liked the observations steps and the content integration solutions very much.
- I was able to implement the network.
- Before training, the internal rules are crucial, concerning phone and absence etc.
- Thank you for this wonderful opportunity to participate in the training. I received those informations that I need. I understood well what network and collaboration is about.
- During case study, I learned the way to get to the proper solution.
- It is useful for us to show the video related to the foreign real examples. Or how to choose real cooperative and how to try to establish a secondary cooperative.
- Facilities were poor. Poor ventilation. In addition, holidays were not appropriate, and it was especially challenging for female participants.

General Findings of the Participants

Main achievements of the training were the common understanding and language of a group about the cooperative sector's leadership, organizational development, and network & collaboration issues. Based on the Austrian professors' lectures and suggestions, as well participants' opinions, main findings of cases and interviews are summarized as follows.

At aimag and soum level in facilitating of cooperation, it is crucial to be close to the location, to build a locally horizontal structure, and to support the industrial and non-industrial cooperatives' collaboration.

It is important to establish the secondary cooperatives, and to create a network between cooperatives which have already been established and give them opportunity to implement the power.

Organization's activities are closely related to their environment. Each organization's environment is different, and each of them needs an essential environment. Although it is important to balance between the individual work and the joint work with environment.

For achieving shared goals, an organization works in partnership with other organizations, which requires a cooperation capacity. All stakeholders should act in mutually beneficial cooperation. For effective cooperation, they must have a permanent server. The cooperation will fail, if the server is weak (Figure 5).

The internal collaboration could follow the external cooperation. Ideally, the collaboration is a relationship between people, and trust plays main role in this communication. Trust could help to simplify a problem, to improve an accountability, and to create an atmosphere for new ideas. About the importance of trust and factors caused by trust, the participants responded as follows:

- When commitments are fulfilled, then the trust is formed. Promise what we can do.
- To proceed with a concrete objective
- Show initiative
- Be patient, wait for the outcomes
- Exchange experiences, and trust in items, which your eyes can see
- Collaborate with the experienced, influential, and reputable people
- Integrate the national tradition and culture

The network is a relatively free type of collaboration, and there is no strict obligation on the network. Each participant can work more independently. During the collaboration, stakeholders hold investment responsibilities to each other. The leaders should meet periodically to make decisions related to the collaboration. There is no urgent need in the network for leaders to meet. In case of a secondary cooperative, leaders should meet, because they are closely related to investment.

The server is the binding team or unit, and the network representative responsible for communication and coordination. Training participants, namely the National Council, Aimag Advisory Committee, and Aimag Committee of "Cooperative Sub-program" act as servers, and have been taught the importance of factors, such as transparency of information, knowledge and experience, economic incentives, activating mechanisms, and optimal structure.

There is a need to improve the communication channel activities in rural areas for getting identical, accessible, and timely information.

There is a real need to establish secondary cooperatives, but it is not well enforced, due to the lack of understanding their importance. Therefore, for establishing secondary cooperatives, primary cooperatives should be strengthened first, capacities have to be created, and their activities diversified. It is important to plan and implement the cooperative development, considering household characteristics, traditional customs, psychological characteristics, land features, and population density. It is vital to systematically investigate the real need of secondary cooperative development. It might be more proper to collaborate with different businesses, join one type of operating cooperatives, or integrate with businesses such as banks and industries.

There is a dispute about the number of operating cooperatives in Mongolia. There are controversial informations on cooperative numbers, and the contribution rate to GDP of this sector. According to official statistics there were 3227 cooperatives registered by 2013 with 5% of the GDP. For the participants, it was also important to find out whether they are active, or just registered. Although, in 2012 and 2013 the number of members of the cooperatives and the amount of share capital increased. A direct interdependence exists between the amount of shared capital and the number of cooperative members, and the weak situation of the secondary cooperative formation is clearly shown.

Urgent issues identified by participants

During the training, interviews, and exercises many issues have been defined by the participants. The participants highlighted the following issues as common and serious:

- Financing (bank loans, funds, profits and share capitals)
- Capacity of primary cooperatives
- Appropriate type of secondary cooperatives
- Network and actual collaboration and its promotion
- Statistical information about the cooperatives
- The policy and legal environment
- Diversity of cooperatives' activities
- Cooperation in Local areas
- Cooperatives training and capacity building.

Second Training Workshop 17th - 20th March 2014

What have been experienced and what was the most interesting experience?

Statements and Learnings of the participants	
17 th March, 2014	<ul style="list-style-type: none">▪ The entity should receive and process new ideas and information, then get the results.▪ Change requires energy. Now, the way to achieve results should be clear.▪ It is important how to change what. If the essence of content will be recognized, then success will be gained.▪ Agenda selection methods: discussion, group work, and notes for the board.▪ Change is a small step. It is important to combine the tradition and innovation.▪ It is important to understand the reason and importance of the change.▪ I understand that it needs to train people of the organization as well as in the same time the structure should be developed and changed. And inclusion of the balance of people is needed.▪ It is important to consider the culture of the organization in any small matters. If the change not understood it is not implemented.▪ I like the trainers' methodology. Further, such a method will be used in the training for cooperatives.▪ The change needs energy. A small amount of catalyst is essential to obtain it.▪ I have learned the methods of determining the purpose and the key content of the project.▪ For making changes in the organization, it needs to estimate based on the data, content, methods and outcomes.▪ For making changes, it is effective to research well and to follow 8 levels.▪ I understood the principles of organizational systematic development. It is important to involve all the necessary people.▪ For making change, it is supposed to study about the need of the change. The expected results should be clear and the ways should be realistic. The stakeholders will need to understand.▪ I learned the principles of the organizational development.▪ Change Management: Now, roads and access points.▪ The human development is crucial for the organizational development. To regulate resistance faced to change in the right way and create innovation.▪ Organizational development: teamwork, rational selection of partnership, clear goals, time, space, and evaluation.▪ I understood the organizational development is related to the people, structural reform and innovation.▪ All the participants are responsible for change and development.▪ If the organizational development is put into the box it will just be a dream▪ If the communication will arise and the desire to change will fit the goal then the organization will develop.▪ Selective participation is vital.▪ Development is a change. The energy is needed for change
18 th March, 2014	<ul style="list-style-type: none">▪ It is important to follow any work step by step.▪ I learned the first steps of writing the project.▪ I understood that it is crucial to identify the participants and evaluate the influential factors, to affect the objectivity of problems, and to choose the methods in a right way, in order to achieve the goal.

- I learned the processing sequence and methods of the project proposal and document.
- I understood that remark is the opportunity to correct mistakes and it is important to collaborate not to compete with each other.
- What do we need, and what factors have affected? Identifying findings and weaknesses, estimation of results.
- I understood the first part of the project design methodology.
- I learned from other project teams.
- Environmental analysis of the project.
- Identifying main stakeholders and their expectations, participation, threats.
- I used the brain storming method in the reality.
- I learned how proper to allocate the sequence, methodology, and team structure when to write the project.
- It was interesting the methodology to write the project.
- It is important to choose and analyze the project environment, when to write the project.
- It was interesting to share the project ideas.
- The first steps of the writing project are the environmental analysis and mapping and formulation.
- I learned the writing methodology of the organizational development project.
- I learned to identify potential impacts.
- We learned to do the environmental analysis.
- I learned methodology of the project environmental analysis.
- I have an understanding of organizational change. I came late, but our team explained me our lesson.
- It was interesting to me the impact and relationship shown in the picture.
- We learned easily and in an interesting way to determine whether the project is needed.
- It was interesting to determine the relationship of the project stakeholders.
- I learned the environmental analysis which is the first step for the project writing methodology.
- I found that the team often criticized.
- Detailed stakeholder analysis was interesting.
- I'm happy to try and understand the detailed methodology of the project analysis.
- The idea about that the local support center to work as a secondary cooperative.
- Results from the evaluation of cooperatives, concerns, organization to involve.
- To choose and prioritize the project participants.
- Indicators to assess are: expectations of stakeholders of the project, and threats, assistance and mitigation, etc.
- Stakeholder choosing exercise was interesting. It is effective if many sectors' people will be included the selection of participants.
- It was interesting when potential risks and opportunities were identified.
- It is interesting to include the participants in the map by 3 characteristics of participants.
- I learned to do the system environmental analysis of participants by the stages.

19th March,
2014

- Some section is too lengthy. It should be concise and brief. Thank you.
- I realized that the project makes a discovery of the project potential within certain limits.
- Selective participation is vital.
- Project management.
- Examples and cases which teacher said were interesting for us.
- I become aware of the innovation.
- I understand the organization of the project. It was interesting.
- I learned the methodology of the project structure.

- I recognized to use the differences in the right way.
- During the training I found two ideas on two types of products that can be carried out further.
- I found the design for the development projects.
- It was realized that how to include the project structure in the scheme.
- The game rule is implementing and fundraising work is activating.
- I learned and saw from the training and exercises that who and how should participate in the project.
- It was very clear. Translators are very professional.
- Participants and specific duties of the project should be concrete and not be overlapped.
- To write the project in coherent way.
- The project client's duty.
- The project condition was described.
- The structure of innovation system.
- I became aware of the related components, the project client and project team.
- It was interesting and creative when we did exercise on the project structure.
- The detailed structure of the project has a positive impact on outcome.
- It is effective to use this methodology in developing any project proposal.
- It was interesting to select the project client.
- It was interesting approach to have asking, feedback, highlight person in each team.
- We were aware of the client, steering committee, project team and other related parties, sub-team. Proper selection of these very critical to the project, and understood that the project result depends on it.
- It is easy and useful to describe the project structure.
- Each project has its unique structure because it has also specific feature.

20th March,
2014

- Now I know about project planning, description of the purpose and topic selection.
- We learned about the implementation of the project.
- The confidentiality is vital.
- To determine the structure of the project in right way.
- The project team structure and elimination of the functional conjunction.
- The opening and closing, summarizing the project and preparing of the meeting, planning.
- We learned to identify the way to make a list of risks, to predict and to find the solution.
- To change and look the project objectives in the each stage.
- How to fail the project?
- The project architecture was interesting.
- Keep changing the plan.
- I learned how to return negative results to good side.
- It is realized the setting a goal and its implementation architecture.
- Design.
- I thought that the privacy classification of the project documents should be identified.
- It can not be determined what results would be achieved.
- Training or information is needed for improving the project further and finding a ways of funding.
- I learned many things newly through comparing the performance of the teams.
- Teachers and translators were very good.
- Participants' adherence of the game rule made influences in the training to become effective.
- I learned to make design. Now I know about the architecture, scheme and steps.

- We learned about how to properly define the goal and make the right and effective protection using bad results.
- The project materials, risks and conflicts in the project management.
- Feedback of the project objectives.
- Strengthening the cooperation between the project team and the Steering committee.
- The goal should be reconsidered regularly monitored in order.
- Structural architecture of the project would have to be made in advance.
- I have specific information on the design.
- It is interesting to make the map-architecture of the project phases.
- To make a list and evaluate the conditions of the project failure.
- Overview mapping methodology of the project.
- I gained new knowledge of the project replanning. Goals must be constantly re-examined.
- The destroying strategy of the project was interesting.
- I understood how to use the project architecture in the practice.
- I have realized about the planning and using the design.

4. Intervention Research inUvs Aimag

A member of the research and OD team (Ralph Grossmann) visited cooperatives in the uvs aimag in the northwest of Mongolia in fall 2014. The expedition has been initiated by the invitation of the head of the regional organization of cooperatives of stock breeding and agriculture (NAMAC), Mr. Batsukh. He and Mrs. Enkh, his colleague from administration, were participants of the training program. They visited 10 cooperatives with about 30 production sites located in four soums (districts) and the provincial capital Ulan Gong during the 8 days long intervention research. Talks with the provincial governor, the parliamentary director of a district, representatives of the ministry of social affairs, and representatives of other cooperative unions took place as well.

51 cooperatives are members of the NAMAC in the usv aimag, including 2500 members and 1420 households. Batsukh and Enkh's office is used as a meeting and training location simultaneously. It is the only existing training facility of all cooperatives in the province. Mr. Batsukh and NAMAC are running several innovative projects. The office is located in one of the NAMAC buildings, which also rents sales rooms to cooperatives or private enterprises. The rental income is considerably higher than the membership fees of the cooperatives and offer a financial margin to finance trainings and other projects. Mr. Batsukh is planning to expand the building to create a sales center for the products of the cooperatives. He intends to enter a collaboration with other organizations to achieve this goal – inspired by the module 1 of the training program. Mr. Ralph Grossmann's visit enabled an initial network meeting with representatives of three other organizations. One goal was to conduct research interviews; the other one was to launch the idea of such a cooperation. Mr. Batsukh and his wife are also initiators and members of the board of a cooperative. Mr. Batsukh acts as the director; his wife is the manager of the cooperative (cf. 5.2.). The couple is experimenting with agricultural produce in green houses, which they would like to sell all-season. They are currently establishing a production plant for processing sawtooth oak.

Many of the visited cooperatives are farming on a sideline basis, which run next to stock breeding and farming other businesses like supermarkets or restaurants. Some offer services ranging from hairdresser to a photo shop. One cooperative, situated in one of the visited provincial capitals, has bought a ruined building from the public authorities, with the goal to renovate it and run a production plant for the cooperatives and rent the remaining rooms. In a different district, a cooperative has taken over the hazardous waste disposal. The cooperatives provide a number of public services for the municipalities.

The talks with the head of a cooperative have led to another innovative project. This cooperative produces yurts among other things. During the research talk the idea was born to build a large yurt with 16 compartments to create a mobile meeting room for trainings and meetings. This is a model project for the province, but also for all other of Mongolia's cooperatives. In the meantime, the project has been awarded as an international model project by a social fund of the OPEC and has been funded with \$ 5.000.-.

5. Outcome

5.1. The Specific Outputs of the Program and the Lessons Learned by the Participants

The direct output and the *lessons learned* can be seen by the two goals of the project, which are independent from each other:

1. The qualification of the participants via the learning-oriented modules
2. The organization development aiming at a strategic network development

The linking of these two threads, personal development and organizational development, has been generally successful. The persons involved learned about competences, which they could directly apply, and the organizations could make use of the gained expertise immediately.

5.1.1. Qualification of the Participants

The qualification proceeded surprisingly fast, concerning content. The participants could pick up many clues and ideas to use in their daily work routine from both qualification modules. The feedback given by the participants at the end of each module was a proof to that. Especially the advantage of the modular system of the learning progress for their own work has been received very positively. Some examples follow:

Capability of Analysis: The participants gained a new view on their professional role as well as on expectations and influence of their role by learning about the basic tool of system-theoretical organizational development – the *system-environment-analysis*. The participants haven't been able to gain that insight on their own so far. The analytic capability to orient themselves within their own field of work has been increased, as well as the orientation for economical improvement. This tool has been used to analyze selected projects in the second module. The conflicting interests of stakeholders – different organizations with which the participants would like to, should, or have to cooperate – have been analyzed. The instrument enabled the participants to perceive the individual logic and rationality of the stakeholders: A very important and clearly visible step was: to realize the different logic of action of governmental administration, cooperatives, banks, donor organizations. A further step – from diagnosis to intervention - was to use actively their relationship, as well as their differences as an intervention. The overall picture of the project's context, which can be described as “multi-rational”, containing real contradictions, could be seen.

Case Study: The case study was a core element of the first two modules. The participants had to process a “case” of their normal development job systematically, methodically, and with support of external trainers, and cooperation with their colleagues. The result was to gain new options of action, and draft hypotheses about their situation. This should be achieved via the second basic tool of system-theoretical organizational development – the *systemic loop*: observing, making hypotheses, deciding, planning, acting evaluating. This way the participants could align their actions systemically, and prepare calculated interventions.

Team Work: The participants could strengthen their competencies in teamwork. The methodical qualification enabled the participants to cooperate in various forms of sub-groups: during the case studies, in group work for specific tasks, but also in the plenary sessions, structured by specific methodical processes.

This method was new for the participants and the practical work in and with the cooperatives was important. The participants increased their competencies and also had fun by applying the new forms of cooperation. A distinct improvement between the first and second module has been noticed. While teamwork was already surprisingly good during the first module, the quality and intensity increased significantly in module two, which had a major impact on the results.

One participant gave the feedback that she hardly understood anything during the first workshop, but she gained insight on the modes of working, if not so much about the content. She learned a bit more about the content the second time. The participants could see differences of having task oriented and continuous working structures more through our methodology than through the content.

A short narrative: At first we were confronted with seminar culture, which is also common at home: The participants arrived late and at different times, they are absent without notice for half a day, or they are preoccupied with emails, and constantly come and go to phone somebody. To prevent such behavior, we had a little initial exercise at the beginning of the first two modules, which practically involved the introduction of rules for the seminar, first in groups and then all together. In the second module the rule has been introduced that latecomers had to pay 1,000 Tugrik (= € 0,50) for every minute they were late. One participant was responsible for collecting the fines. This rule was very effective and even caused amusement, if for instance a clerk from the Ministry of Labor had “to pay up”. It is worth mentioning that punctuality in Ulaanbaatar is hard to achieve considering the traffic situation and the lack of parking space in the city. At the end of the module, there was enough money to buy Mongolian vodka, which was perfect for finishing the module with a drink and a happy mood.

It is a challenge to transfer this form of work into the everyday routine due to infrastructural inadequacies, and in the countryside, there are hardly any possibilities to meet at one place big enough for a larger number of people.

Thinking in Processes and Structures: The processing of real case studies of larger projects of the group made the understanding of process architecture possible, especially when a development project has to be run collaboratively – even within a cooperative – during several process steps.

The impact of qualification methods should not be overestimated, despite the positive developments mentioned above. Substantial changes in actions and mindsets will not happen because of 8 days of training – but possibilities can be pointed out and potential alternatives and practical (management) tools can be tested.

5.1.2. Organizational Development with Orientation to a Strategic Network Development

On the level of organizational development of strategic network development, we can present the following results:

Planning of a Network Meeting: We established a planning team, which had several meetings following the set-up. The team organized the network meeting with about 120 actors from different cooperatives and regions. The key issues were generated by the members of the planning team themselves, with impulse from the Austrian project partners. Especially topics, which have been inspired during the second module, were incorporated in the program of some workshops of the network meeting:

1. A “support center” is planned to be established in an aimag (province) farther away from the capital – in cooperation between different cooperative organizations. Up to date any attempts have failed, because the various organizations lacked the resources to realize such a project.
2. The second, delicate project – which has been anticipated and methodically prepared during the qualification modules – was the evaluation of the existing Mongolian cooperatives. This process is executed by the government and the responsible ministry. Depending on the evaluation results, the governmental funds for the cooperatives will be reorganized. The cooperatives work on a common strategy to conduct this evaluation.

Autonomy: The members of the planning team improved their planning and organization of the strategic network during the project development (1st, 2nd, and 3rd planning team meeting) and during the first network meeting. They also took more responsibilities as the process continued. Our roles (Grossmann, Scala) changed during the process as well: During the first meeting we were initiators, consultants, and facilitators, but these activities were no longer needed during the third meeting; when the design had been finalized, we were asked to give a short plenary input concerning: “Leadership, OD, and Networking”. At this point, the planning team has been enlarged as well. Since the second planning team meeting, all Mongolian cooperative organizations were represented by their own delegate in the team.

Organizational Development: The “Criteria of Success of the Cooperation” - which have been developed during the first module - are a visible indicator of the combined effects of training and network development, and have been considered and used during the development process. The installment of a cooperative steering committee, which eventually led to the set-up of the planning team, is an example. People, who had a “server function” in the preparation of the network meeting have been nominated. Also more actors have been nominated, who contributed to the network meeting as experts and moderators.

The network meeting making a difference: As the strategic network meeting was held just the day before the national assembly took place the differences of those two conference-like meetings could be well observed. The assembly followed the traditional design of having quite some speakers with a broad range of issues in the plenum - with the participants having the chance to contribute a long list of demands and recommendations mainly for the government at the end of the day. The network meeting with its design of parallel workshops and plenary sessions with reports from the workshops succeeded in allowing more participation. Few topics, which were carefully selected by the planning team, could be discussed more thoroughly and with greater impact for decision making and implementation.

Sustainable Effect: The most visible development is that there is *still* the concept of a strategic network meeting taking place every two years right before the national assembly. This is not a matter of course considering the usual organization and communication routines of the Mongolian cooperatives.

5.2. Considerations to the Research Questions

The overall organization of the Mongolian Cooperatives

Mongolia's cooperatives are divided up into 5 associations, according to the 5 different branches (agriculture industry production and services savings and credits trade & consumers) the umbrella

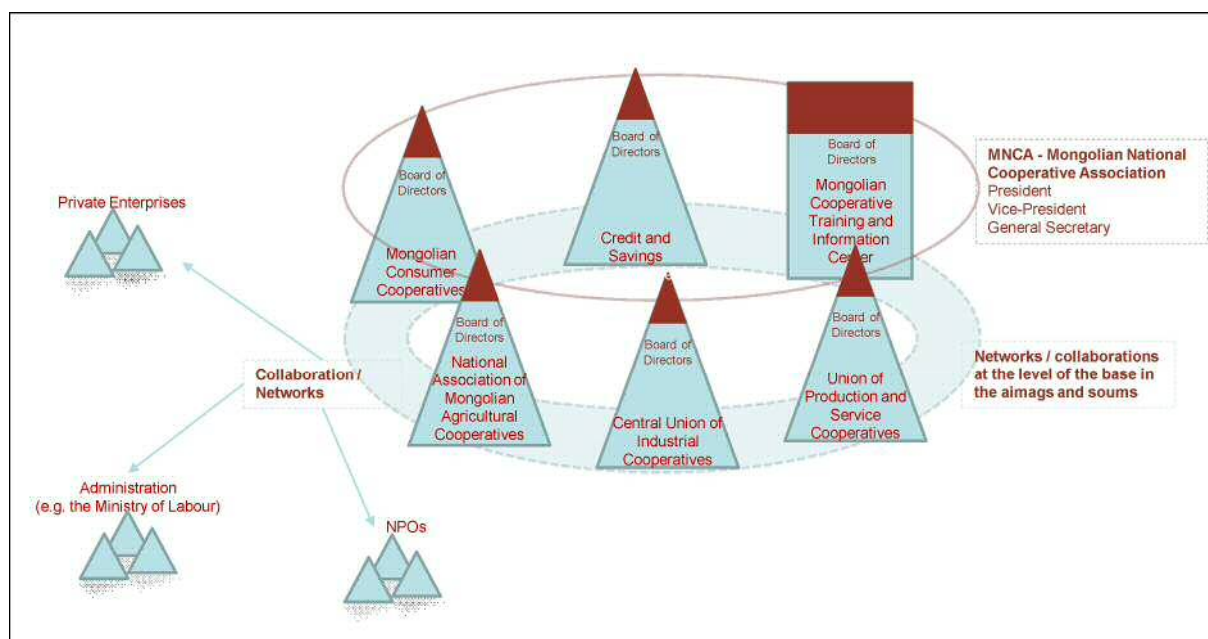


Figure 6: Structure of the Mongolian Cooperative Movement

One topic is the role of the umbrella organization. This phenomenon can be seen in European umbrella organizations or, for example, the Austrian Trade Union Federation (ÖGB). The umbrella organization is a shallow organization. One reason is that the MNCA has been weakened by the Mongolian reelections (2012). The president the MNCA was the floor leader of the People's Party, which is no longer participating in the government. The legislative work of the MNCA has suffered first and foremost. The much needed revision and/or reform of the Cooperative Societies Act, which includes some harsh disadvantages for cooperatives to get loans etc., has already been planned, but its finalization is now in jeopardy.

The appropriate role of the MNCA is the representation to institutions outside of the cooperatives like parliament, government or the international donor organizations.

On the level of the umbrella organization there are hardly any operative resources available. The umbrella organization depends on the support of the associations in regards to supply of resources etc. There are differences between the individual associations in how many experts on the national level, resources, as well as support centers are available. Therefore the MNCA as an organization does not have a steering function of the associations, the board of the MNCA however – consisting mainly of the executive directors of the associations - is a collaboration system with great steering

responsibility. It was therefore very important to negotiate and decide this project with this board and to have it as sponsor.

The center of training and information (MCTIC) is the 6th association. It organizes trainings for officials (managers in primary or secondary cooperatives and the associations) across all organizations, often with the help of international donor organizations. The primary cooperatives, which are spread across the country, are the decentralized “basis”.

Basically, the MCTIC is the institutionalized collaboration between the association. There is the problem that the MCTIC views itself as an independent central organization, and sometimes find itself as a competitor to collaborative solutions of the associations. The MCTIC's advantage is that it is closer to the basis than the political parties or the chamber of commerce. The MCTIC's influence reaches as far down as to the soum (district) level, while the chamber of commerce can only reach the aimag level. However, these connections are relatively frail and are compensated by international teams and donor organizations.

The Role of the State is Somewhat Unclear

This role is strictly regulated by law, but there are several unsatisfying points for the cooperatives, especially when it comes to finances. Currently there exist 39 legislations and policy documents related to Mongolian Cooperatives: 18 laws, 4 state policies and 4 national programs, 1 strategic paper, and 12 other acts.

The governmental funding is too low. Furthermore, cooperatives are not allowed to take out a loan. The only way to circumvent this, is for the chairman to take out a personal loan, for which he is also liable.

The government organizational structure for the cooperative sector consists of the Ministry of Labor in charge of Small and Medium Enterprises, the Development Authority and Department of Labor in the aimags (provinces). There are a number of funds to optimize the financial support granted by the state (e.g. Small and Medium Enterprise Development Fund, Loan Guarantee Fund, Community Development Fund, Employment Promotion Fund).

According to Mrs. Gerelzaya (Ministry of Labor & participant in the training program), the current support structure by the Ministry is based on the Foundation for Development of the (district):
‘a model of good practice’ in every soum funded by 50 mill. Tugriks

2013 – 12 Soums 600 billion Tugrik

2014 – 10 Soums 500 billion Tugrik

A basic step of strategic reform of Mongolian cooperatives is related to legal environment. Specialists from the Ministry of Labour with representatives of associations of cooperatives together have prepared a new version of the Law on Cooperatives, and they are trying to get it discussed in the Parliament. The existing law is too general, and cannot not judge activities, duties and functions of the state and hinders the access to loans. There are however quite some difficulties to get proper amendments passed due to contradictions of the proposal with other laws or even with different political interests. Mr. Enkbold, president of the MNCA and member of Parliament defines the following goals of the proposal:

- taxes relief for members of cooperatives
- financial support of the government for the cooperatives
- cooperatives as business organizations (in order to get credits from the banks e.g.)

Significance of the Cooperatives within the Political System

The industrialization is the main goal of the political system. Towards the cooperatives, the political system acts with enduring ambivalence: On one side the importance of the cooperatives is emphasized as could be experienced at the national Assembly on the other side many politicians do not believe, that the cooperatives are a future model for successful economic development.

The pragmatic conclusion is that the cooperation with the responsible ministries has to be increased. A vibrant regional network between the cooperatives, the governmental administration, and the aimag presidents has to be established.

The Organization of the Mongolian Cooperatives on the Level of Individual Organizations

The “Law of Mongolia on Cooperative” (January 1998; unofficial translation) stipulates the following organizational structures for individual cooperatives:

- The general meeting is the cooperative’s supreme authority. Furthermore, there are the management board, and the auditing board.
- The management board shall consist of the chairman and no less than two further members of the board.
- The management board shall preside the cooperative's activities between the general meetings.
- If considered necessary, an ordinary cooperative, which has above 100 members, may have a meeting of representatives instead of a general meeting.
- The meeting of representatives shall consist of no less than 25% of all members with voting rights.
- The auditing board shall be established by the general meeting for the purpose of supervising the activities of the management board, and to ensure the fulfillment of the independent auditors' decisions.
- The auditing board shall consist of no less than three members.

The laws also allow to create additional structures. The charter of the cooperative may include other institutions or other organizational forms of the cooperative (e. g. council of members).

Our on-site research with directors and members of the cooperative, the discussions at seminars and papers during the meeting have shown the following important topics and problems of organizational development on the level of individual cooperatives.

On the level of persons:

It is difficult to find appropriate candidates for the management, especially for the role of the director. Their tasks are extensive, time-consuming, and include a lot of responsibility. The lack of management in cooperatives has been lamented during several lectures and discussions at the meeting 2014.

The training of function owners have focused hitherto on the process of founding a cooperative, legal aspects, questions concerning accounting, and auditing.

Organizational development is not an established topic of qualification. Competences of organizational development would be necessary for the management and the strategic development of individual cooperatives, as well as for their foreign affairs, the cooperation with other cooperatives, the establishment of an administration, the creation of a relationship with other organizations, NGOs, and private businesses. The development and culture of cooperatives thrives on their democratic approach. In reality, many members rely on the capabilities of the function owners, especially on the director.

On the level of structures:

The cooperatives consist – based on the laws – of at least 9 members, but can be as large as 300 members. The participating households are often spread out over a large area, especially in the case of stock breeders and agricultural cooperatives, and nomadic stock breeders may change their location between 2 to 4 times per year.

Since many cooperatives span various classes of business, this also affects many other participants, like for instance providers of services. It is a challenging task to assemble all members to attend the necessary meetings. Especially in the warm season, the members of the agricultural sector are working at full capacity. On the other hand the required infrastructure to meet during the cold season is missing. This is also true for training and planning tasks (cf. # 4 Report on the Expedition to the uvs aimag). The work with subsystems, like the representatives, demands organizational flexibility and competence. The legal possibilities for “other organizational forms” are not fully utilized. This is shown in the discussion about secondary cooperatives.

Such forms could develop into long-term cooperation projects; other projects could result in establishing collaboratively used sales centers, as well as creating common funds to finance special projects.

The Relevance of Collaboration between Organizations for Cooperatives in Mongolia

Secondary Cooperatives and other forms of collaboration

A secondary cooperative is a cooperative consisting of several cooperatives, which in turn are all organized as a cooperative. Secondary cooperatives provide services, which can't be provided very well by an individual cooperative, like for instance organizing marketing and sales.

The point is to create a structure which encompasses all branches as well as the whole value creation chain. The secondary cooperative is the magic factor, which is discussed repeatedly, but is hardly ever realized.

The foundation of secondary cooperatives is a very difficult task, since the majority of chairmen of the primary cooperatives have to agree. The same structure like one of the primary cooperatives is necessary, only one level higher. The members of a secondary cooperative are cooperatives, so the chairmen and officials of the primary cooperatives are at the same time managers of a secondary cooperative. This double role weakens the management power. There should be used and sponsored also other types of collaboration between the primary cooperatives than secondary cooperatives like

projects that are more flexible. Primary cooperatives can collaborate in running a market hall for their products without founding a secondary, as some projects show (see Chapter 4, Report on the expedition in the Uvs Aimag).

Development of Networks

Additionally to the direct economic cooperation between the cooperatives, and the common use of institutions, the development of networks could be an important motor for the development of the cooperative movement. The network is open for cooperatives and their organizations, as well as for representatives of governmental administration, the political structures on provincial and district level, and NGOs. Even donor organizations could join these networks. Such networks could approach open questions of cooperatives, politics, and administration, especially between regional members of the Ministry of Social Affairs and representatives of the cooperatives. Networks create possibilities for close collaboration, and in form of collaborative services, the networks would enable the development of common projects and strategic initiatives. Any interested partners of various cooperatives could join these networks, without being involved in constricting economic relationships. As mentioned above, the legal parameters allow the individual cooperatives to state such structures in their constitution.

Gender

This is a general topic in Mongolian society and an important issue for Mongolian cooperatives. Women are on the rise in Mongolian society and have become a driving force of social development. Two thirds of all diplomas of high level education are gained by women, and although management positions in government administration and larger companies are still held mostly by men, more and more women are advancing to these positions, and especially own functions as experts.

Women are on the average more open for new developments, more motivated to learn, and more innovative concerning questions of leadership and organization. Speaking from personal experience for instance, Ralph Grossmann and Klaus Scala have taught, parallel to this research project at the Academy of Governance of our partner organization, at a summer school with the topic “leadership and organizational development”. The program was meant for managers and experts of governmental administration of NGOs and universities. 21 of the 24 participants were female.

This development can also be found in the organization of the cooperatives. The directors of three of the five trade associations are female. On the level of the individual cooperatives, the majority of the directors are male, but a large number of cooperatives have female managers. This is a result of nomadic tradition. The survival of nomadic families and businesses was only possible, if men and women cooperated as equal partners. The men traditionally handled foreign policy and worked with the animals, the women were primarily responsible for the inner organization of the business. Due to the Mongolian society being in transition, the equality of gender is in jeopardy, since many women move to the cities, especially to the capital Ulan Bator, to study, while the men remain with their nomadic businesses. Even at our network meeting there was a larger proportion of female attendees.

6. Summary

Overall, the intervention study was a success. The concept combining the learning of persons and the development of organizational structures proved to support the outcome. The project could contribute to a relevant development of the Mongolian cooperative sector.

- 22 executives in key positions of the various cooperative associations could be successfully qualified in the areas of organizational development, change management and cooperation development.
- It was important to raise the awareness which goals can be achieved through qualification of the personnel (like trainings for executives), and where a change of structure is necessary. The focus on training the executives is well represented within the Mongolian Cooperatives and there is still a great need to acquire modern leadership competencies. But the impact of trainings on real change is limited, it needs also the focus on developing communication structures. The combination of both levels – the personal level through the workshops, the organizational level through the strategic network meeting - was greatly effective, so that individual experience can be used directly and shared with the organization. On the other hand the testing of newly developed structures had a major educational impact on all participants.
- Based on this ‘continuing education’ knowledge, it has been possible to develop a strategic network between the various associations of Mongolian cooperatives; perform a first networking meeting within the framework of the cooperative Assembly and to permanently anchor the strategic network in the coming years in the structures of the umbrella organization.
- The concept of the intervention study was designed in such a way that the accompanying research could assist this process both by content and advisory capacity. The concept was successfully insofar as the findings based on several consulting sessions, visits of several cooperatives, 20 qualitative interviews with diverse stakeholders and 3 workshops (1 preliminary, 2 part of the program) were directly introduced into the ongoing development and qualification processes.
- The stimulation of the development process is one result of the accompanying research process; another one is putting key questions of the Mongolian cooperative movement on the agenda and in particular the elaboration of the key issues for the successful development of the Mongolian cooperative system in the future.

The greatest success of the project is undoubtedly the joint development of the strategic network and the implementation of the first strategic network meeting - in particular its potential for synergies, future developments and joint spin-offs. So several further projects, such as a self-evaluation process or the creation of a shared secondary cooperative were initiated.

For long-term sustainability of the results of this project, the strategic network is anchored at the level of the cooperative umbrella organizations. In the future, the network meeting will be conducted parallel to the biennial General Assembly of the Mongolian Cooperatives.

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