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Inclusiveness and Social Equity as Strategic Drivers of Co-operatives' Innovation and Performance: Evidence from Rwamagana District

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Inclusiveness and Social Equity as Strategic Drivers of Co-operatives' Innovation and Performance: Evidence from Rwamagana District

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Abstract

Purpose: The study examined how inclusiveness, social equity, innovation and adaptability influence co-operatives performance and sustainability, drawing on Social Equity Distribution Theory (SEDT), Inclusive Participation Theory (IPT) and Resource-Based View (RBV).

Methodology: Using a survey from 45 co-operatives' leaders, the research assessed perceptions of fairness, equity and participation in different activities of co-operatives.

Findings: Results show balanced gender (52% women, 48% men) and youth (46%) representation, but persons with disabilities remain significantly underrepresented (7%). While strong democratic literacy and cooperation reflect high social capital, leadership representation for youth and disabled members remains limited. Benefit-sharing emerged as a critical challenge. Although 82% acknowledged the existence of non-discrimination policies, 57% perceived inequities in financial distribution, highlighting a gap between policy and practice. Members emphasized strong internal assets such as participation (91%), solidarity (79%) and trust (84%), but 61% expressed concerns over financial sustainability and weak strategic planning. Adaptability and innovation findings were mixed. While 71% agreed that leadership encourages innovation, only 47% felt that co-operatives effectively adapt to challenges and 42% reported that their suggestions were ignored. This reflects gaps in translating innovative intents into responsive actions. Co-operatives demonstrate strong developmental outcomes:71% credited them as reducing poverty, promoting solidarity (89%), driving national development (71%) and job creation (62%). At personal level, 80% reported improved practices and 65% gained confidence in personal goals. However, market performance remains uncertain (40%).

Unique Contribution to Theory, Practice and Policy: Overall, co-operatives are socially impactful but constrained by inequitable benefits sharing, weak disability inclusion and limited competitiveness. It is recommended that sustainability be strengthened by enhancing transparency in benefits sharing, advancing inclusion of marginalized groups, bridging the gap between innovation and adaptability and boosting market competitiveness and expansion through strategic planning. Robust policy implementation is imperative to ensure fairness, foster inclusiveness and achieve lasting socio-economic impact.

Keywords: *Inclusiveness, Social Equity, Performance, Innovation*

INTRODUCTION

In an increasingly interconnected and dynamic global economy, co-operatives have emerged as vital agents for fostering socio-economic development, social cohesion and community resilience (Saz-Gil, et al., 2021, Kharel, 2024). Beyond their economic function, co-operatives embody principles of democratic governance, shared ownership and collective action, positioning them as unique platforms for advancing inclusive growth (Bucos, 2024). However, the sustainability and effectiveness of co-operatives depend not only on sound governance but also on the integration of inclusiveness and social equity into their strategic frameworks (Mitteboga, 2024). Rwanda's co-operative sector is a vital pillar of the nation's socio-economic development, comprising about 9,323 registered co-operatives with approximately 4.6 million members as of 2025. These co-operatives operate across diverse sectors, including agriculture, trade, handicrafts, services, transport, housing, mining and fishing, with agriculture representing the largest share at 45%.

Despite their successes, co-operatives in Rwanda face persistent challenges that hinder their full potential. Youth unemployment remains high, with over half of those aged 16–30 neither employed nor in training, and co-operatives struggle with limited financing, insufficient infrastructure and gaps in managerial capacity. These challenges constrain growth, innovation and equitable participation, particularly for marginalized groups. In response, the government and stakeholders are promoting stronger governance, improved market access, and targeted training for co-operative members and leaders. These measures aim to strengthen co-operatives as engines of inclusive growth, economic empowerment, and social cohesion, reinforcing their role as a strategic component of Rwanda's development agenda.

To address those issues the study investigates inclusiveness and social equity as strategic drivers of performance and innovation within co-operatives, drawing on the Social Equity Distribution Theory (SEDT) and Inclusive Participation Theory (IPT). SEDT underscores the importance of fairness in resource allocation, opportunity distribution and outcome sharing (Gooden & Starke, 2021), while IPT highlights the transformative power of equitable participation, ensuring that diverse voices including those of marginalized groups are actively engaged in decision-making (Bell & Reed, 2022; Rachmad, 2022). Despite substantial evidence linking inclusiveness to improved organizational performance (Boadu et al., 2024; Kahamba & Xiuli, 2021), persistent gaps remain in translating policy frameworks into measurable outcomes, particularly regarding gender equality, youth representation and disability inclusion. Social equity is not only a principle of fairness but also a catalyst for innovation in co-operatives. Diverse representation within Co-operatives reduces groupthink and enhance a variety of different ideas leading to product and process innovations in agricultural and trade cooperatives

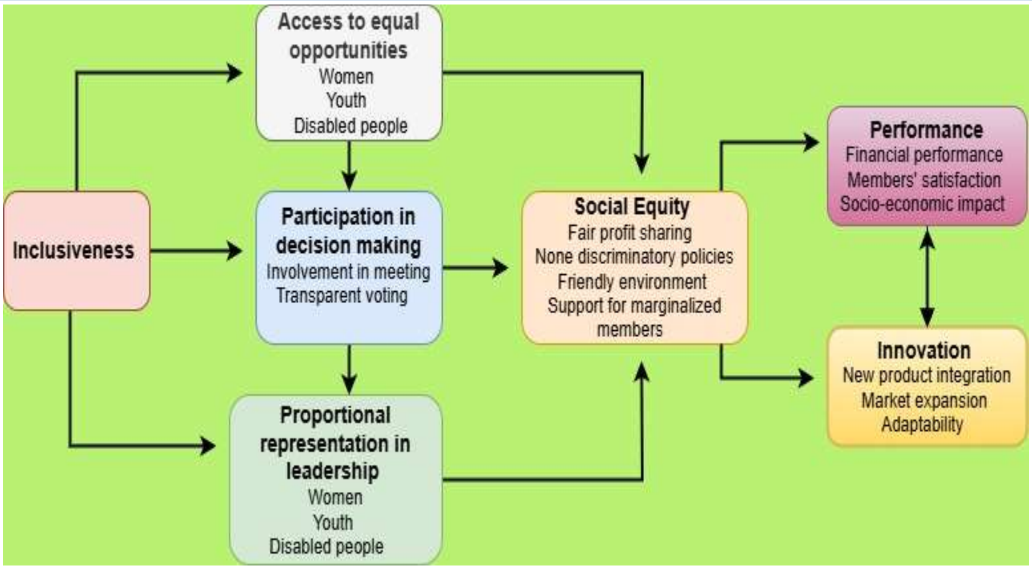

Figure 1: Conceptual Framework

Social Equity Distribution Theory (SEDT)

Social Equity Distribution Theory (SEDT) is an integrative framework that focuses on fairness on how resources, opportunities and outcomes are shared within societies and organizations (Gooden & Starke, 2021). The theory is rooted from Equity Theory (Adams, 1965) which highlights the importance of individuals' equal treatment such as fair access to information, rewards or outcomes. SEDT integrates principles of distributive justice to monitor how resources should be fairly shared. Therefore, fairness in the balance between effort and reward becomes a foundational element of equitable distribution. SEDT is closely connected to the research as it looks at inclusiveness and social equity as key drivers of performance within co-operatives.

Inclusive Participation Theory (IPT)

Inclusive Participation Theory (IPT) states that participation requires ensuring that diverse ideas, knowledge and experiences are actively considered and valued. The theory elucidates how marginalized groups are often excluded from decision-making processes due to credibility biases or structural injustices. Inclusivity recognizes the relevance of sharing experiences, cultural perspectives in shaping collective outcomes. The theory nurtures deeper dialogue, mutual understanding and innovative solutions rather than reinforcing dominant voices (Arnstein, 1969; Fung, 2006). Inclusive Participation Theory underscores that engagement must be transformative rather than symbolic. Participation becomes meaningful only when it influences decisions, builds trust and redistributes power in ways that promote fairness and equity.

Resource-Based View (RBV)

The Resource-Based View (RBV), as an innovation-centric theoretical perspective underlines that effective utilization of knowledge, human capital diversity, collaboration and continuous learning are critical drivers of innovation (Esfandani, 2025). RBV postulates that competitive advantage of co-operatives depends on their ability to effectively mobilize valuable internal resources, particularly human capital. Co-operatives bring together members with diverse knowledge, skills and experiences that enhances creativity, knowledge sharing and problem-solving capacity. Thus, human capital diversity serves as a strategic resource that links

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inclusive practices with innovation and improved cooperative performance (Madhani, 2010). By creating an environment where all Co-operative members have equal opportunities to share their knowledge, skills and experiences, this will promote active participation in decision-making processes, thereby strengthening social equity and inclusiveness whereas fostering Co-operative innovation (Borda-Rodriguez & Johnson, 2020)

Empirical Review

Theeuwen et al. (2021) examined how gender norms in Uganda limit women's ability to build business relationships beyond their families, restricting access to markets, finance and empowerment. It highlights the role of small-scale co-operatives in helping women overcome these barriers by expanding networks, gaining resources and engaging in business outside domestic confines. Findings showed that women face constraints such as restricted mobility, heavy household duties, limited communication freedom and social distrust, which weaken their inter-organizational relationships. However, co-operative membership enabled access to markets and financial resources, strengthening linkages and offering women partial empowerment in decision-making and income control. While the study aligns with research interests in inclusiveness and equitable participation, it primarily focuses on gender, offering less attention to youth and disabled people and provides limited quantitative evidence on innovation outcomes.

A study conducted by Kahamba & Xiuli (2021) explored how women-only dairy co-operatives in Tanzania influence women's capabilities and gender relations using qualitative methods such as interviews and focus groups. The findings revealed that participation improved women's income, business skills and control over revenues, but shifts in household power dynamics and broader gender relations were limited. In many cases, men resisted women's growing economic roles, leaving decision-making power largely male-dominated, while women faced heavier workloads without proportional influence in co-operative leadership. The study is relevant for understanding performance and social equity in co-operatives but highlights that economic inclusion does not necessarily transform gender norms and it gives little attention to innovation, youth or disabled people.

Boadu et al (2024) explores how the Social and Solidarity Economy (SSE) model fosters social inclusion, particularly through farm-based co-operatives in Assin Fosu, Ghana. Using a mixed-methods approach with surveys of 175 members and focus groups with co-operative executives, the findings show that co-operatives enhance inclusion by improving access to financial and productive resources, with credit-based co-operatives offering the highest benefits. Household size also influenced outcomes, as smaller households allowed members greater participation in co-operative and community activities, boosting social status. The study strongly aligns with research on inclusiveness in co-operatives, offering insights into enablers such as credit access and household dynamics. However, it emphasizes financial inclusion more than innovation, does not address youth or disabled members explicitly and gives limited attention to social equity dimensions like trust, power and voice.

Xiong et al. (2025) analyzed the influence of knowledge diversity and inclusive culture on collaborative innovation using a quantitative longitudinal research design. Researchers selected and analyzed 5,125 firms from 712 publicly listed firms and applied fixed-effects regression analysis to test the relationships among variables. The findings revealed that knowledge diversity significantly enhances collaborative innovation, whereas an inclusive organizational culture strengthens firms' ability to integrate diverse knowledge and convert it into innovative

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outcomes. The study revealed that diversity and inclusion facilitate knowledge sharing, creativity and collaboration, thus serving as important strategic drivers of innovation and organizational performance.

Reviewed studies show that co-operatives enhance inclusiveness, innovation and performance by improving access to shared resources, empowerment and participation. However, limited attention has been given to youth, persons with disabilities, social equity dimensions and the relationship between inclusion and innovation. This study addresses these gaps by examining how inclusiveness and social equity influence innovation and performance within co-operatives.

METHODOLOGY

The study adopted a quantitative research design to systematically examine the relationships among variables. Primary data were collected through structured questionnaires administered to 45 co-operative leaders from Eastern Province, Rwamagana District to generate numerical and measurable data. Respondents were selected using purposive sampling to ensure adequate representation of women, youth and persons with disabilities (Gupta & Gupta, 2022; Kitchin & Tate, 2013). Data collection instrument was pre-tested to ensure reliability and validity. The survey captured perceptions of fairness, equity, participation and performance outcomes. Collected data were coded and entered into statistical software for analysis where frequencies and percentages were used to summarize findings. Secondary data were obtained through a review of relevant documents, reports and scholarly literature to support and validate the primary findings (Kumar & Praveenakumar, 2025, Saunders et al., 2019).

FINDINGS

The section presents and analyzes collected data in relation to the study objectives. Data are organized, summarized and presented in figures and percentages to enhance clarity and understanding. The analysis not only explains numerical results but also links the findings to research objectives and existing literature ensuring that conclusions are grounded in empirical evidence. The demographic analysis of co-operatives’ membership reveals a generally balanced representation across gender and the integration of youth but highlights a critical deficit in the inclusion of people with disabilities. Men constitute the largest demographic group at 39.95%, closely followed by women at 33.79%, demonstrating a relatively equitable gender balance. Additionally, the strong participation of youth, who account for 27.15% of the membership, underscores the co-operative's effectiveness in engaging younger generations. This distribution is a sign of a positive level of inclusiveness across two major demographic axes. However, this success is overshadowed by the critically low representation of people with disabilities, who constitute 4.1% of the total membership. This significant gap reveals a profound failure in inclusive outreach and necessitates the immediate implementation of deliberate, targeted strategies to break down barriers and ensure genuine equal opportunities for people with disabilities within co-operative structure.

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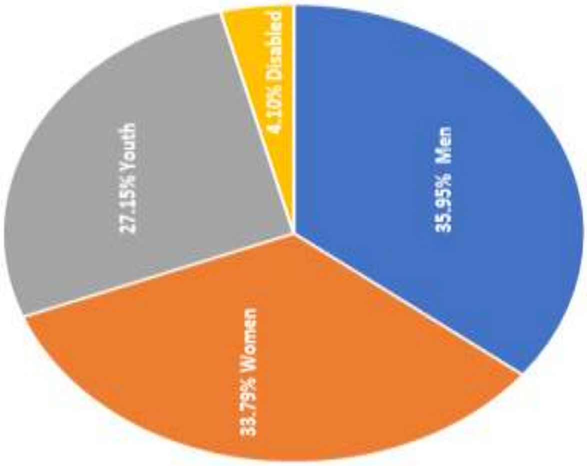

Figure 2: Distribution of Co-Operative Members

Membership Access and Inclusion

Membership access and inclusion are fundamental principles that shape the effectiveness and sustainability of co-operatives. The section introduces how co-operatives provide open and voluntary membership while promoting equitable participation regardless of gender, age, socioeconomic status or background. It examines policies, practices and challenges that influence how members are integrated and the extent to which all members are able to participate in decision-making and benefit-sharing. By exploring these dimensions, the section highlights the role of inclusive membership in strengthening governance, trust and the overall performance of co-operatives.

Inclusiveness within co-operatives framework is operationalized as a core principle that ensures equitable access to membership, resources and decision-making power for all individuals in line with the foundational value of non-discrimination. This principle is implemented through transparent membership policies, participatory governance structures and continuous monitoring mechanisms that foster fair representation, accountability and equal opportunities for meaningful participation and benefit-sharing among all members. Utilizing a comprehensive, synthesized assessment of data collected from 45 co-operatives, this analysis deeply examines three primary indicators of inclusion: membership access, representation in leadership and participation in decision-making. The following sections provide a detailed interpretation of sub-indicators under each domain to critically assess co-operative's success in translating its democratic ideals into equitable structural and relational realities.

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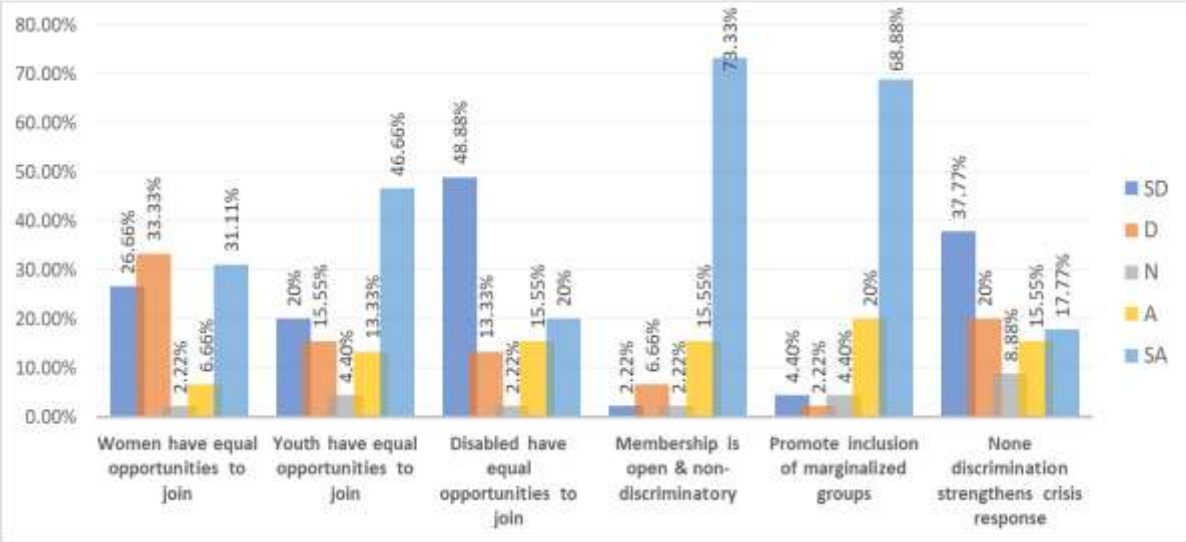

Figure 3: Membership Access and Inclusiveness

Co-operative exhibits a striking disconnection between its stated commitment to inclusion and its demonstrated practice. While members express overwhelming consensus (88.88% agreement) that membership is open and non-discriminatory and that the organization actively promotes inclusion, this perception fails to hold true for specific demographic groups. A big number of respondents (62.2%) confirm that disabled people do not have equal opportunities to join co-operatives while 60% state that women face unequal access to joining co-operatives, highlighting major barriers at the entry level. The majority of respondents (59.99%) indicate that youth have equal opportunities to become members of co-operatives. Despite the inclusion of youth, the practical impact of inclusive policies seems limited as many members do not view diversity as a strategic asset. This is reflected in the fact that 57.77% disagree with the idea that non-discrimination strengthens a co-operative's ability to respond effectively to crises, suggesting a gap between formal commitments to inclusion and the perceived benefits of diversity in practice.

Members Engagement in Decision-Making

Members engagement in co-operative decision-making is characterized by a significant participation paradox: while data confirms a high degree of active involvement and democratic literacy among the membership, this robust engagement is simultaneously and severely undermined by a pervasive perception of low individual influence and procedural unfairness. This tension suggests that co-operatives successfully cultivate a culture of participation but fundamentally fails to translate democratic activity into equitable power distribution.

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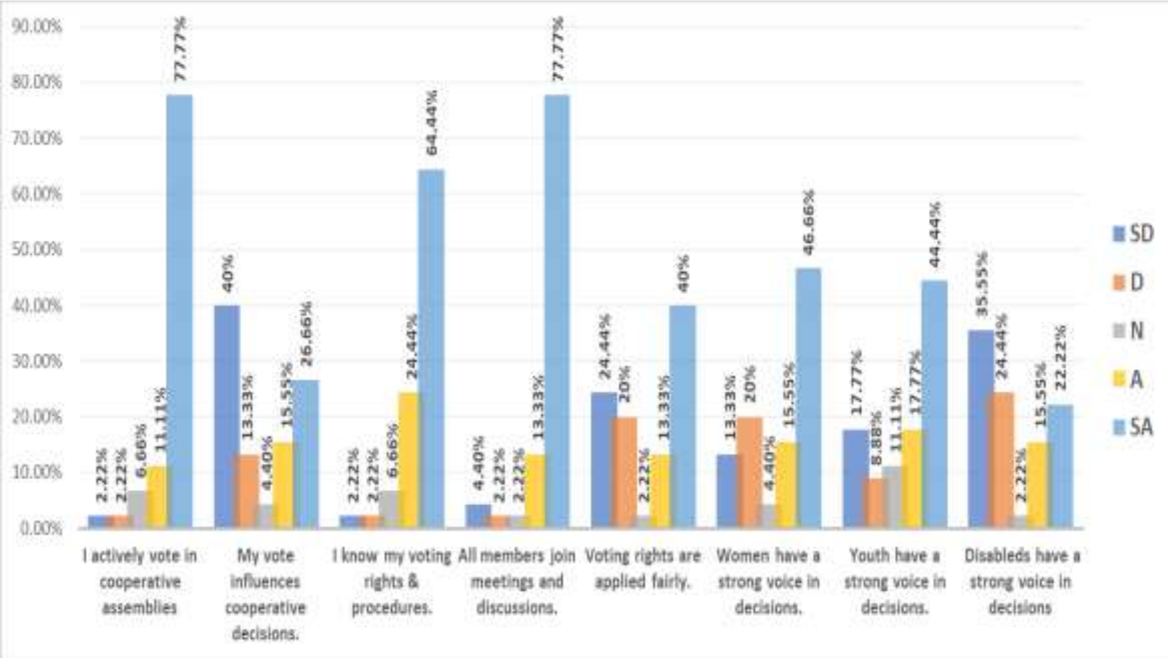

Figure 4: Participation in Decision Making

The analysis of members' engagement metrics reveals a robust and highly functional foundation for co-operatives' democratic process. There is a strong consensus on high levels of members' participation (91.1%) agreeing that all members attend meetings and actively engage in voting (88.88%) during co-operative assemblies. This exceptional degree of engagement is underpinned by a corresponding level of high members' literacy, as a considerable number of respondents (88.88%) affirm their knowledge on voting rights and procedures. These figures collectively indicate that co-operatives have successfully cultivated a participatory culture characterized by both high attendance and a strong cognitive understanding of its democratic mechanisms. Co-operatives' democratic foundation is robust in terms of member participation, meeting attendance and knowledge of rights. Members are highly engaged in the process.

Representation in Leadership

Members' representation in leadership is a central pillar of democratic governance within co-operatives in Rwanda. The section introduces how co-operative structures are designed to ensure that leadership positions reflect diversity and interests of members, in line with national co-operative policies and principles of participation and accountability. It examines the processes through which leaders are elected, the extent to which different marginalized groups are included in decision-making. By exploring these dynamics, the section highlights the role of inclusive leadership in strengthening transparency, trust and the overall performance of co-operatives.

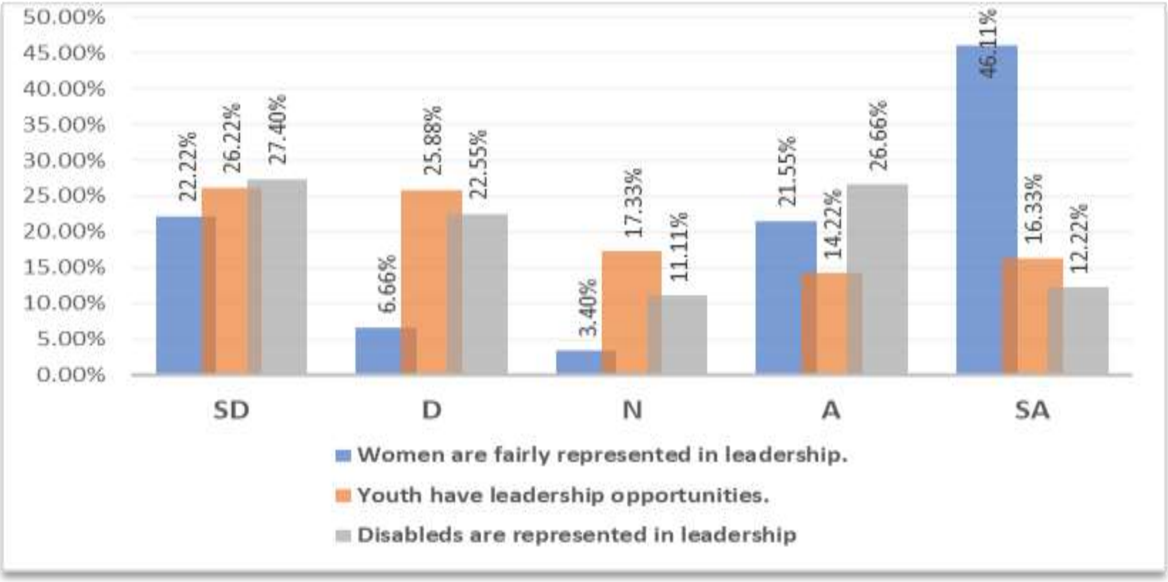

Figure 5: Representation in Leadership

The assessment of leadership representation within co-operatives reveals significant perceived deficiencies, particularly concerning marginalized groups. The majority of respondents (52.1%) disagree that youth have adequate leadership opportunities, suggesting substantial structural barriers impeding the progression of younger members into formal roles. Similarly, nearly half (49.95%) perceive a severe deficit in the representation of disabled in leadership, underscoring a critical failure in inclusion at the highest levels of governance. In contrast, views on women's representation are divided. While a strong majority of respondents (67.66%) agree that progress has been made, this improvement is not experienced equally by all members, leaving a persistent minority who continue to perceive gaps in gender equity within leadership positions.

Benefits Sharing and Policy Framework

Co-operatives' internal health critically involves an examination of its benefits sharing mechanisms and strengths of its formal non-discrimination policy framework as these two areas are central to perceived economic equity and social fairness. Since co-operatives enjoy a strong consensus regarding the existence of formal policy framework, reinforced by high agreement on anti-discrimination laws and policies promoting women, youth and people with disability, this confidence sharply contrasts with a severe crisis of trust in financial equity. The analysis of benefit-sharing indicates a strong perception of inequity in the distribution process, suggesting that although co-operative policies are in place, they are not effectively translated into tangible, fair and measurable social and economic benefits for members.

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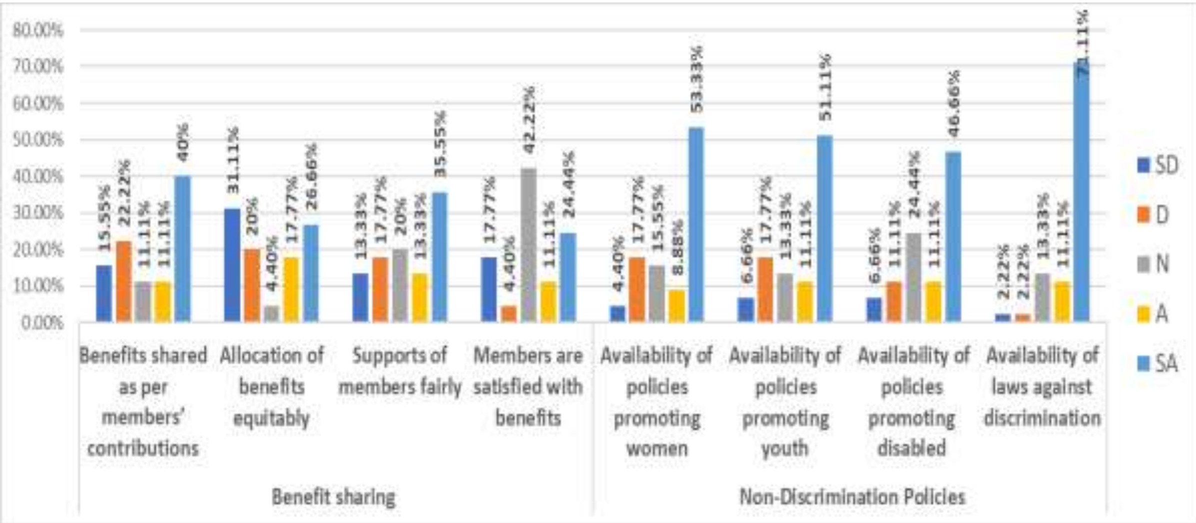

Figure 6: Benefits Sharing and Policy Framework

Co-operatives' internal landscape is defined by a severe crisis of financial equity, which stands as its major vulnerability despite strong confidence in its formal policy framework. Over half of members (51.11%) disagree that the allocation of benefits is equitable, pointing to a fundamental mistrust in financial distribution system. This crisis is exacerbated by widespread confusion, as exceptionally high neutral response rate (42.22%) for member satisfaction suggests a critical lack of clarity regarding the overall value of benefits package. While members generally agree on the availability of anti-discrimination laws (82.22%) and policies promoting women, youth and people with disability, its existence does not prevent discriminating environment within co-operatives. To sum up, co-operatives' laws are in place but its application is still problematic. Co-operatives face a critical challenge in creating equitable pathways for women, youth and disabled.

The core internal challenges facing co-operatives are primarily financial and structural, manifesting as a severe crisis of fairness and transparency in benefits sharing. Over half of the respondents (51.11%) disagree that benefits are allocated equitably, pointing to a fundamental mistrust in the distribution system's fairness. This financial anxiety is compounded by the fact that 42.22% of members are neutral regarding overall satisfaction, suggesting pervasive confusion about the benefit package's actual value. In contrast to the financial vulnerabilities, co-operatives enjoy strong consensus regarding its formal non-discrimination policies. The majority of respondents (82%) agree that policies promoting women, youth and disabled are available. However, this success is undermined by a lack of visibility, as policies promoting persons with disabilities record the highest level of neutral responses (24.44%). This suggests that although the formal policy framework is adequate, its implementation and communication remain weak.

Co-Operatives Assets

Co-operatives assets describe economic resources controlled with expectation of providing a future benefit that define co-operatives' potential for success and resilience. It can be categorized as physical resources, social resources or non-physical resources. However, within the context of co-operatives, the definition of assets expands significantly to include high member participation, democratic literacy, mutual understanding and a robust culture of cooperation. All these assets are invaluable and internal strengths that enable co-operatives to effectively function, sustain its democratic principles and enhance resilience.

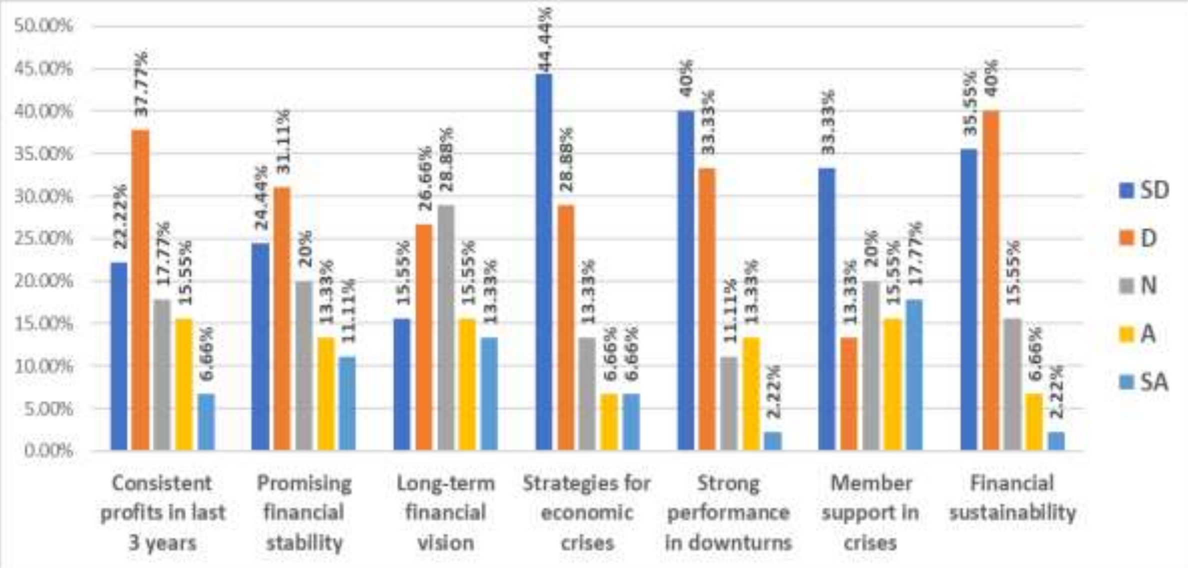

Figure 7: Co-Operative Assets

Co-operatives are currently experiencing a serious crisis of confidence, driven by strong pessimism about their financial viability and operational performance. The most negatively perceived areas are long-term sustainability and execution with 75.55% of respondents expressing that there is no financial sustainability. This negative outlook is linked to poor performance (73.33%) and weaknesses in core economic functions, as the majority of members doubt that co-operatives have generated consistent profits over the past three years (60 %) and do not perceive its current financial position as stable or promising (55.55%). This financial pessimism is exacerbated by a perceived massive deficit in strategic planning and leadership direction. The most significant finding in this domain is the prevalent belief that co-operatives are operating without effective strategies for economic growth. While the lack of an explicit long-term financial vision is also a concern (42.21%), the lack of concrete growth strategies poses an immediate, critical threat to the future of co-operatives.

Co-Operatives Adaptability

Co-operatives' adaptability is its capacity to adjust and effectively respond to changes in its environment while remaining grounded to its values and principles. It involves flexibility in governance, innovation in products and services, responsiveness to members' evolving needs and ability to cope with economic, social, technological and policy shifts. By adapting to both internal and external changes, co-operatives ensure sustainability, competitiveness and long-term growth of its members and the wider community.

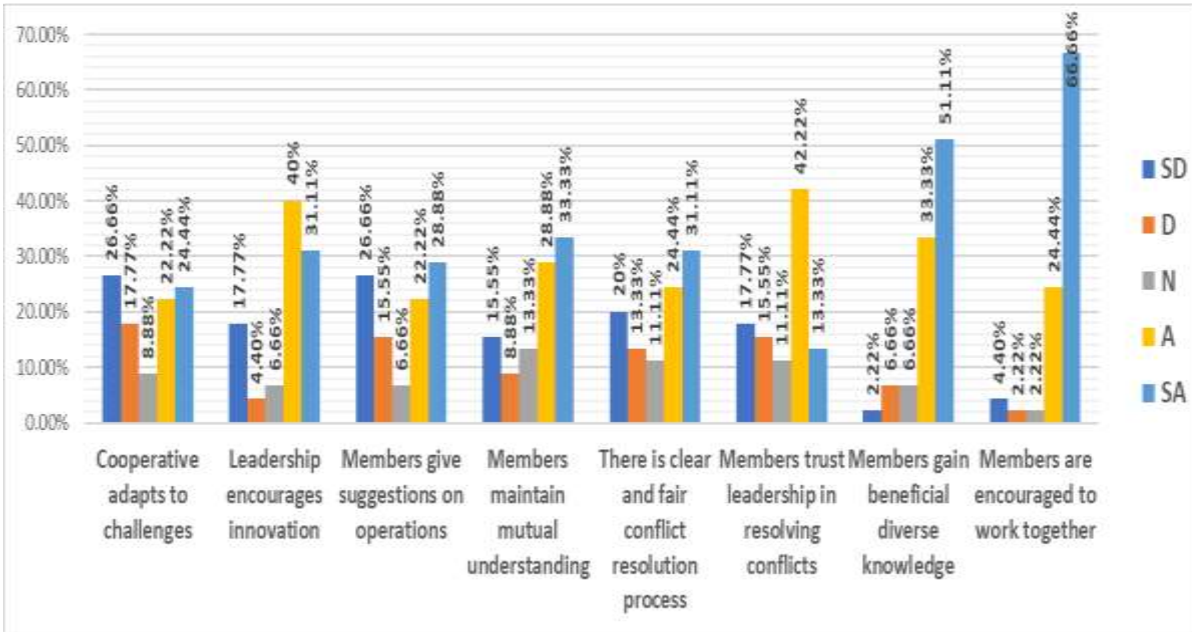

Figure 8: Co-Operatives Adaptability

Findings on co-operatives' adaptability reveal a clear dichotomy between strong internal social cohesion and weaker external strategic responsiveness. Respondents expressed overwhelming agreement on the co-operative's social strengths, with 91.1% confirming encouragement to work together and 84.44% acknowledging that they gain various knowledge. Results on strategic responsiveness and innovation were less consistent. Although 71.11% of respondents agreed that leadership encourages innovation, only 46.66% felt that co-operatives effectively adapts to challenges, while 44.43% disagreed. This polarization indicates that while leadership promotes innovative thinking, execution and tangible outcomes remain limited. Such disconnection reflects a strategic blockage at co-operatives' level restricting its ability to convert innovative intent into practical adaptive capacity. While 51.10% of members agreed that their suggestions on co-operatives' operations are considered, 42.21% disagreed, suggesting that a significant portion of feedback is either disregarded or inadequately integrated. This lack of effective bottom-up engagement undermines adaptability by excluding valuable members' input from decision-making processes reducing trust and weakening co-operatives' responsiveness to emerging challenges. Conflict resolution and trust in leadership emerged as areas of moderate strength. The majority of respondents (55.55%) agreed that leadership is trusted to resolve conflicts. However, this also points to a potential vulnerability: inconsistent and non-transparent conflict management could weaken members' confidence and undermine internal stability.

Co-Operatives' Innovation and Impact

Impact refers to tangible and measurable outcomes that co-operatives generate for their members, communities and society such as improved livelihoods, poverty reduction, skill development and broader socio-economic progress. On the other hand, innovation involves the adoption of new ideas, methods, technologies and practices that enhance processes, services and products to strengthen co-operatives' effectiveness and adaptability. It reflects the capacity to design and apply creative solutions that support competitiveness and long-term sustainability. Co-operatives' impact is demonstrated through improvements in members' socio-economic conditions and community development. In essence, impact represents the outcomes achieved, whereas innovation represents the drivers that enable those outcomes.

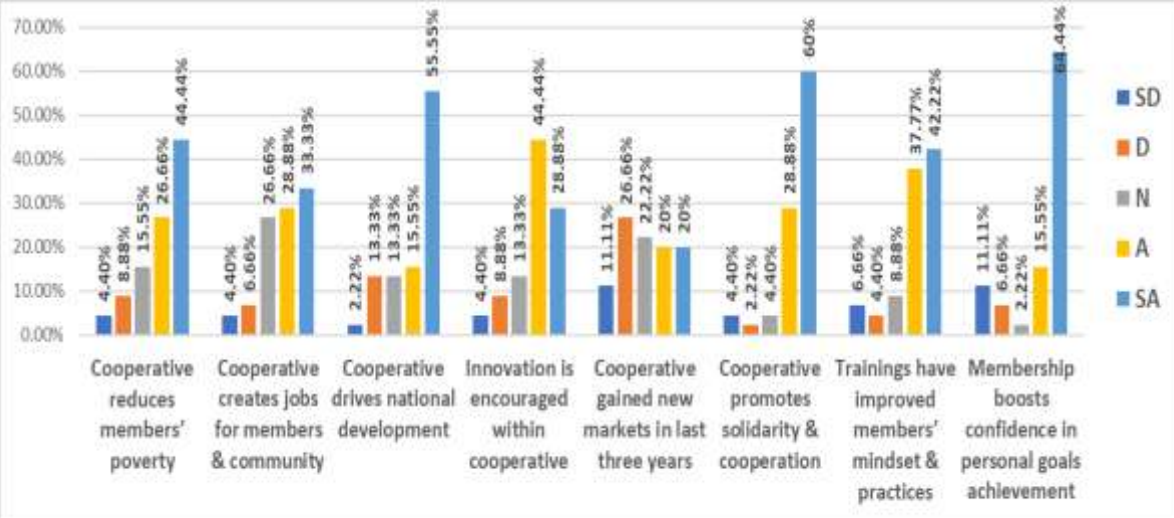

Figure 9: Co-Operatives' Innovation and Impact

The findings reveal that co-operatives are highly impactful social and developmental institution that significantly improve the lives of its members and contributes to broader national development. A big number of respondents confirm that co-operatives contribute to poverty reduction (71%), drive national development (71.1%) and create jobs (62.21%). Mostly, 88.88% recognize co-operatives' role in promoting solidarity, social cohesion and collective well-being. The results position co-operatives as not only economic actors but also trusted community and nation-building force. Co-operatives demonstrate remarkable success in empowering individual members through education, training and personal growth. Respondents (80.00%) agree that training programs have improved their mindset and practices, while 79.99% reported increased confidence in achieving personal goals. The findings highlight co-operatives' transformative role in capacity building, equipping members not only with skills but also with self-reliance needed for long-term personal and professional growth. Furthermore, 73.32% point out that innovation cultivate the culture of adaptability. Despite co-operatives' merits, market penetration remains a major challenge marked by a high level of uncertainty hindering co-operative's competitiveness and long-term commercial sustainability.

Conclusion

Findings reveals that co-operative are characterized by strong social cohesion, high member engagement and notable developmental impact, yet severely constrained by structural inequities, financial instability and limited strategic adaptability. While gender balance and youth participation are generally strong, the consistently low inclusion, representation and influence of people with disabilities expose a major gap in equitable membership access and leadership pathways. Although women and youth display high levels of engagement and voice, their opportunities for entry and advancement remain uneven, underscoring persistent systemic barriers. Despite members' active participation in meetings and strong democratic literacy, many feel their influence is limited and decision-making processes lack fairness, indicating a participation power paradox within co-operative's governance structure.

Financially, co-operatives face critical challenge. Respondents express profound mistrust in fairness and transparency of benefits sharing. These economic anxieties align with widespread pessimism about financial sustainability, operational performance and absence of viable long-term growth strategies. Although respondents acknowledge the presence of anti-discriminatory laws and policies promoting women, youth and persons with disabilities, these frameworks are not translated into observable and impactful changes for marginalized groups.

Co-operatives' sustainability depends on its ability to transform internal cohesion into strategic, financial and structural reforms that ensure equitable inclusion, transparent benefits sharing. Co-operatives need to strengthen its market strategies to complement its developmental achievements with sustained commercial success. Balancing its proven social impact with improved market performance, position co-operatives as transformative community institutions and competitive economic actors. By addressing disparities and operational weaknesses, co-operatives can translate its social strengths into long-term economic resilience and inclusive growth.

The study demonstrates inclusiveness and social equity as strategic drivers of Co-operative innovation and performance using the Social Equity Distribution Theory (SEDT), Inclusive Participation Theory (IPT) and the Resource-Based View (RBV). Findings confirm the relevancy of these theories in Rwandan context and revealed that fairness, inclusive participation and human capital diversity enhance innovation and Co-operative performance. The study provides practical and policy recommendations to strengthen inclusive leadership, equitable benefit-sharing and innovation. Findings will be disseminated through stakeholders' workshop in Rwamagana District to support evidence-based decision-making and sustainable Co-operative development.

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