



Non-Financial Reporting and the Co-operative Difference

Co-authored by
Leslie Brown and Elizabeth Hicks

Mount Saint Vincent University

Co-operatives in Local and Regional Development

ICA Research Conference

June 26 – 28, 2014

Pula, Croatia

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Measuring the Co-operative Difference
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Today's Presentation

- Purpose and significance of the full research project
- Framing the research in terms of claims regarding the “co-operative difference”
- Research Design / Methodology
- List of the cooperative reports studied
- What is being measured with respect to Community
- Some comments regarding measures of governance
- Next steps

Purpose and Significance of the Research

- Learn **what non-financial sustainability information is included** in publicly available reports issued by co-operatives
- Identify **the measures used** – how co-operatives actually measure their social / sustainability performance
- Identify the **extent to which non-financial reporting by co-operatives reveals any consistent measures**
- Contribute to the **practice of reporting and to understandings of measuring** the co-operative difference

Framing the Research

The starting point for this research are the claims from the co-operative sector that co-operatives offer an alternative - a different (even a better) way of organizing collectively and of doing business.

These claims were heavily promoted in 2012, the International Year of Co-operatives and are now being further developed in Blueprint.

“A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.” (ICA)

Importance of this Study

Co-ops Claim to be Different

Co-operatives follow a unique business model which can be considered as truly socially responsible, with core principles such as concern for **community and democracy** (Eurocoop, 2008:7)



Academics weigh in on the “Co-operative Difference” too

Dual purpose organizations

- social (including environment) and economic

Rooted in 4 pillars of difference:

- Principles (ICA's 7 principles)
- Values (self-help, self-responsibility, democracy, equality, equity and solidarity)
- Purpose (social, environmental & economic)
- Justice (economic, political, social, & environmental)

[Drawing on academic discussions, including:

Novkovic, 2012; Webb, 2009; Vieta, 2012; Brown, 2009; Michelson, 1994]

Research Design

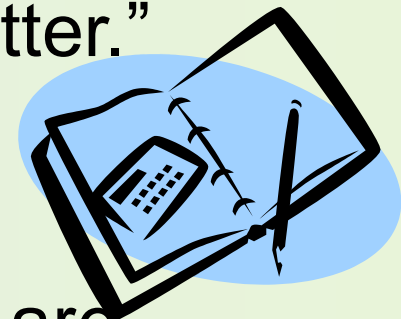
Study Publicly Available Reports

- ***Publicly available*** = accessible online (websites)
- ***Report*** = “systematic review of performance, based on evidence, over a specified time period”
- ***Sustainability report*** = a report that presents information relevant to multiple commitments - social, environmental, cultural areas, economic
- ***Annual reports*** = in these we looked for any non-financial reporting

Importance of this Study

The Significance of Written Reports

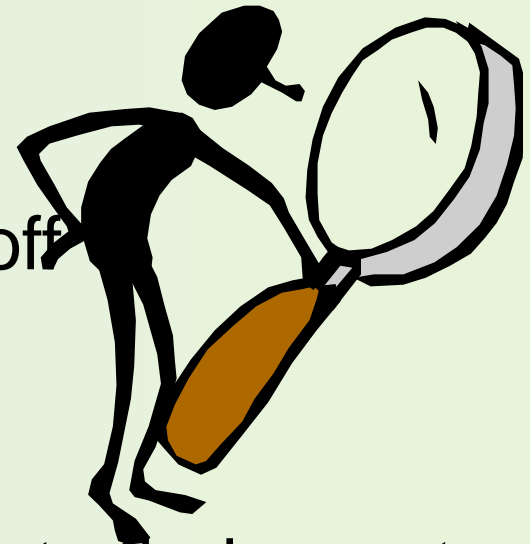
- “Written accounts...are carefully constructed with a particular focus and message in mind.... [and] powerful mechanisms for creating carefully constructed pictures of their subject matter.”
(Bebbington and Gray, 2000, pg. 7)
= presentation of self
- Non-financial reports are voluntary and are not standardized
- Substantial growth in production of sustainability reports (KPMG, 2011)



Research Design, locating reports

Which reports to use:

- Retail food industry only (or wholesalers with food retail component) for this stage of the research
- A cross-sectional study, looking at only the reports available as of a cut-off of December 31, 2013
- Had to go beyond Canada in order to find reports



Research Design: Locating Reports

cont'd

- Used search engines, retailer indices, professional contacts, GRI lists, Co-operative Global 300, National Cooperative Grocers Association website, UN Global Compact list,
- Employed a variety of search terms
- Drew upon our networks
- Limited search to English language reports

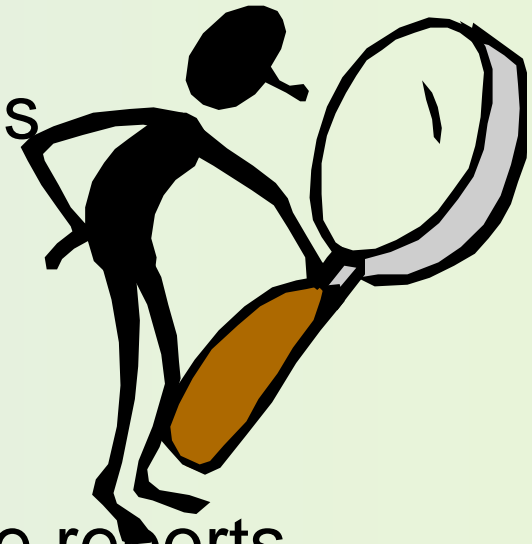


Table A: List of Co-ops Studied

Name of co-op	Name of Report (cut-off December 31, 2013)	Demonstrate follow-up (non-financials)
<u>Canada</u> Calgary Co-op	Annual Report 2012	No
<u>Germany</u> ReWe Group	Social Responsibility Report 2009/10 Annual Report 2012	Yes Yes
<u>Sweden</u> Swedish Co-op Union	Social Responsibility Report 2008 (the only one in EN)	Yes
<u>Switzerland</u> Coop Swiss	Social Responsibility Report 2012 Annual Report 2012	Yes Yes

Table A: List of Co-ops Studied con't

Name of co-op	Name of Report (cut-off December 31, 2013)	Demonstrated follow-up (non- financials)
<u>United Kingdom</u> The Co-operative Grp	Social Responsibility Report 2012 Annual Report 2012	Yes Yes
East of England Co-op	Annual Report 2012	Yes
Midcounties Co-op	Social Responsibility Report 2013 Annual Report 2013	Yes Yes
Midlands Co-operative	Annual Report 2013	Yes
Scottish Midlands	Annual Report 2013	Yes
Waitrose	Social Responsibility Report 2013 Annual Report 2013	Yes Yes

Table A: List of Co-ops Studied, final

Name of co-op (alphabetical by country)	Name of Report (cut-off December 31, 2013)	Demonstrated follow-up (non-financial)
<u>United States</u>		
City Market Co-op	Annual Report 2012	No
Hanover Consumer	Annual Report 2013	No
	End of Year Report to the Board	Yes
River Valley	Annual Report 2012	Yes
Seward	Annual Report 2013	Yes
Wedge Community	Scorecard / Annual Report 2013	Yes
	Social Responsibility Report 2013	Yes
# Co-ops = 15	Social reports: 8 Annual reports: 13	19 out of 21

Size: Rankings and Ranges

Co-operative	# of Members 5,885 – 7.6M	Total Sales / USD \$17.5M - \$1,035B	Assets / USD \$8.1M - \$135,638M
US			
City Market, Coop	2	4	2
Hanover Consumer	5	5	-
River Valley Market	1 (5,885)	1 (\$17.571M)	1 (\$8.093 M)
Seward Coop	3	2	3
Wedge Comm'ty	4	3	-

Co-operative	# of Members 5,885 – 7.6M	Total Sales / USD \$17.5M - \$1,035B	Assets / USD \$8.1M - \$135,638M
Calgary Co-op	9	8	6
ReWe Group	-	15 \$57,118 M	12
Swedish Co-operative	13	11	9
Co-op Swiss	12	14	11
The Co-operative Grp	14 (7.6 M)	13	13 \$135,638 M
East of England	10	6	5
Midcounties	8	10	8
Midlands Co-op	11	9	7
ScottMid	7	7	4
Waitrose	6	12	10

Research Design: Coding and Analysis

Content Analysis

- Allows coding of text according to pre-established and emerging themes and characteristics (Duriau et al 2007; Beck et al 2010; Hsiu-Fang and Shannon, 2005)
- Generates both quantitative and qualitative data, and can be analysed using a program such as Nvivo if the number of organizations warrants it (Finfgeld-Connett, 2013; Neuman, 2010)
- 1 coder working under close supervision, with a code book of 34 characteristics

A focus on How Co-ops Measure Non-Financial Performance

- Today we concentrate on measures related to Community investigating:
 - What do they measure and how?
 - Are there commonalities across co-ops?
 - What can we learn about the ways co-operatives understand concern for community?
- Time permitting we will introduce our investigation of governance



Performance in Relation to Community

ICA Principle 7:

*Concern for Community: Co-operatives work for the **sustainable development of their communities** through policies approved by their members*

For now we are looking at the social aspect of sustainable development.



Performance in Relation to Community

ICA Guidance Notes – Interpretation Aids for the Co-operative Principles – 7th Principle:

A co-operative’s “primary objective is to meet members needs. ... but in a way that is consistent with the development of their communities. ... It comprises both the community where the cooperative operates and the global community.” (pg. 15)



Performance Measure Themes in Relation to Community

1. Donations, fundraising, community investment
2. Local community development
3. International community development
4. Social inclusion
5. Education and awareness

Performance Measure Themes in Relation to Community

1. Donations, fundraising, community investment

- Form of donation: cash, in-kind, paid & volunteer time, sponsorship
- How funded: fundraising efforts, customers, members, employees, suppliers etc.
- Types of organizations: health, youth, education

Performance Measure Themes in Relation to Community

2. Local community development

- Co-operatives
 - Funding and loan guarantees
 - Goods sourced from other co-ops
 - Advice and training
- Other community development
 - Supporting local vendors
 - Local job creation
 - % of jobs recruited locally,
 - Other local initiatives



Performance Measure Themes in Relation to Community

3. International community development

- Fairtrade and other ethical sourcing
 - Fairtrade
 - Other e.g. organic, environmentally friendly, non-allergenic, meeting social standards
- Supplier training and assessment
 - Registration & assessment
 - Training
- Other initiatives
 - Investment & affordable loans



Performance Measure Themes in Relation to Community

4. Social inclusion

- Access to services
 - Location (deprived areas, # of postal codes, # of stores)
 - Home delivery, bussing seniors
- Access to work experience
 - Youth & those with learning disabilities

5. Education and awareness

1. Higher education, grade school, teachers, youth
2. Programs to facilitate education e.g. walking busses, breakfast programs

Measures of Performance in Relation to Community

Co-ops Reporting by Geographic Location

	Total	Europe	NA	UK	US
# Studied	15	9	6	6	5
Donations	15	9	6	6	5
Local dev't	12	7	5	6	5
Education	9	5	4	3	4
Int'l dev't	8	6	2	3	2
Social inclusion	3	2	1	1	0

Measures of Performance in Relation to Community

Co-operatives Reporting by Size

	Total	Small*	Medium	Large**
# Studied	15	5	6	4
Donations	15	5	6	4
Local dev't	12	5	4	3
Education	9	4	3	2
Int'l dev't	8	2	2	4
Social inclusion	3	0	1	2
* Small = Sales < \$US100M; Assets < \$US400M				
** Large = Sales > \$US15B; Assets > \$US8B				

Measures of Performance in Relation to Community

Average # of Measures Reported by Size

	Total	Small*	Medium	Large**
# Co-ops Studied	15	5	6	4
Donations	8.40	7.60	5.00	12.25
Local dev't	5.67	6.60	1.83	9.75
Education	4.00	4.00	3.00	2.00
Int'l dev't	3.27	1.00	0.83	9.25
Social inclusion	0.73	0.00	0.33	2.00
* Small = Sales < \$US100M; Assets <\$US400M				
**Large = Sales > \$US15B; Assets > \$US8B				

Performance in Relation to Governance

Building on the foundation of Principle 2, democratic member control, the others are arguably related in some way to member control, member participation.

*Co-operatives are democratic organisations **controlled by their members, who actively participate in setting their policies and making decisions.** Men and women serving as elected representatives are **accountable to the membership.** In primary co-operatives members have equal voting rights (**one member, one vote**) and co-operatives at other levels are also organised in a **democratic manner.***

ICA Statement on Co-operative Identity, emphasis added

Performance in Relation to Governance

Understandings of Democracy

- Representative democracy is one component of co-operatives' understanding of democracy.
- However, a shift toward additional features of democracy is also taking place, sometimes called “participatory democracy”.
- The ICA Blueprint participates in this expansion of the meaning of the term democracy

Governance and the ICA Blueprint

“The aim is to elevate participation within membership and governance to a new level” p. 4

“Collectively members own their co-operative, and through democratic arrangements they participate in its governance. Individually they have a right to information, a voice, and representation. In this Blueprint we use the word “participation” as shorthand to refer to this bundle of rights.” p.8

Blueprint calls for “innovations in democratic participation, engagement, involvement ...” and for reporting to members p. 11

Next Steps

- Complete analysis of community and governance
- Move on to the other analyses that we want to conduct, including the comparative analysis of reports produced by co-operatives and investor-owned retail grocery firms

Thank you

Questions?



Leslie.Brown@msvu.ca and Elizabeth.Hicks@msvu.ca