

A Participative Approach to Developing a Social Accounting and Planning Tool for Cooperatives: The Consumer Co-operative Sustainability and Planning Scorecard¹

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Introduction

The Canadian retail grocery industry has been significantly transformed over recent decades. These changes have particularly impacted two aspects of the marketplace. First of all, companies owning grocery retail outlets are growing bigger, with much of the growth being the result of acquisitions and mergers rather than growth of existing firms. This has meant that smaller regional firms have been acquired, concentrating ownership and increasing the market share of the giant companies. For example, by 2002 three major food retailers – Loblaws, Sobeys and Metro – controlled 63 per cent of the Canadian market (Tutunjian 2002). Two of these firms, Sobeys and Loblaws, controlled 69 per cent of the Atlantic Canadian market. A second trend has involved expansion of the range of services offered, to include such items as: pharmaceuticals, nutraceuticals², banking services, clothing, gas, and so on. Further, other sectors, notably pharmacies and retail businesses such as Wal-Mart, provide groceries. According to the Retail Council of Canada (2003-2004), supermarkets are the most prominent example of such category incursion.

Consumer tastes and concerns have evolved as well, to encompass concern for the health implications and quality of food, traceability of products, organics, and food labelling (Agriculture and Agri-food Canada 2005; Webb 2003). Complementing these concerns are others around the sustainability and environmental impacts of agricultural production and distribution practices (Agriculture and Agri-food Canada 2005). The large conglomerates are, to

some degree, responding by providing organic products, though these often come from long distances away and thus run afoul of concerns about emissions and use of fuel. The chains' much touted, but usually quite limited, provision of local produce also leaves a considerable segment of the market underserved. Resulting from all this is the trend for consumers to support local producers by purchasing local products, especially among the younger and more educated demographics (Finnamore 2008; Food Export 2005). Increasingly consumers are making the links, too, between support for local food, support for local agriculture, and a healthier local economy – factors that broaden the appeal. An added benefit, often used in promotions, is that such practices make it more likely that farmland will be protected.

Among the main competitors in the Canadian retail food sector chains, the three largest are Loblaw's, Sobeys, and Metro, with sales in 2007 of \$29.3 billion (Loblaw 2007), \$13.4 billion (Empire 2008), and \$10.6 billion (Metro Inc. 2007) respectively. Less well known in many circles are retailers that are consumer food co-operatives, democratically owned by their members. In 2007 Canada had 502 consumer co-operatives with a membership of 5.2 million, a workforce of 29,657, and sales of \$14 billion (Canada, Co-operatives Secretariat 2011). Since consumers are concerned about access to information about products and the companies that provide them, one response by the retail food corporations has been to produce corporate social responsibility reports.³ Whether these are mainly efforts to salvage their reputations and to shape public perceptions (and thus little to be trusted), or whether they report genuine strides in sustainable practices and transparency, these certainly offer integrated accounts of retail food industry practices and as such are gaining attention. They also serve to stoke public debate around issues of accountability, stakeholder engagement, transparency, and sustainability.

As yet neither of the two major networks of retail food co-operatives in Canada, Federated Co-operatives and Co-op Atlantic, have produced comprehensive social responsibility reports, though their websites offer some of the information that can be found in such reports. There are a number of examples of local food retail co-operatives, such as organic food co-ops in Ontario, that are doing sustainability reporting though these are not necessarily publicly available (Baseline Market Research 2010). Co-ops in Québec are also exploring such issues. Consumer co-operatives are increasingly realizing that their members' preferences and demands reflect the same trends as does the industry as a whole. They, too, must equip themselves with tools to better evaluate their impacts on their communities, and to better plan their own sustainable development. Co-op Atlantic, in collaboration with the authors of this chapter and some of its member co-operatives, is developing a tool for use by the local co-ops. This chapter reports on the experiences to date.

The development of such tools poses particular challenges for retail food co-operatives in the Atlantic region and elsewhere in Canada. Unlike the main chains, co-operatives tend to be independently owned local stores that must individually decide whether or not to engage in sustainability reporting and planning. The small size of many local co-ops means that they may have fewer resources to devote to the measurement and reporting process than the large chains. However, they are more likely to embrace such a commitment if they feel that they have had an input to the development of the tool. Thus, despite the availability of tools that could potentially be adapted to their purpose, the co-operatives reported on in this chapter were clear that they preferred to build their own tool.

An action research approach is particularly well suited to such a project.⁴ The team formed to implement the research was comprised of representatives from interested consumer

co-operatives, employees in these co-operatives, managers from Co-op Atlantic, and university researchers. The inclusive quality of the team has resulted in a particularly rich partnership experience, and it is this experience that we report on here.

In the remaining four sections of this chapter we present key aspects of our work on sustainability reporting. The first section sets the context by offering a brief overview of social responsibility/sustainability reporting in Canada and the second profiles Co-op Atlantic. Section three offers a description of the process undertaken in developing the Consumer Co-operative Sustainability and Planning Scorecard, detailing the collaborative process. The conclusion to the chapter reviews key challenges faced and still to come.

Reports on Social Responsibility in Canada

According to Pasquero 2005, even though the concept corporate social responsibility emerged in the 1950s, it became widely known mainly at the end of the 20th century. Three factors contribute to emergence: neo-liberal globalization of the economy, changes in technology, and the liberalization of trade brought about by the signing of bilateral and multilateral commercial agreements. In reaction to the perceived negative consequences of these phenomena, a vast protest movement emerged worldwide to denounce the social and environmental effects of the activities of companies. One objective of these movements was to force companies to recognize externalities by integrating social concerns and sustainability when analysing costs and benefits of their activities (Caron and Turcotte 2006). Sustainability is broadly defined, encompassing sustainability as a co-operative form of social enterprise, and as an organization that values and protects the environment.

Expressions such as “triple bottom line” (social, economic, environmental) approaches to “accountability” and “sustainability reporting” have become fashionable concepts. In Canada, the number of businesses publishing such reports increased from 57 in 2001 to 114 in 2005 (Green 2006, cited by Guy 2009). This period saw a mushrooming of different reporting systems and standards. Among these, and using a rigorous stakeholder approach, the *Global Reporting Initiative* (GRI) is by far the most widely used, world-wide.⁵ First developed in 1997, a third edition of the GRI Guide was published in 2006, and was made easily accessible on-line.⁶ By 2008, KPMG 2008 reported that 77 per cent of the 250 largest companies listed by Fortune Global 500 (on the basis of their revenues) used the GRI Guide to write their reports. The UN Global Compact announced in May of 2010 that GRI is its official reporting standard (Boynton 2010).

In Canada, the list of GRI reports that can be found online⁷ shows that there is a steady increase in the adoption of this reporting standard by large Canadian companies. The number of reports from Canada increased from two in 2000 to fourteen in 2005 and to sixty in 2010.⁸ Canadian co-operatives have been influenced by these trends as well, and many have produced a social responsibility report, often called *Bilan social* by Francophone co-ops. Indeed the Canadian Co-operative Association was a leader in this field, promoting social auditing through its Social Audit Toolkit in 2002 followed by a new manual in 2004. Some large organizations, such as Desjardins, The Co-operators and Vancity, three financial service co-operatives⁹, have decided to adopt the GRI standard in whole or in part. Other social economy actors, for example the Fonds de solidarité de la Fédération des travailleurs du Québec, made the same choice. However, the cost of producing and disseminating this type of report makes it inaccessible to small co-operatives.

Some co-operative leaders claim that this is not a problem, arguing that by their very nature as democratic member-driven enterprises guided by the International Co-operative Alliance's (ICA) seven Co-operative Principles, co-operatives are bound to be socially responsible. Social responsibility is an intrinsic part of co-operatives. For example, according to Buendía Martínez et al. 2006 "*la responsabilité sociale est intégrée aux valeurs et aux principes spécifiques qui définissent la configuration organisationnelle des coopératives.*" Moreover, they add that this configuration values and structurally incorporates the various stakeholders, which is one of the requirements of most approaches to social responsibility.

Two important criticisms can be raised regarding such claims. First, while it is true that a co-operative is an organization open to community, this does not resolve at all the question of choice of stakeholders when the time comes to evaluate the social impact of the co-operative in a community, as Brown and Hicks (2010) have demonstrated. To be inclusive and transparent, this evaluation process must include partners who are external to the organization (see Global Reporting Initiative reporting standards). Second, social responsibility covers other dimensions. For example, sustainability commitments such as those related to the protection of the environment, are not automatically considered part of a co-operative's mandate. Co-operatives must demonstrate the impact of their strategies in this regard.

Thus, members of co-operatives cannot be sanguine that their co-operative is socially (and environmentally) responsible, transparent and accountable. Their democratic nature gives them an advantage on several fronts, but many other dimensions must be taken into account. Co-operatives, too, need to develop social accounting tools. If this type of tool is to be relevant to small companies, it must go beyond reporting and must take into account the planning of

sustainable development within a democratic and inclusive process.

Short Profile of Co-op Atlantic

Co-op Atlantic's origins date back to the beginning of the 20th century, a time when farmers were creating organizations devoted to the marketing of agricultural products such as pork, wool, and cattle. In 1927 the Maritime Livestock Board was formed, becoming the Canadian Livestock Co-operative in 1929 when it joined forces with the organizations in charge of distributing agricultural products throughout Canada. It was then that the function of wholesaler for consumers' co-operatives was added to the federation's existing focus on selling and distribution services for agricultural producer associations. In 1944 a new name was adopted, Maritime Co-operative Services, and the range of services offered was again further diversified, encompassing farmers' supplies, building material, housing, petroleum products, and wholesaler services for consumers' co-operatives. At that time, services to consumer co-operatives represented half of Co-op Atlantic's sales (Zimbelman 1994). The name Co-op Atlantic was adopted in 1978, by which time the co-operative offered three types of services to its members: non-exclusive wholesaler, advertising, and new project start-ups.¹⁰

By 2010, this federation was composed of fifty-seven consumers' co-operatives, twenty-two country stores, fifteen agricultural societies, and thirty-three other co-operatives with various activities. The co-operative is active in many areas, including retail services, real estate, social housing, and energy. Because Co-op Atlantic operates in five provinces, it has a federal charter. Table 1 presents financial highlights for fiscal year 2009-2010.

Table 1. Financial highlights, fiscal Year 2009-2010	
Sales	\$ 566.6 M
Earnings before taxes and other charges	\$ 4.7 M
Members' share capital	\$ 34.7 M
Long term debt	\$ 30.0 M
(Source : Co-op Atlantic Annual Report, 2010)	

Table 2 provides information that further elaborates the nature of this network. It shows the number of consumers' co-operatives as well as the sales based on the volume of business for fiscal year 2009-2010, clearly indicating the heterogeneity within this network. It comprises a significant number of small units operating in communities isolated from major urban centres. The twenty six co-operatives with a turnover below \$5 million, account for 45.6 per cent of the organizations but only 14.6 per cent of sales. On the other end, the four co-operatives with a turnover above \$25 million represent almost 30 per cent of the volume of business of local co-operatives.

Table 2. Consumer co-operatives profile				
Category	Number	Percent	Sales	Percent
Less than \$5M	26	45.6%	71 894 056	14.6%
\$5M - \$10M	14	24.6%	96 407 001	19.6%
\$10M - \$25M	13	22.8%	179 036 439	36.5%
More than \$25M	4	7.0%	143 647 481	29.3%
Total	57	100.0%	490 984 977	100.0%
Source : Co-op Atlantic.				

The governance structure of Co-op Atlantic has been adapted to the geographic and linguistic qualities of its membership and its market. The membership of Co-op Atlantic includes co-operatives whose working language is French and those whose working language is English. The member co-operatives at the local level are grouped in eight service zones, six of which are limited to a single province and two that cover two provinces. Acadians are the majority in two of these eight service zones: Northern and Eastern New Brunswick. Each zone elects a director

to the Co-op Atlantic Board of Directors. Members of the Board appoint a President as well as a first and a second Vice-President. Each member co-operative of Co-op Atlantic sends a minimum of one delegate to the Annual General Meeting (AGM), up to a maximum of five delegates for those co-ops having the highest procurement volume with Co-op Atlantic. The Annual General Meeting is held in Moncton, a bilingual city located in South-East New Brunswick.

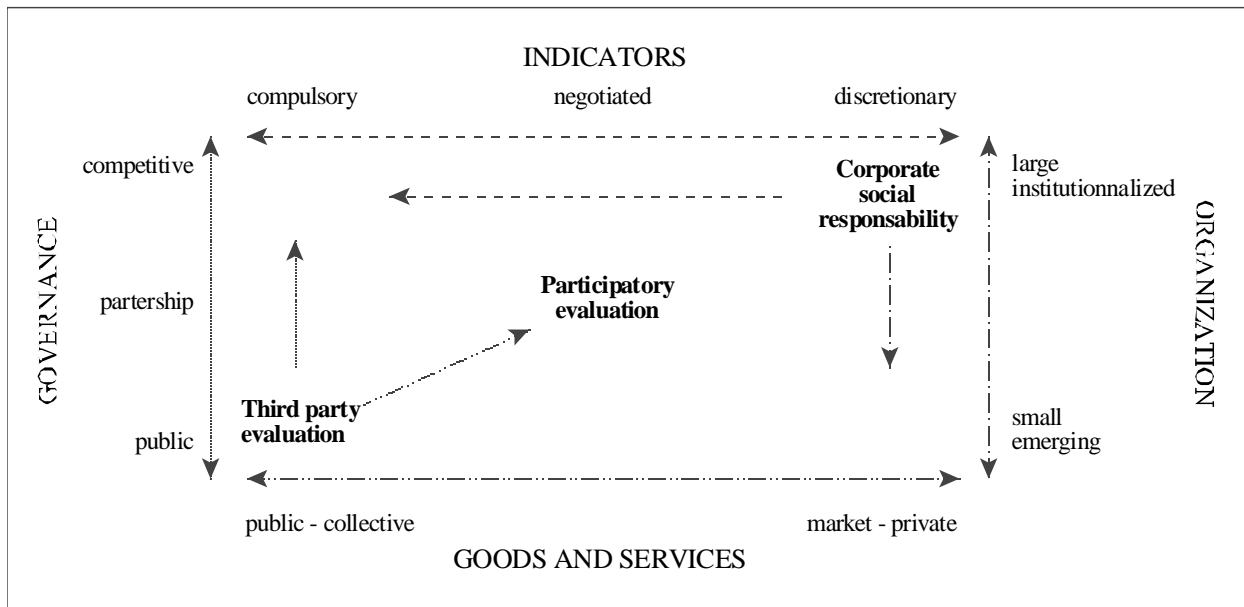
In 2006, 2.3 million people lived in the region served by Co-op Atlantic. Of these, 12.4 per cent were native French speakers.¹¹ However, the relative weight of the Francophone population in Co-op Atlantic operations is much higher than this percentage. In 2009, Francophone consumers' co-operatives represented 51.3 per cent of the groceries division of the federation's turnover and generated 66.8 per cent of the surpluses of all the consumers' co-operatives members of the network. In recognition of this contribution to the organization's turnover and the demands made by Francophone co-operative members (e.g., through resolutions at AGMs), Co-op Atlantic has developed a number of language policies around bilingualism in governance and communications. For example, annual meetings and external communications are conducted in both official languages, translation services have been significantly expanded (beyond those first offered in the mid-1980s), services are available in the language of choice in all areas, training programmes are offered both languages, and (since 1995) anyone hired at the senior management level must be bilingual. As of 2011, senior management consists of eight people, four of whom are Francophone including the President and CEO.

Co-operative Distinctiveness and Sustainable Development

We have already noted that there are many different reporting tools, and a wide array of

approaches for the development of such tools. The specific case of consumer co-operatives is documented by Kurimoto (2009), who describes Japanese trends in the evaluation of co-operatives. He argues that while there may be overlap with instruments used in the for-profit sector, social economy organizations require tools reflecting “...specific features deriving from the different goals and unique ways of organizing” (Kurimoto 2009). In the context of solidarity economy, several perspectives have been illustrated by Bouchard and Richez-Battesti (2009), summarized in Figure 1.

Figure 1. Evaluating the social economy



As discussed above, large co-operatives have tended to adopt the corporate social responsibility approach. These co-operatives use this method voluntarily and adapt the indicators, on a discretionary basis, through a centrally managed process. While some hire external auditors, these are the exception rather than the rule.

Co-op Atlantic and its member co-operatives have been adamant that they want to develop their own tool. While useful to some degree, existing tools and standards do not permit food retail co-operatives to adequately explore their performance in relation to the co-operative principles and values. The co-operatives want a tool that can be used by all the local consumer co-operatives – one that can be customized to meet their specific needs. Such a tool will help co-operatives as they balance complex interactions of different types of goals and stakeholder priorities, measure performance across a range of practices reflecting the distinctiveness of the co-operative identity, and engage in strategic planning. It is anticipated that sustainability reporting and planning will foster greater resilience and innovative practices.

The approach chosen by Co-op Atlantic is participatory evaluation (see Figure 1 above). The chosen practices (identifying the desired behaviours) and indicators (measuring the implementation of these practices) were negotiated among the partners who contributed to the development phase of the tool. A partnership governance model characterized the approach to tool development, engaging four types of stakeholders in this action research project: federation personnel (3), employees and members of local co-operatives and co-op stores¹² (eight managers and thirty-two Board or Advisory Committee members, grouped in eight Pilot Project Committees (PPC), and university-based researchers (3). At the local co-operative level, the participants formed eight Pilot Project Committees.¹³ The work was conducted in both English and French.

The governance of the project is in the hands of a Research Advisory Committee (RAC) responsible for planning the process and supplying the partners with working documents so that the self-evaluation tool could be developed in a timely fashion acceptable to all stakeholders. This committee was composed of the authors of this article, i.e., three employees of the

federation and three researchers. The committee defined a process and a work schedule, as presented in Table 3.

1. RAC drafts the first version (Sept. 2009) of the tool and recruits the project pilot committees (PPCs)	June - September 2009
2. PPCs review, validate and provide feedback on the main themes and practices of the tool (workshops and PPCs work)	October 2009 – February 2010
3. RAC re-drafts the tool based on feedback from the PPCs (July 2010 version)	January - July 2010
4. PPCs review the tool and report their co-ops' priorities for each of the practices; RAC develop the indicators for each practice	July - September 2010
5. RAC re-drafts the tool to incorporate indicators and PPC feedback (Nov. 2010 version)	October – November 2010
6. PPCs reports on review and validation of the indicators (workshops)	November – December 2010
7. RAC re-drafts the tool to incorporate PPC feedback (March 2011 version) and prepares instruction guide for using the tool	December 2010 – March 2011
8. PPCs use the tool in their respective co-operatives and provide feedback	March – April 2011
9. RAC re-drafts tool to incorporate PPC feedback (May 2011 version)	April - May 2011
10.PPC workshop at Co-op Atlantic AGM	May 2011
11.RAC prepares User's Guide and plans training workshops for interested co-operatives	Summer 2011
12. RAC revises tool for distribution to interested co-operatives	Summer 2011

As mentioned above, the tool is built around two elements: practices and indicators. This logic stems from a model proposed by Christianson (2009a, 2009b), which consists of one section that details the co-operative's profile, three thematic sections, and one summary section. The thematic sections cover the various aspects of sustainable development: economic measures (seventeen practices and eighteen indicators), social measures (twenty practices and thirty-five indicators), and environmental measures (fourteen practices and twenty-five indicators). In this model, the indicators are not directly linked to the practices. Moreover, while the instrument

does incorporate aspects of the co-operative principles and values, it does not address each one explicitly and comprehensively.¹⁴ In 2008 the partners and the researchers reviewed Christianson’s model, beginning the process of adapting it to suit the requirements of Co-op Atlantic’s member co-operatives. This included adding practices specifically related to the co-operative difference.¹⁵ This last aspect was dealt with in anticipation of developing practices for each of the seven co-operative principles of the International Co-operative Alliance (ICA). The result of this work was presented to members at the federation’s AGM in May 2009. The process described in Table 3 started thereafter.

The schedule has not been rigid, and the stages are not completely discrete. Rather, this has been a participatory and interactive process of continuous review and validation of the evolving tool for measuring performance in relation to the co-operative difference, and planning for sustainable development. During the fall of 2009, a first version of the list of practices was distributed to the PPCs for their evaluation. Table 4 presents the theme headings used to organize the practices, as well as the number of practices before and after the review by the PPCs and the RAC.

Table 4. First phase - practice validation		
Theme	Number of practices	
	Initial number (September 2009)	After revision (July 2010)
Co-operative principles	84	75
Operations	40	Practices redistributed and theme deleted
Economic measures	17	17
Social measures	14	31
Environmental measures	23	17
Total	178	140

With this first phase, PPC members were asked to evaluate the practices in relation to: clarity and ease of understanding, whether or not the co-op had the ability to control its performance on the practice, and whether the practice should be kept or discarded (and why).¹⁶ PPC members made many comments and suggestions regarding changing or removing some of the practices, including: ‘this practice is not directly controlled by the co-operative’, ‘the issue addressed by this practice is covered elsewhere’, ‘this practice is impossible to implement’, and, ‘this practice is not pertinent to the evaluation or the work orientation of a consumer co-operative’. As a result of these consultations, the total number of practices reduced by thirty-eight, from 178 to 140. Practices were also reorganized, decreasing the number of themes from five to four. Practices which deal with organizational functioning were reassigned to other themes, in particular to the social measures section.

The RAC revised the tool based on the comments received from the PPCs, and the next phase of the development and validation of the tool began. The RAC asked the members of the PPCs to rank the practices in order of importance: “Please indicate the importance given to each practice by your co-operative. Circle the corresponding value on a scale from 1 to 5, where 5 is the most important and 1 is the least important level of priority.”

Table 5 compiles the ratings given to the practices on a scale of 1 (least important) to 5 (most important). Practices were given a priority ranking of 4 or 5 fully 75 per cent of the time. Only 14 per cent of rankings were in the bottom two levels. Based on this experience, it appears that prioritization of practices may be more easily accomplished after a co-op has seen its performance results for each practice, and in the context of making priority decisions for a particular planning and action period.

Priority level	% of practices
1. The least important	7%
2.	7%
3.	12%
4.	22%
5. The most important	52%

During this prioritization exercise, the PPCs also commented further on individual practices (e.g., regarding clarity, placement, duplications, suggested additions, and so on). The subsequent draft of the tool incorporated modifications in response to these comments, criteria from Co-op Atlantic’s policy on local purchases, and from the new environmental award as well as a new element - the indicators to be used in assessing performance on each practice.

This new version of the scorecard, incorporating the indicators, went out to the PPCs for a third round of consultations and validation in a workshop setting (Step 6, Table 3). At the workshops the PPCs assessed the indicators, addressing the following questions: Is the indicator clearly worded and understandable? Is the information currently available? If not, would it be possible to get the information? Keep or discard for your co-op? As before, the PPCs again offered comments on the practices. It was clear from the workshops that the PPCs were generally positive about the tool, while also indicating the need for further revisions.

In the following months, members of the RAC re-drafted the tool and incorporated feedback obtained from the PPC’s. This new version was then distributed to the PPC’s in March 2011 for a trial run (each PPC completing a portion of the tool, Step 8, Table 3) within their own co-operatives. Due to other time commitments, two of the five PPC’s were unable to participate in this trial run.

Table 6 presents the effects of these revisions on the number of practices and indicators associated with the four themes, and the headings and sub-headings under each theme. This allows us to better understand the detailed structure of this tool. The number of practices in the May 2011 version of the tool decreased by 35 since its original September 2009 version while the number of indicators increased since November 2010. Nevertheless, the instrument is quite large, with 143 practices and 393 indicators. Not surprisingly, the number of indicators is higher than the number of practices. On average, there are 2.75 indicators for each practice. The highest averages are with the social and environmental measures (3.17 and 2.95 respectively), complex areas for any business. The section on co-operative principles comes in next with an average of 2.65 indicators per practice. Developing the co-operative principles theme, and the linking of practices and indicators, are distinctive contributions of the Co-op Atlantic model.

Table 6. Number of practices (P) and indicators (I) as of November 2010 and May 2011)						
Sheets and themes	P	I	Average # indicators	P	I	Average # indicators
	November 2010			May 2011		
First Sheet: Co-operative Principles	73	179	2.45	69	183	2.65
1. Open & Voluntary Membership	11	25	2.27	10	21	2.77
2. Democratic member control	30	70	2.33	26	72	5.00
<i>I. Compliance with By-Laws</i>	5	11	2.20	2	10	4.00
<i>II. Compliance with Co-operatives Act</i>	1	4	4.00	1	4	1.67
<i>III. Code of Conduct</i>	3	5	1.67	3	5	2.67
<i>IV. Democratic Board Elections</i>	3	8	2.67	3	8	1.75
<i>V. Strategic Planning & Reporting</i>	5	9	1.80	4	7	3.50
<i>VI. Budget</i>	2	6	3.00	2	7	3.00
<i>VII. Member Engagement</i>	8	20	2.50	8	24	2.33
<i>VIII. Engagement with Co-op Atlantic System</i>	3	7	2.33	3	7	2.29
3. Member Economic Participation	7	14	2.00	7	16	1.00
4. Autonomy & Independence	2	2	1.00	2	2	2.71
5. Education, Training & Information	13	34	2.62	14	38	2.20
<i>I. Information & Image Management</i>	4	10	2.50	5	11	2.80
<i>II. Member Education</i>	5	13	2.60	5	14	3.25
<i>III. Employee Education</i>	4	11	2.75	4	13	4.20
6. Co-operation among Co-operatives	5	19	3.80	5	21	2.60
7. Concern for Community	5	15	3.00	5	13	2.58
Second Sheet: Economic Measures	21	36	1.71	19	40	2.11
Budgets and Planning	6	12	2.00	6	14	2.33
Strategic reporting and monitoring	15	24	1.60	13	26	1.37
Third Sheet: Social Measures	34	77	2.26	35	111	3.17
Our Customers / Members	6	18	3.00	6	28	4.67
Fair and Just Employer	20	40	2.00	21	63	3.00
Our Suppliers	8	19	2.38	8	20	2.50
Fourth Sheet : Environment Measures	20	65	3.25	20	59	2.95
Governance	7	15	2.14	7	14	2.00
Action	11	43	3.91	11	38	3.45
Education / Communication	2	7	3.50	2	7	3.50
Total	148	357	2.41	143	393	2.75

The PPCs played an integral part in the give-and-take process so fundamental to the

participative tool design approach. This results in a tool suited to the needs of the consumer co-operatives of this region and, we anticipate, will result in more buy-in to the use of the tool.¹⁷

Table 7 compiles the results of this process.

Table 7. Scorecard Modifications					
Section	Item	Add	Delete	Modify	Move
September - November 2010					
Co-operative principles	Practices		3	13	
	Indicators	7	30	59	2
Economic measures	Practices		3	6	
	Indicators		4	3	1
Social measures	Practices	5	4	1	
	Indicators	10	3	12	
Environmental measures	Practices			1	
	Indicators		4	4	
Total	Practices	5	10	21	
	Indicators	17	41	78	3
December 2010 - March 2011					
Co-operative principles	Practices	1	5	12	
	Indicators	17	19	79	
Economic measures	Practices	1	3	8	
	Indicators	6	6	14	1
Social measures	Practices	1		9	
	Indicators	31	4	26	3
Environmental measures	Practices			1	
	Indicators		4	4	
Total	Practices	3	8	30	
	Indicators	54	33	123	4
April - May 2011					
Co-operative principles	Practices			2	
	Indicators			8	
Economic measures	Practices			2	
	Indicators	1	1	2	
Social measures	Practices			3	
	Indicators	11	1	11	
Environmental measures	Practices				
	Indicators			1	
Total	Practices			7	
	Indicators	12	2	22	

Table 8 shows examples of two practices and their associated performance indicators, as they appear in the tool. The first example relates to the election of board members, while the second refers to the process of preparing the yearly budget. The practices indicate such features as desired behaviour including tasks to accomplish, legal responsibilities to address, results to obtain, adherence to policy, and so on. The indicators allow measurement of the degree to which the co-op achieves each desired practice. While some measures take a quantitative form (e.g., numbers, percentages), they may also take the form of yes/no statements, indicating a date associated with the accomplishment of a task, a list of documents published, and so on. Some of the information will come from surveys or other means of obtaining input from stakeholders such as members, shoppers, and employees. Space for additional comments is also provided.

Table 8. Practices and indicators examples		
Practice # 21	The Co-op has a nomination process that ensures enough candidates for competitive board elections.	
Indicators for this practice	A	# of people (employees and/or volunteers) responsible for working on the nominations and elections process for the last election. [in the comments section indicate the position/title of the person in charge]
	B	The Co-op provides adequate financing to support the nominations and elections process [in the comments section specify the amount allocated to this process for the last election]
	C	Ratio of the # of candidates to the # of board positions at the last election
	D	# of board positions that were appointed by acclamation
	E	The nominations committee is mandated to find candidates who meet the needs of the Board in relation to competencies and to the representation of the diversity of the membership. (Yes/No)
Practice # 70	The Co-op uses a participatory budgeting process each year, making sure those who are responsible for meeting financial targets are involved in setting them.	
Indicators for this practice	A	(Yes/No) [<i>in the comments section describe this process</i>]
	B	# of departments that take part in the budgeting process
	C	% of departments that take part in the budgeting process
	D	Financial targets are mutually determined and agreed upon by both the supervisor and employees (Yes/No)
	B	The budget includes categories reflective of the co-op's investment in member democracy, for example the AGM, regular communication with members, member surveys, and member and board education (Yes/No) [in the comments section indicate the budget lines and amounts]

Conclusion

A primary objective of this action-research project is to develop an evaluation and sustainable planning tool that will be useful to the retail food co-operatives within the Co-op Atlantic federation. The Research Advisory Committee invited local co-operatives to engage in a participative process for developing and validating the tool, an approach consistent with the democratic nature of co-operatives and the priority that the project partners gave to the engagement of key stakeholders. Throughout the project, these Pilot Project Committees (PPCs) had multiple opportunities to contribute valuable feedback to inform the future stages in the tool revision process. At a workshop during the 2011 Co-op Atlantic AGM the PPCs discussed their experiences with the process of using a section of the scorecard in their own co-operatives (step 10, Table 3). PPC comments indicated that they welcome the opportunity to continue to be a part of the scorecard project and are open to the idea of assuming a leadership role in the next phase of the project, recruiting other co-operatives to use the tool.

Collectively, the PPCs aired three concerns they felt would need to be addressed in order for the next phase of the project to continue. First, the tool was seen to be too lengthy and thus would appear cumbersome to new co-operatives who may choose to use it for sustainability reporting. They suggested that the number of practices could be reduced by deleting those practices that were primarily the responsibility of Co-op Atlantic rather than that of the individual co-operatives and also by differentiating core versus supplemental practices. Secondly, the co-ops felt that the tool was challenging to work with, especially the sections where calculations were needed to summarize performance across sets of practices (as in

summarizing performance for each of the 4 core areas measured). They agreed that producing an online version of the tool that automatically calculated summary figures would be another significant step forward. Thirdly, in terms of promoting the tool to new co-operatives, the majority of PPCs strongly favoured a workshop approach with interested individual co-operatives rather than at a mass meeting of all co-operatives in the federation. The importance of having the ongoing support of Co-op Atlantic in promoting the tool was also clearly reiterated by both the PPCs and the research team during this time as well. This feedback indicated to the research team that a number of challenges will be associated with the next phase of the project.

First, it will be necessary to convince the co-operatives that the tool is useful. Although we took an inclusive approach, the reality is that only a small number of co-operatives contributed directly to developing the scorecard. The others were kept informed about the initiative (e.g. at Co-op Atlantic AGMs), but were not directly involved. In order for the co-operatives to be persuaded that sustainability reporting and planning is in their interest, it is important that they understand the ways that use of the tool can further their attainment of their own goals. Despite the pressures of very real concerns about their financial situation and survival in challenging retail markets, sustainability reporting and planning is not “mere” distraction from core concerns. It is important to measure performance in areas that the co-operative and its stakeholders value (e.g., areas of “co-operative distinctiveness”), to track performance over time and in relation to targets and benchmarks chosen by the co-operative. This is an invaluable aid to strategic planning and to engaging stakeholders in moving the co-operative forward. A few co-operatives leading the way in using the tool may serve to create a “demonstration effect”, encouraging others to follow suit. Co-operatives can learn from one another too, and if the co-operatives submit their completed reports to the researchers so that the data can be aggregated, it

will be possible to build a profile of the co-operatives' practices, performance, and impacts across the Atlantic region.

However, for this to work to proceed it is necessary to address a second challenge. The tool must be user-friendly. Given its length, it is only natural that co-operatives would hesitate to use it, especially smaller cooperatives with limited staff and volunteers. In such situations, co-operatives may choose to work with a sub-set of the tool rather than tackling everything at once. For example, a co-op can prioritize selected themes or categories of practices. It is our intention to develop a web-based version of the tool, which will help individual co-operatives record and summarize their information. Working with feedback from the co-operatives, the project team will undoubtedly make further improvements to the tool (Table 3 - steps 11, 12, and beyond). The project team will also work with the co-operatives which take up the scorecard to assess their experience with the tool, support their efforts to measure their performance (engaging stakeholders in the process), develop summaries and benchmarks across participating co-operatives, and study the various ways the results feed into strategic planning and ongoing operations and governance.

The heterogeneity of the co-operative members of Co-op Atlantic poses a third challenge. The larger co-operatives have more resources to deploy in sustainability reporting and planning, giving them an advantage in moving forward. But size is not the only differentiating factor. The member-owners of Co-op Atlantic are not all grocery co-operatives. Some are corporate stores (co-operative farm markets), while others are agricultural co-operatives, farm supply co-ops, seed producers co-ops, worker co-ops, and so on. Adapting the tool to the different realities is a longer term, but very worthwhile, process. Co-operatives can no longer simply assert that they

are different and worthy of support because of these differences. In the present era of triple (or quadruple) bottom line accounting, corporate social responsibility reporting, and sustainability reporting, such claims must be demonstrated by embracing transparency and accountability, by assessing performance across the range of financial and non-financial objectives, and by providing evidence of the impacts that co-operatives have on their communities. In particular, measuring performance in relation to the claims made for the distinctive qualities of co-operatives is vital to the future of co-operatives.

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Endnotes

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² Nutraceuticals is the term used to describe foods that are recommended for their healthful, and even curative, properties e.g. blueberries, dark green and orange vegetables (Agriculture and Agri-foods Canada: 2005: 13)

³ Walmart, for example, released its 4th annual corporate social responsibility report in 2010; Loblaws reported for the third time in 2009, and Sobeys released its first sustainability report in 2010.

⁴ For details on this methodological approach, first proposed by Lewin (1951), see Liu (1997).

⁵ See <http://www.globalreporting.org/AboutGRI/WhatIsGRI/>. While GRI is emerging as the most used system (see Boynton, 2010) there are many other systems for measuring and reporting on corporate social responsibility in general, and sustainable development in particular. Québec's Coordination Office of Sustainable Development (Department of Sustainable Development, Environment and Parks), compares 36 of them in a report published in 2007. Note that Co-operatives UK (2006) published a guidance document for key social and co-operative performance indicators.

⁶ A description is available at the following address: <http://www.globalreporting.org/> NGO Sector Supplement is found at <http://www.globalreporting.org/ReportingFramework/SectorSupplements/NGO/>

⁷ This list is available at: <http://www.globalreporting.org/ReportServices/GRIReportList/>

⁸ The analysis of these reports became a subject of research. Researchers have developed analytical grids of their content, which allows them to codify the information. See for example Leclerc, Bertholet and Coulmont (2010).

⁹ An analysis of some of these reports is presented in Brown (2008).

¹⁰ Co-op Atlantic website: <http://www.coopatantic.ca/>

¹¹ Statistics Canada, data from the 2006 Census.

¹² Three co-operatives operate in Francophone communities. A further 3 co-operatives and 2 co-operative farm market stores operate in Anglophone communities.

¹³ One of the Anglophone co-operatives closed, leaving a total of 7 PPCs. Of these, 2 are co-operative farm markets (CFMs) and they decided that they need a different scorecard. They have a very different relationship with Co-op Atlantic, and a different membership/governance structure since they are not independent, locally-owned co-ops.

¹⁴ See Christianson (2008) and Christianson (2010).

¹⁵ A detailed description of this step is presented in Brown and Hicks (2010).

¹⁶ As retail stores that purchase through the co-operatively owned wholesaler, Co-op Atlantic, not all decisions are controlled at the local co-op level. For example, since the co-ops purchased most of their cleaning products from Co-op Atlantic, the selection and range of qualities of these products (whether local, environmentally friendly, etc.) are matters to take up with Co-op Atlantic.

¹⁷ The researchers will be tracking this in the months ahead, working with the co-operatives to: assess their experience with the tool, support their efforts to measure their performance (engaging stakeholders in the process), and study the various ways the results feed into strategic planning and ongoing operations and governance.